PARLIAMENTARY DEBATES

(HANSARD)

SIXTH SERIES—VOLUME 470 (Part 1)

HOUSE OF COMMONS

OFFICIAL REPORT

THIRD SESSION OF THE FIFTY-FOURTH PARLIAMENT
OF THE UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
FIFTY-SIXTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SESSION 2007–2008

COMPRISING PERIOD
7 January 2008—25 January 2008

HER MAJESTY'S GOVERNMENT

MEMBERS OF THE CABINET

(Formed by the Rt. Hon. Gordon Brown, MP, June 2007)

Prime Minister, First Lord of the Treasury and Minister for the Civil Service—The Rt. Hon. Gordon Brown, MP
Chancellor of the Exchequer—The Rt. Hon. Alistair Darling, MP
Secretary of State for Foreign and Commonwealth Affairs—The Rt. Hon. David Miliband, MP
Secretary of State for Justice and Lord Chancellor—The Rt. Hon. Jack Straw, MP
Secretary of State for the Home Department—The Rt. Hon. Jacqui Smith, MP
Secretary of State for Defence and Secretary of State for Scotland—The Rt. Hon. Des Browne, MP
Secretary of State for Health—The Rt. Hon. Alan Johnson, MP
Secretary of State for Environment, Food and Rural Affairs—The Rt. Hon. Hilary Benn, MP
Secretary of State for International Development—The Rt. Hon. Douglas Alexander, MP
Secretary of State for Business, Enterprise and Regulatory Reform—The Rt. Hon. John Hutton, MP
Leader of the House of Commons, Lord Privy Seal and Minister for Women and Equality—The Rt. Hon. Harriet Harman, QC, MP
Secretary of State for Work and Pensions and Secretary of State for Wales—The Rt. Hon. Peter Hain, MP
Secretary of State for Transport—The Rt. Hon. Ruth Kelly, MP
Secretary of State for Communities and Local Government—The Rt. Hon. Hazel Blears, MP
Parliamentary Secretary to the Treasury—The Rt. Hon. Geoffrey Hoon, MP
Secretary of State for Children, Schools and Families—The Rt. Hon. Ed Balls, MP
Minister for the Cabinet Office and Chancellor of the Duchy of Lancaster—The Rt. Hon. Edward Miliband, MP
Secretary of State for Culture, Media and Sport—The Rt. Hon. James Purnell, MP
Secretary of State for Northern Ireland—The Rt. Hon. Shaun Woodward, MP
Leader of the House of Lords and Lord President of the Council—The Rt. Hon. The Baroness Ashton of Upholland
Chief Secretary to the Treasury—The Rt. Hon. Andy Burnham, MP
Secretary of State for Innovation, Universities and Skills—The Rt. Hon. John Denham, MP
Captain of the Honourable Corps of Gentleman-at-Arms—The Rt. Hon. The Lord Grocott

DEPARTMENTS OF STATE AND MINISTERS

Business, Enterprise and Regulatory Reform—

Secretary of State—The Rt. Hon. John Hutton, MP

Ministers of State—
Minister for Competitiveness—The Rt. Hon. Stephen Timms, Esq, MP
Minister for Trade Promotion and Investment—The Lord Jones of Birmingham
Minister for Employment Relations and Postal Affairs—Pat McFadden, Esq, MP
Minister for Energy—Malcolm Wicks, MP

Parliamentary Under-Secretary of State—
Gareth Thomas, Esq, MP

Cabinet Office—

Minister for the Cabinet Office and Chancellor of the Duchy of Lancaster—The Rt. Hon. Edward Miliband, MP

Minister of State—
Minister for the Olympics and London (Paymaster General)—The Rt. Hon. Tessa Jowell, MP*

Parliamentary Secretaries—
Phil Hope, MP
Gillian Merron, MP (Minister for the East Midlands)*

Children, Schools and Families—

Secretary of State—The Rt. Hon. Ed Balls, MP

Ministers of State—
Minister for Schools and Learners—Jim Knight, MP
Minister for Children, Young People and Families (Minister for the North West)—The Rt. Hon. Beverley Hughes, MP*

Parliamentary Under-Secretaries of State—
Kevin Brennan, MP
The Lord Adonis

Communities and Local Government—

SECRETARY OF STATE—The Rt. Hon. Hazel Blears, MP

MINISTERS OF STATE—
Minister for Housing—The Rt. Hon. Yvette Cooper, MP
Minister for Local Government—John Healey, MP

PARLIAMENTARY UNDER-SECRETARIES OF STATE—
The Baroness Andrews, OBE
Parmjit Dhanda, Esq, MP
Iain Wright, Esq, MP

Culture, Media and Sport—

SECRETARY OF STATE—The Rt. Hon. James Purnell, MP

MINISTER OF STATE—
The Rt. Hon. Margaret Hodge, MP, MBE

PARLIAMENTARY UNDER-SECRETARY OF STATE—
Gerry Sutcliffe, Esq, MP

Defence—

SECRETARY OF STATE—The Rt. Hon. Des Browne, MP

MINISTERS OF STATE—
Minister for the Armed Forces—The Rt. Hon. Bob Ainsworth, MP

PARLIAMENTARY UNDER-SECRETARIES OF STATE—
The Rt. Hon. The Baroness Taylor of Bolton
Derek Twigg, MP

Environment, Food and Rural Affairs—

SECRETARY OF STATE—The Rt. Hon. Hilary Benn, MP

MINISTERS OF STATE—
Minister for Sustainable Food and Farming and Animal Health—The Rt. Hon. The Lord Rooker
Minister for the Environment—Phil Woolas, Esq, MP

PARLIAMENTARY UNDER-SECRETARIES OF STATE—
Joan Ruddock, MP
Jonathan Shaw, MP (Minister for the South East)*

Foreign and Commonwealth Affairs—

SECRETARY OF STATE—The Rt. Hon. David Miliband, MP

MINISTERS OF STATE—
Minister for Europe—Jim Murphy, Esq, MP
Minister for the Middle East—Dr. Kim Howells, MP
The Rt. Hon. The Lord Malloch-Brown, KCMG
The Lord Jones of Birmingham

PARLIAMENTARY UNDER-SECRETARY OF STATE—
Meg Munn, MP

Government Equalities Office—

MINISTER FOR WOMEN AND EQUALITY—The Rt. Hon. Harriet Harman, QC, MP

MINISTER FOR EQUALITY—Barbara Follett, MP*

Health—

SECRETARY OF STATE—The Rt. Hon. Alan Johnson, MP

MINISTERS OF STATE—
The Rt. Hon. Dawn Primarolo, MP
Ben Bradshaw, Esq, MP (Minister for the South West)*

PARLIAMENTARY UNDER-SECRETARIES OF STATE—
The Lord Darzi of Denham, KBE
Ann Keen, MP
Ivan Lewis, Esq, MP

Home Office—

SECRETARY OF STATE—The Rt. Hon. Jacqui Smith, MP

MINISTERS OF STATE—
Minister for Security, Counter-Terrorism, Crime and Policing—The Rt. Hon. Tony McNulty, Esq, MP
Minister for Borders and Immigration—Liam Byrne, Esq, MP (Minister for the West Midlands)*

PARLIAMENTARY UNDER-SECRETARIES OF STATE—
Vernon Coaker, Esq, MP
Admiral The Lord West of Spithead, GCB DSC
Meg Hillier, MP

Innovation, Universities and Skills—

SECRETARY OF STATE—The Rt. Hon. John Denham, MP

MINISTERS OF STATE—
Minister for Lifelong Learning, Further and Higher Education—Bill Rammell, MP
Minister for Science and Innovation—Ian Pearson, MP

PARLIAMENTARY UNDER-SECRETARIES OF STATE—
David Lammy, Esq, MP
The Lord Triesman

International Development—

SECRETARY OF STATE—The Rt. Hon. Douglas Alexander, MP

PARLIAMENTARY UNDER-SECRETARIES OF STATE—
Gareth Thomas, Esq, MP
The Baroness Vadera
Shahid Malik, Esq, MP

Justice—

SECRETARY OF STATE—The Rt. Hon. Jack Straw, MP

MINISTERS OF STATE—
The Rt. Hon. David Hanson, Esq, MP
Michael Wills, Esq, MP

PARLIAMENTARY UNDER-SECRETARIES OF STATE—
The Lord Hunt of Kings Heath, OBE
Bridget Prentice, MP
Maria Eagle, MP

Law Officers' Department—

ATTORNEY-GENERAL—The Rt. Hon. The Baroness Scotland of Asthal, QC

SOLICITOR-GENERAL—Vera Baird, QC, MP

ADVOCATE-GENERAL FOR SCOTLAND—The Lord Davidson of Glen Cova, QC

Leader of the House of Commons—

LEADER OF THE HOUSE OF COMMONS, LORD PRIVY SEAL AND MINISTER FOR WOMEN AND EQUALITY—The Rt. Hon. Harriet Harman, QC, MP

DEPUTY LEADER OF THE HOUSE OF COMMONS—Helen Goodman, MP

Northern Ireland—

SECRETARY OF STATE—The Rt. Hon. Shaun Woodward, MP

MINISTER OF STATE—
Paul Goggins, MP

Privy Council Office—

LORD PRESIDENT OF THE COUNCIL AND LEADER OF THE HOUSE OF LORDS—The Rt. Hon. The Baroness Ashton of Upholland

Scotland Office—

SECRETARY OF STATE—The Rt. Hon. Des Browne, MP

MINISTER OF STATE—
David Cairns, MP

Transport—

SECRETARY OF STATE—The Rt. Hon. Ruth Kelly, MP

MINISTER OF STATE—
The Rt. Hon. Rosie Winterton, MP

PARLIAMENTARY UNDER-SECRETARIES OF STATE—
Jim Fitzpatrick, MP
Tom Harris, Esq, MP

Treasury—

PRIME MINISTER, FIRST LORD OF THE TREASURY AND MINISTER FOR THE CIVIL SERVICE—The Rt. Hon. Gordon Brown, MP

CHANCELLOR OF THE EXCHEQUER—The Rt. Hon. Alistair Darling, MP

CHIEF SECRETARY—The Rt. Hon. Andy Burnham, MP

FINANCIAL SECRETARY—The Rt. Hon. Jane Kennedy, MP

EXCHEQUER SECRETARY—Angela Eagle, MP

ECONOMIC SECRETARY—Kitty Ussher, MP

PARLIAMENTARY SECRETARY—The Rt. Hon. Geoffrey Hoon, MP

LORDS COMMISSIONERS—
Frank Roy, Esq, MP
Steve McCabe, MP
Alan Campbell, Esq, MP
Dave Watts, Esq, MP
Claire Ward, MP

ASSISTANT WHIPS—
Siobhain McDonagh, MP
Michael Foster, Esq. MP
Tony Cunningham, MP
Alison Seabeck, MP
Ms Diana R. Johnson, MP
Mark Tami, MP
Sadiq Khan, Esq. MP
Bob Blizzard, Esq. MPs
Tom Watson, Esq. MP
Wayne David, Esq. MP

Wales Office

SECRETARY OF STATE—The Rt. Hon. Peter Hain, MP

PARLIAMENTARY UNDER-SECRETARY OF STATE—
Huw Irranca-Davies, MP

Work and Pensions

SECRETARY OF STATE—The Rt. Hon. Peter Hain, MP

MINISTERS OF STATE—
Minister for Pensions Reform—Mike O'Brien, Esq. QC, MP
Minister for Employment and Welfare Reform (Minister for Yorkshire and the Humber)—Caroline Flint, MP*

PARLIAMENTARY UNDER-SECRETARIES OF STATE—
Anne McGuire, MP
James Plaskitt, Esq. MP
The Lord McKenzie of Luton
Barbara Follett, MP (Minister for the East of England and Minister for Equality)*

Her Majesty's Household

LORD CHAMBERLAIN—The Rt. Hon. The Earl Peel, GCVO, DL

LORD STEWARD—The Duke of Abercorn, KG

MASTER OF THE HORSE—The Lord Vestey

TREASURER—The Rt. Hon. Nicholas Brown, MP (Minister for the North East of England)*

COMPTROLLER—The Rt. Hon. Thomas McAvoy, MP

VICE-CHAMBERLAIN—Liz Blackman, MP

CAPTAIN OF THE HONOURABLE CORPS OF GENTLEMAN-AT-ARMS—The Rt. Hon. The Lord Grocott

CAPTAIN OF THE QUEEN'S BODYGUARD OF THE YEOMAN OF THE GUARD—The Rt. Hon. The Lord Davies of Oldham

LORDS IN WAITING—The Lord Bassam of Brighton, The Lord Truscott, The Lord Bach

BARONESSES IN WAITING—The Baroness Farrington of Ribbleton, The Baroness Crawley, The Baroness Royall of Blaisdon, The Baroness Morgan of Drefelin

**Regional Ministers. Full list:*

Ministers for the English Regions
Ben Bradshaw, Esq. MP (Minister for the South West)
The Rt. Hon. Nicholas Brown, MP (Minister for the North East of England)
Liam Byrne, Esq. MP (Minister for the West Midlands)
Caroline Flint, MP (Minister for Yorkshire and the Humber)
Barbara Follett, MP (Minister for the East of England)
The Rt. Hon. Beverley Hughes, MP (Minister for the North West)
The Rt. Hon. Tessa Jowell, MP (Minister for the Olympics and London)
Gillian Merron, MP (Minister for the East Midlands)
Jonathan Shaw, MP (Minister for the South East)

SECOND CHURCH ESTATES COMMISSIONER, REPRESENTING CHURCH COMMISSIONERS—Sir Stuart Bell, MP

HOUSE OF COMMONS

THE SPEAKER—The Rt. Hon. Michael J. Martin, MP

CHAIRMAN OF WAYS AND MEANS—The Rt. Hon. Sir Alan Haselhurst, MP

FIRST DEPUTY CHAIRMAN OF WAYS AND MEANS—Mrs. Sylvia Heal, MP

SECOND DEPUTY CHAIRMAN OF WAYS AND MEANS—Sir Michael Lord, MP

CHAIRMEN'S PANEL

David Amess, Janet Anderson, Peter Atkinson, Hugh Bayley, Anne Begg, Joe Benton, John Bercow, Sir John Butterfill, Martin Caton, Christopher Chope, Derek Conway, Frank Cook, John Cummings, Janet Dean, Roger Gale, Mike Hancock, Jim Hood, Joan Humble, Eric Illsley, Martyn Jones, Dr. William McCrea, David Marshall, Eric Martlew, Edward O'Hara, Bill Olner, Greg Pope, David Taylor, Mike Weir, Hywel Williams, David Wilshire, Ann Winterton, Sir Nicholas Winterton

HOUSE OF COMMONS COMMISSION

The Rt. Hon. The Speaker (Chairman), Sir Stuart Bell, MP, The Rt. Hon. Harriet Harman, QC, MP, Nick Harvey, MP, The Rt. Hon. David Maclean, MP, The Rt. Hon. Mrs. Theresa May, MP

SECRETARY OF THE COMMISSION—Andrew Kennon

ASSISTANT SECRETARY—Jenny McCullough

ADMINISTRATION ESTIMATE AUDIT COMMITTEE

The Rt. Hon. Mrs. Theresa May, MP (Chairman), Nick Harvey, MP, Sir Thomas Legg, KCB, QC, David Taylor, FCA

SECRETARY OF THE AUDIT COMMITTEE—Tracey Garratty

MANAGEMENT BOARD

Malcolm Jack, PhD (Chief Executive), Douglas Millar, CB (Director General, Chamber and Committee Services), John Pullinger (Director General, Information Services), Andrew Walker (Director General, Resources), Sue Harrison (Director General, Facilities) (Temporary), Joan Miller (Director of Parliamentary ICT) (External Member)

SECRETARY OF THE MANAGEMENT BOARD—Philippa Helme

SPEAKER'S SECRETARY—Angus Sinclair

SPEAKER'S COUNSEL—John Vaux

SPEAKER'S CHAPLAIN—Rev. Canon Robert Wright

MEDICAL ADVISER TO THE SPEAKER—Dr. Ron Zeegen, OBE, FRCP, MRCS, DObst, RCOG

PARLIAMENTARY COMMISSIONER FOR STANDARDS—John Lyon, CB

PARLIAMENTARY SECURITY CO-ORDINATOR—Peter Mason

THE PARLIAMENTARY DEBATES

OFFICIAL REPORT

IN THE THIRD SESSION OF THE FIFTY-FOURTH PARLIAMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
[WHICH OPENED 11 MAY 2005]

FIFTY-SIXTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SIXTH SERIES **VOLUME 470**

FOURTH VOLUME OF SESSION 2007-2008

House of Commons

Monday 7 January 2008

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

WORK AND PENSIONS

The Secretary of State was asked—

Child Poverty

1. **Simon Hughes** (North Southwark and Bermondsey) (LD): What recent assessment he has made of his Department's progress towards its target of halving child poverty by 2010; and if he will make a statement. [175866]

The Secretary of State for Work and Pensions (Mr. Peter Hain): In the past 10 years our policies have helped to lift 600,000 children out of relative poverty. Our new policies announced earlier this year will lift up to 300,000 more children out of poverty.

Simon Hughes: The Secretary of State will have seen the report from the Institute for Public Policy Research only last week which shows that there are still 1.4 million children in households in poverty—the same figure as 10 years ago—and that there are 200,000 more households with children in poverty than there were 10 years ago. Given that failure over 10 years, and the fact that the target date for the Government's goal is only two years hence, what is being done to ensure that the Government target not only those in families with no work, but those who may have someone in the household in work but for whom the benefits reduction means that they are trapped in a position as bad, if not worse, than before?

Mr. Hain: As the hon. Gentleman will know, the IPPR report praised what we have done compared with the record of our predecessors—child poverty doubled under the previous Government—but it said that we have to do better. The hon. Gentleman is right to press me on that, and we shall address the issue with couple parents, especially whether it is worth the while of the second parent to work. I remind him of what we are doing in London, which affects his constituents. We are rolling out the in-work credit, which will be increased to £60 for lone parents for the first year to encourage them to go into work. We know that the child of a lone parent out of work is five times more likely to be in poverty than the child of one in work. We are extending child care, and we are making sure that couple parents also have access to the new deal. So we are addressing the issues, especially in London, but we have more work to do. However, we have made massive progress, compared with what we inherited.

Roger Berry (Kingswood) (Lab): Notwithstanding the Government's significant progress on child poverty, official figures suggest that one in three children living in a household with a disabled adult live in poverty. Figures to be published tomorrow in a new report by Leonard Cheshire Disability suggest that that is a serious underestimate. Does my right hon. Friend agree that ending children poverty will require important measures to tackle the serious poverty faced by millions of disabled people in this country? Unless that is done, we will not achieve our laudable goal of ending child poverty.

Mr. Hain: I agree with my hon. Friend, who has championed the rights of disabled people, including children, for many years. Our policies are the right ones, because they will encourage more parents on

disability benefit or who have a disabled child to come into work, with the right child care support, in order to make more prosperous futures for themselves. They are not policies designed simply to kick people into work regardless of whether they are disabled or of whether they have a disabled child and appropriate child care available—as the Opposition seem to be spinning. Our policies are the right policies to address child poverty, and that will remain our absolute priority.

Mr. James Gray (North Wiltshire) (Con): If the Secretary of State is confident about achieving his targets of first halving and then doing away with child poverty, will he take a leaf out of the book of the Secretary of State for Environment, Food and Rural Affairs, who is putting the carbon reduction target in statute in the Climate Change Bill, which will soon come here from the other place? Will the Secretary of State for Work and Pensions place his target on the statute book with a civil penalty for the Government in the event that they do not achieve it?

Mr. Hain: That is a novel suggestion from a Conservative Back Bencher, when the whole Conservative position is against targets. Indeed, they continually castigate us for having targets. [HON. MEMBERS: "Answer."] I will answer the question. We will stick to our policies. Some 600,000 children are already out of poverty and another 300,000 will be lifted out by policies that we have recently announced. More will come as a result of extra reforms that we will announce in the future, and I hope that the hon. Gentleman will support our policies instead of continually opposing them.

Mr. Frank Field (Birkenhead) (Lab): May I ask the Secretary of State to make more of the Government's success, given that if a single parent is working 16 hours or more a week neither she nor her children are in poverty? That is an extraordinary achievement. However, we may still have a real problem for many two-parent families who are in work and poor, because the formula does not take account of the second adult in the household. Now that my right hon. Friend has dealt rather successfully with the pensions underpayment, for Allied Steel and Wire, will he put his mind to this issue and similarly win the Prime Minister's support for a change to be made?

Mr. Hain: I am grateful to my right hon. Friend for what he said, as often he puts his finger on a serious issue. One thing that we have to address is that it is extremely costly to deal with this issue—extremely costly. We have been seeing whether we can find more innovative and perhaps less costly, more targeted approaches, but we are aware of the question for two-parent families—couple parents—and the disincentive for the second one to work is an issue to be addressed. However, as my right hon. Friend said, we are light years away from the situation we inherited. We would have been in dire circumstances if we had continued the old Conservative policies.

Julia Goldsworthy (Falmouth and Camborne) (LD): Is the Secretary of State aware that the Government will fail to hit their targets on child poverty in the south-west if nothing is done to tackle water bills in the area, which are the highest in the country? Will he ask the child poverty unit to meet to discuss that issue?

Mr. Hain: As the hon. Lady knows, with my right hon. Friend the Secretary of State for Children, Schools and Families, I have established a poverty unit, which I assume is the one to which she referred, and we shall certainly consider that issue. I am well aware of the question, and also of the world increase in energy prices, which affects people's incomes. What we need to do is provide more opportunities for people to get into work by removing the barriers, as we are doing in the south-west, where record numbers have come into work and where there are record numbers of vacancies to get people off benefits and into work in the future.

Tony Lloyd (Manchester, Central) (Lab): My right hon. Friend will know that my constituency has the unenviable record of the highest levels of child poverty in the country. Does he recognise that in a city such as Manchester, booming though it is, many people are missing out on the boom and that the way into work, particularly for women who head single-parent families, is not just finding jobs but having access to basic education to guarantee that they are equipped for the world of work?

Mr. Hain: Yes, I agree. It is not just a question of going into any old job, as some of the rhetoric and spin of Opposition pronouncements suggest. It is a question of providing the right support—which is costly; it costs taxpayers' money to provide that support—including the skills that will make sure that lone parents or couple parents both get a job, as they are increasingly under the Government, and that they keep the job and improve their position in work. That is the way to lift people out of poverty in inner-city areas such as my hon. Friend's constituency.

Chris Grayling (Epsom and Ewell) (Con): We of course welcome any moves that genuinely tackle child poverty. There is not a single child in this country under 10 years old who was not born under a Labour Government, so may I ask the Secretary of State why the number of those children living in poverty is rising?

Mr. Hain: As I have just explained to the House, including the hon. Gentleman, if he looks at what we are doing compared with the policies that would have been implemented if his party had stayed in power, he will see increasing numbers of children coming out of poverty. More and more parents are getting work, with a higher employment rate and a lower benefit level than under the Conservatives. That is the trajectory we are set on, and we are reforming all the time to make sure that we deal with some of the bottlenecks that have been in place for a long time.

Over the past few days, the hon. Gentleman has been going on about reducing incapacity benefit levels, which are partly responsible for child poverty and poverty generally. The level of incapacity benefit tripled under the Conservatives, as people were smuggled out of jobs and off the jobs count. We are reducing that and we will continue to do so as we get more and more people into work and conquer poverty.

Chris Grayling: The Secretary of State must think he is still on his sun lounger on the beach. He keeps talking about people coming out of child poverty, but the reality is that last year the number of children living

in poverty went up. Why after 10 years of Labour government does Britain have a higher proportion of children living in workless households than any other country in Europe?

Mr. Hain: Actually, we were lagging well below the average in Europe under the Conservative Government. We are now above the average, but that is not good enough for us and we will do even better. It would be interesting to know how the hon. Gentleman will pay for the policies he advocates. How will he pay for them? At the Tory party conference, he announced, along with his leader—

Mr. Speaker: Order.

Occupational Pensions

2. **Martin Linton** (Battersea) (Lab): What steps his Department is taking to encourage employers to provide access to an occupational pension scheme for employees. [175867]

The Minister for Pensions Reform (Mr. Mike O'Brien): The Pensions Bill, having its Second Reading today, will introduce a requirement on all employers automatically to enrol workers who are eligible into a qualifying workplace pension scheme. Our estimates indicate that that will result in up to 9 million people newly participating or saving more in workplace schemes, with total pension contributions increasing by up to £10 billion.

Martin Linton: Is not the key to the success of the Government's proposals an obligation on employers to match, or make significant contributions towards, the sum paid by the employee or worker? Is it not that which creates a strong incentive for the employee to save?

Mr. O'Brien: My hon. Friend is absolutely right. Under our Bill, employers will for the first time be required to contribute to workers' pensions. The employee will contribute 4 per cent., the employer 3 per cent., and the tax system about 1 per cent. We estimate that more than 1 million workers who are already saving will see their employer's contribution raised as a result, and millions more who have no occupational pension scheme will get the benefit of an employer's contribution. Overall, annual pension contributions from employees and employers are estimated to increase by about £10 billion by 2015.

Mr. Oliver Heald (North-East Hertfordshire) (Con): Since 1997, almost 2 million fewer workers are in final salary schemes. How will Ministers ensure that personal accounts do not lead to more employers quitting schemes into which they are paying contributions of 14 per cent., in favour of personal accounts, into which they need pay only 3 per cent.?

Mr. O'Brien: The figure that the hon. Gentleman gives is wrong. I understand that it came out last week in a press release from Conservative Front Benchers which was inaccurate. As I understand it, they double-counted the figures. When the BBC did its own research, it realised that the figures that the Conservatives had given out were entirely wrong.

We need to ensure that there is no levelling down, and that is why in the Pensions Bill we have introduced a number of conditions for personal accounts, which will ensure that people do not transfer in and out of them. There is a restriction of £3,500 on annual contributions. Also, 86 per cent. of employers have indicated to us that they are likely to maintain or increase the contribution that they make to their employees' pension schemes. The Pensions Bill should therefore bring about a significant improvement to the pensions situation.

Lynda Waltho (Stourbridge) (Lab): While I welcome my hon. and learned Friend's statement and the introduction of personal accounts, I am concerned that the proposed banding of contributions will discriminate against part-time workers, many of whom hold more than one part-time job, and most of whom are women. Will he look again at the possibility of allowing employer contributions on all earnings up to the £33,540 ceiling, and also at an option for employee contributions on the first £5,035?

Mr. O'Brien: We have had a very broad consultation on those matters, and we looked at the issue of part-time workers—an issue that has caused me great concern. We tried to find a way to assist part-time workers much more effectively. So far, it has proved very difficult to ensure that employers can register what are, in some cases, quite small jobs. We have not been able to find a way around that, but I am open to suggestions on how we might do that. I remain concerned about the issue that my hon. Friend raises.

Mr. Graham Stuart (Beverley and Holderness) (Con): For the new personal accounts to be successful, those on lower than average earnings will need to be persuaded that it is in their interests to invest in the new pensions. If they are not so persuaded, there is a danger that they will opt out, and that the whole system, and the benefits that it is supposed to bring, will collapse. The Pensions Minister himself said today that there was an issue in that respect; what can he say today to allay fears that those on lower than average earnings may opt out, and that the system may be fundamentally weakened?

Mr. O'Brien: I can reassure the hon. Gentleman that unlike the previous Conservative Government—who, pound for pound, took away all savings from those who saved, so that they did not benefit—we have introduced a savings credit, which enables those with savings to benefit, even if they are on pension credit. The Pensions Commission has made it clear that people have to save more. For the vast majority, the downsides of not saving outweigh the risk of saving that the hon. Gentleman identifies.

It is very difficult to predict which people will be in the group that the hon. Gentleman identifies. Those with pension pots of under £16,000 would have the benefit of trivial commutation. Those with pension pots of over £16,000 could get 25 per cent. back, so they would benefit from saving. Some of the suggested solutions are enormously expensive. None of them has been favoured by the hon. Gentleman's party, as far as I am aware, although I heard a rather odd suggestion from the hon. Member for Epsom and Ewell (Chris Grayling) that everyone who made a contribution and did not

benefit should have their contributions refunded—a suggestion about which, I suspect, the pensions industry would be very unhappy.

Ms Patricia Hewitt (Leicester, West) (Lab): I warmly welcome what my hon. Friend has done to promote occupational pension schemes, but what reassurance can he offer my constituents who worked, often for many years, for BUSM and contributed to its pension scheme, only to be left high and dry when much of the firm went bankrupt and the remnants were sold on to other firms? Will he meet me to discuss their position?

Mr. O'Brien: I would be happy to meet my right hon. Friend. As I understand it, when the business went down, the assets were passed from one company to another, and there are difficulties in getting the trustees to bring together the required information. However, I would be happy to meet my right hon. Friend and see whether there are ways in which we can help. If the company is in the position in which I think it is, the Pension Protection Fund would probably be able to provide help in due course, but I do not want to be categorical about that until I have had a discussion with her.

Mr. Nigel Waterson (Eastbourne) (Con): Did the Minister hear the chief executive of the personal accounts delivery authority on Radio 4 on 29 December, when he declined to commit himself to a 2012 start date for personal accounts? Does he agree that such a delay would be very worrying, and is he totally confident that the scheme will begin on schedule in 2012?

Mr. O'Brien: We intend it to begin in 2012, and the chief executive has been informed that that is what we intend.

Local Employment Partnerships

3. **Jim Sheridan** (Paisley and Renfrewshire, North) (Lab): What progress has been made on the implementation of local employment partnerships; and if he will make a statement. [175868]

The Secretary of State for Work and Pensions (Mr. Peter Hain): More and more employers are joining local employment partnerships—around 300 so far—with the number rising each week.

Jim Sheridan: I thank my right hon. Friend for his response. I visited my local job centre in Renfrew, and I was extremely impressed by the staff's commitment to make the system work. What safeguards are in place to address the TUC's concerns that work trials should not be used as a replacement for genuine paid employment?

Mr. Hain: I share with my hon. Friend and the TUC the objective that this should not be artificial job substitution. It must lead to a full-time job, and I am grateful to the TUC for the representations it made during the consultation on the Green Paper. Employers offer work trials genuinely to try to fill available vacancies, and the trials often open up full-time jobs for disadvantaged peoples, especially those on benefits. They often last only a few weeks, and we have put in place protections, including not allowing employers to use them to fill short-term vacancies, for which the trade union movement quite properly asked.

Tony Baldry (Banbury) (Con): The test of success or otherwise of local employment partnerships is not the number of employers the Government sign up but the number of people whom those partnerships get back into work. How many people have got back into work so far as a result of local employment partnerships?

Mr. Hain: We have only just started, but only last Wednesday I met a company with the Prime Minister in Marylebone jobcentre that recruited 147 people when it opened a retail business. Those people came straight off benefit as a result of the local employment partnership. I have talked to Tesco, which is opening new stores around the country, and is doing exactly the same thing. It sees a win-win situation: employers can get people straight off benefit, and British benefit claimants take up British jobs to become British workers. It is win-win for society, and it is win-win for employers as well, as partnerships have proved to be extremely popular in filling job vacancies. There are about 660,000 job vacancies in Britain, and we want people to come off benefit to fill them. Local employment partnerships will help us to achieve that.

Mr. James Clappison (Hertsmere) (Con): The Secretary of State has just talked about filling job vacancies with British workers. At the same time, the Government propose to reduce the coverage of the resident labour market test, which, as the Secretary of State will know, requires employers to look to UK workers before they can recruit from outside the EU. How does abolishing part of the resident labour market test help British workers to find British jobs?

Mr. Hain: The hon. Gentleman should support what we are seeking to do; just about every employer in the land does—the Confederation of British Industry does, as do most employers' organisations. We are seeking to make sure that local employers try to get people off benefits and into work. The issue that the hon. Gentleman raised has nothing to do with that objective. It also contrasts strongly with a policy announced by his party in the past few days—one of "three strikes and you're out". That would reduce the claimant count by less than 0.5 per cent.; it is a typical bit of newspaper spin by a political party that has no real credible policies to offer.

Affordable Credit

4. **John Robertson** (Glasgow, North-West) (Lab): What measures his Department has considered to improve access to affordable credit for those in receipt of benefits. [175869]

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. James Plaskitt): To date, more than 150 credit union and community development finance institution outlets delivering the growth fund have made more than 53,000 loans, with a total value exceeding £23 million. The recent allocation of a

further £38 million for the period 2008 to 2011 will mean that many tens of thousands more people will gain access to affordable credit.

John Robertson: I thank my hon. Friend for his answer. He will be aware that there are more than 20,000 members of the Glasgow credit union in Glasgow; it is one of our successes. However, there are still 2 million people in the country without a bank account. The Association of British Credit Unions is asking for more calling points throughout the country. Given the planned closures of post offices throughout the country, particularly in Glasgow at this time, access to credit union facilities will be reduced. Will my hon. Friend tell me how we will provide those new points where people can get their money?

Mr. Plaskitt: I am grateful to my hon. Friend for his question. He will understand that the Post Office network needs to be viable; that is why it is undergoing further changes. He will also know that there have been post office branch closures in the past four years; however, during that period, 800,000 more people have gained access to basic banking services. We are well on the way to achieving our target of halving the number of people without access to bank accounts.

Currently, 11 credit unions offer full banking services and we expect another 20 to do so in the coming year—that will partly be due to the extra support that we are giving them as a result of the growth fund. The additional investment that we have secured for 2008 onwards will achieve a further expansion of the credit union movement, making available more opportunities and access points for affordable loans.

Alistair Burt (North-East Bedfordshire) (Con): Is the Minister not concerned about the implications of the Church of England's recent report "A Matter of Life and Debt"? Some 8 million people in this country have unsecured debts of £10,000 or more, an increase of 30 per cent. in a year. Will not that increased pressure due to debt cause more difficulties for those seeking access to affordable credit and impact most severely on the poorest?

Mr. Plaskitt: No, I do not agree; the problem is the affordability of the credit. If affordable credit is not available to those on very low incomes or benefit—who may, for perfectly good reasons, need credit at some point to deal with expenditure pressures—their alternative is to go to an unaffordable source of credit such as a doorstep lender. Is it better for them to pay interest of 1,000 per cent. on their loan or to take out a much more affordable form of credit from their local credit union? The investment that we are making through the growth fund, in expanding the credit union movement and affordable credit, will help people avoid the kind of debt problem that the hon. Gentleman is talking about.

Ian Lucas (Wrexham) (Lab): Does my hon. Friend agree that one of the difficulties with local credit unions has been that only some of them have been accessible through post offices? We need a much more organised and strategic approach to the provision of credit via credit unions in local post offices. That would increase footfall in post offices and mean that more people attended them. It would also widen access to credit unions.

Mr. Plaskitt: I entirely understand my hon. Friend's point. He will therefore welcome the fact that part of the investment that we are making through the growth fund is in the physical resources and capacities of credit unions as well as just capitalising their loan books. He will see that the extra investment that we are putting in, in addition to the increased support that we expect to come from the banking sector, will help to create many more points of access at different areas in all the communities across the country, thereby helping again to increase access to affordable credit for many thousands of people.

Jobcentre Plus

5. **Mr. Peter Bone** (Wellingborough) (Con): How many complaints were made against Jobcentre Plus in each of the past three years. [175870]

The Minister for Employment and Welfare Reform (Caroline Flint): There were 32,919 complaints in 2005-06, 43,214 in 2006-07, and 26,767 in the year to October 2007. Annually, Jobcentre Plus takes more than 15 million telephone calls, processes more than 3 million new claims and carries out more than 10 million interviews. In that context, complaints represent a small percentage, but we are not complacent and continually seek to improve services and, I hope, to learn from mistakes.

Mr. Bone: I am grateful to the Minister for that answer. Over the past few months, I have seen a significant increase in the number of people in my surgery complaining about Jobcentre Plus. Does she agree that the ever-increasing complexity of the benefits system, failures in technology and cuts in front-line service from Jobcentre Plus staff have led to a situation whereby the most vulnerable in our society are receiving a reduced service?

Caroline Flint: The number of complaints in the hon. Gentleman's constituency in 2005-06 was 117, and in 2006-07 it was 24. I will certainly look at any up-to-date information, but I think that that indicates what I said: we take every complaint seriously and there does not seem to have been an explosion in numbers. In his constituency, as elsewhere, whether in Wales, Scotland, England or Northern Ireland, people are being paid benefits more quickly than at any time in recent years. The number of outstanding claims has reduced significantly over the past year. I am pleased to say that today we have a record number of people going into work, and the numbers of people on all the main out-of-work benefits, whether income support, jobseeker's allowance or incapacity benefit, are falling, as are the numbers of new claimants of those benefits. Clearly, in a period of change—certainly over the past 10 years—we have tightened procedures. We expect more people who can work to work; that sometimes creates complaints as well. We take this matter seriously and keep it under a watchful eye.

Andrew Miller (Ellesmere Port and Neston) (Lab): May I congratulate staff in Jobcentre Plus in Ellesmere Port and in Neston, particularly the regional manager,

Mr. Mark Wilson, who has done a magnificent job in dealing with the process of change and getting more people back to work in my constituency, with great success? Now that we have a much smaller number of unemployed people, with a core group, some of whom are very difficult to place, will my hon. Friend ensure that the regional structures have sufficient flexibility to allow regional managers to plan to meet the needs of local communities, rather than a one-size-fits-all solution?

Caroline Flint: I thank my hon. Friend for his contribution and for his warm remarks about the services in his local area. We are seeing huge improvements across the Jobcentre Plus service. Anybody who compared walking into a Jobcentre Plus establishment today with doing so 10 or 15 years ago could only comment on how professional, modern and user-friendly it is. Yes, we have looked to centralise benefit delivery services, because we want to make best use of technology and to have better standards of best practice across the piece. That also allows us to consider how face-to-face interactions can better be served, whether in Jobcentre Plus, a children's centre or a community centre. I encourage our regional managers to engage with their local authority partners, employers, the voluntary sector and local communities to see how best that service can be provided, and I hope that we can give them greater flexibility to do just that.

Health and Safety Executive

6. **David Taylor** (North-West Leicestershire) (Lab/Co-op): What recent representations he has received on the staffing levels at the Health and Safety Executive; and if he will make a statement. [175871]

The Parliamentary Under-Secretary of State for Work and Pensions (Mrs. Anne McGuire): My colleagues and I have received representations from a range of stakeholders. We have asked the Health and Safety Commission and the Health and Safety Executive to maintain front-line inspector numbers for the next spending period at the March 2008 level.

David Taylor: In the UK last year, 30 million days were lost owing to work-related ill health and 6 million owing to workplace injury. The HSE has a vital economic and social role in driving down those figures. How confident is the Minister that the agency, which has seen staffing levels go down by 25 per cent. since 2002 and is subject to a continual review of procedures and structures, can effectively and efficiently service more remote and rural areas, especially in terms of inspection, enforcement and, where necessary, prosecution of health and safety breaches?

Mrs. McGuire: I think my hon. Friend's statistics are slightly skew-whiff, if I may put it that way. He has included the 93 railway inspectors who were transferred from the HSE to the railway regulator. He has highlighted an important issue about the number of days lost because of work-related ill health and workplace injury, but I hope he will also accept that in the years from 2000 to 2002, 40 million days were lost in those categories. The figure now sits at 36 million in 2006-07. In 1974, there were 651 fatal injuries to employees. That number was reduced in 2006-07 to 241. We have one of the most sensible and robust health and safety regimes in Europe, partly owing to the efforts of the HSC, the HSE and their colleagues in local authorities. Of course, we should not underestimate the importance of trade unions.

Miss Anne McIntosh (Vale of York) (Con): Is the Minister aware that the new provisions of the Clean Neighbourhoods and Environment Act 2005 will come into effect on 6 April? They will implement the provisions on stray dogs and ensure that local authorities will have to find places for kennels. Is the Minister aware that each private kennel will have to be inspected for health and safety before the new provisions can come into effect? Will she assure me that the staffing cuts in the HSE will not have a negative impact on that process of assessment, bearing in mind the tragic incident before Christmas when a lady dog handler was so brutally attacked by a dangerous dog?

Mrs. McGuire: I think that I would prefer to deliver a far more detailed answer to the hon. Lady in writing, if she will forgive me for that. She has raised some specific issues under this heading.

Tom Levitt (High Peak) (Lab): Will my hon. Friend commend the Health and Safety Laboratory, which is part of the HSE, on its increasingly proactive work in preventing the risk of injury and poor health caused by industrial consequences? Will she ensure that nothing is done to jeopardise the effectiveness of that ever more impressive organisation, which is based in my constituency?

Mrs. McGuire: I am sure that the laboratory will have cognisance of my hon. Friend's comments and commitments. I wish to reinforce the fact that health and safety is an important issue for us all. Not only the HSE but employers and employees create safe workplaces. Those of us who are in such situations need to ensure that we each assume responsibility as our own health and safety officer.

Andrew Selous (South-West Bedfordshire) (Con): Deaths in the construction industry have been running at a comparable level to those suffered by UK armed forces personnel in recent years. Why are front-line construction inspectors being reduced to the March 2008 number that was mentioned by the Minister, and why has there been a 40 per cent. drop in inspections when the death and injury rate is so bad?

Mrs. McGuire: As I said in my earlier answer, there has been a steady reduction in the number of deaths over the past 15 years, including in the construction industry, although there are some issues about the current set of statistics and we are looking carefully at them. My right hon. Friend the Secretary of State for Work and Pensions held a construction forum to address that rise and to seek a commitment to improvement in those sectors. That work is ongoing with the employers, the trade unions and the HSE. I hope that the hon. Gentleman will recognise that the health and safety inspectors, working alongside those in the industry, will ensure a safer environment for our construction workers.

Allied Steel and Wire

10. **Alun Michael** (Cardiff, South and Penarth) (Lab/Co-op): What progress has been made in providing long-term security for Allied Steel and Wire pensioners. [175875]

The Secretary of State for Work and Pensions (Mr. Peter Hain): On 17 December, I announced a package to make payments to 140,000 individuals so cruelly deprived of their pensions, and I am pleased that unions and campaigners welcome this.

Alun Michael: I congratulate my right hon. Friend on achieving the 90 per cent. figure as the guarantee for pensioners. I thank him and previous Ministers for the many meetings that we have had on the long journey towards a settlement, which seemed impossible at the outset. Will he join me in congratulating the Community trade union on its persistence in fighting for its members' interests? I remind hon. Members that the problem arose as a result of a commercial failure. Can my right hon. Friend assure the House that in future people will not experience the pain that ASW workers and others in the same position suffered for some time?

Mr. Hain: I thank my right hon. Friend for his comments and pay tribute to the way in which he campaigned so diligently on behalf of ASW workers, as did many other Cardiff Members and Members throughout the country—140,000 people were affected. Community, formerly the steelworkers' union, played a leading role and deserves tremendous credit for ensuring that the pressure was kept up. As a result, the Government have not only brought justice to the affected workers, but established the Pension Protection Fund, which will stop that sort of thing happening again and ensure that pensioners can feel secure, when they have contributed and saved, as we are all urging them to do, that they will realise in retirement the fruits of those investments.

Mike Penning (Hemel Hempstead) (Con): Does the Secretary of State agree that one of the reasons that the compensation has been paid, after five years, to the 140,000 pensioners who had their pensions stolen was the work of Ros Altmann, who campaigned for five years with, in my constituency, the teams of former Dexion workers led by Peter and Jackie Humphrey? Without five years of action, the compensation that the pensioners deserve would not have happened. Will the right hon. Gentleman join me in congratulating Ros Altmann and others?

Mr. Hain: I happily do so. Ros Altmann played an important part, as did the hon. Gentleman's two constituents, whom I have met. The Dexion workers, like the others, deserve justice. I know that they would have liked it earlier, but we had Andrew Young's report, which identified £1.7 billion of residual assets. We needed to ensure that we acted on that and maximised the best return to protect the pensioners and provide good value for taxpayers' money. We have now achieved the settlement for which the hon. Gentleman's constituents, joined by so many others, rightly campaigned.

Lone Parents

11. **Julie Morgan** (Cardiff, North) (Lab): What recent steps the Department has taken to support lone parents in finding work; and what plans he has for further assistance. [175876]

The Minister for Employment and Welfare Reform (Caroline Flint): The new deal for lone parents has supported more than 500,000 people into work.

Our recent document "Ready for Work" sets out how we will expect more lone parents with school age children actively to find work, along with a package of measures to provide lone parents with the skills, confidence and financial support to find and stay in work.

Julie Morgan: I thank the Minister for that reply. The new deal plus pilot project for lone parents in Cardiff and the Vale has been successful in not only getting lone parents into work but sustaining them there. One of the key elements has been benefits such as the £300 in-work benefit, which can help lone parents to stay in a job and assist with, for example, child care, which is many working parents' nightmare. What does my hon. Friend propose to do to extend that sort of benefit more universally?

Caroline Flint: I thank my hon. Friend for her question. The number of lone parents who claim in her constituency has fallen by 39 per cent. since 1997 compared with a national drop of 25 per cent. I therefore give due credit to those who work on the matter locally for her constituents.

Our plans for our next steps are to roll out nationally the in-work credit from April. We are considering the way in which we extend the right to flexible working for parents of older children. The human resource director of Sainsbury's, Imelda Walsh, has undertaken that review. We are also considering much more closely earlier skills assessment of lone parents—when they come on to income support—regardless of whether they receive jobseeker's allowance or income support. The vacuum in their skills and basic education often inhibits lone parents. Again, we are providing support on several different fronts, but, as I said earlier, from next autumn parents whose youngest child is 12 will be expected to move on to jobseeker's allowance. That is right because it is a something-for-something approach to our welfare system and the right mixture of rights and responsibilities.

Fylde Coast Employees

12. **Mr. Ben Wallace** (Lancaster and Wyre) (Con): If he will make a statement on the restructuring of his Department's organisation on the Fylde coast. [175877]

The Parliamentary Under-Secretary of State for Work and Pensions (Mrs. Anne McGuire): As the hon. Gentleman is aware, the Department is a major employer on the Fylde coast, with more than 5,600 staff in the area. Specific plans for 2008 include moving work and staff from the site at Lytham to Peel park, Blackpool, to move work out of the Pension Service at Blackpool pension centre and to move additional disability and carers service work into Warbreck house in Blackpool.

Mr. Wallace: Many of my constituents currently work for the Child Support Agency, and they are in the process of transferring across to the Child Maintenance and Enforcement Commission. One of the things that worries them is why the new body needs to be non-departmental. On 2 November, I wrote to Lord McKenzie

of Luton, who is a Minister in the Department, to ask him why that is the case. I received his reply just before Christmas, which stated:

"It is essential that we mark a clean break with the failures of the past and give the Commission a better platform for success"

by removing it from the Department. Does the Minister agree with Lord McKenzie that the Department is viewed as such a failure that the CSA's replacement must be operated from outwith it, and what confidence does that give my constituents?

Mrs. McGuire: I have to say that the hon. Gentleman suffers from selective amnesia, because he has forgotten that the foundation stone of the Child Support Agency was laid by a Conservative Government. Obviously, I have not seen the specific details of the letter to which he has alluded, but if it was written by my noble Friend Lord McKenzie, I am sure that I agree with it.

Topical Questions

T2. [175833] **Lynne Jones** (Birmingham, Selly Oak) (Lab): If he will make a statement on his departmental responsibilities.

The Secretary of State for Work and Pensions (Mr. Peter Hain): Last week, we celebrated 10 years of the new deal, through which more than 1.8 million people have found jobs, which is one person every three minutes every single day. An 80 per cent. employment rate is now within our grasp as we move to the next phase of radical welfare reform, which will see hundreds of thousands more benefit claimants becoming active jobseekers rather than passive recipients. Our imperative is to get as many people off benefits and into work as possible, because that is the way to a better life for them and their families. Our policy is fair, coherent, costed and workable, which is exactly the opposite of Conservative policy. The Conservatives have been left desperately plagiarising our plans, because if one looks beneath the spin, they have no new credible policy ideas.

Lynne Jones: I congratulate my right hon. Friend on his good work, but one matter still requires his attention. Did he read the article in the weekend press about Ruby Gassor, who worked all her life but paid only a married woman's national insurance contribution in the early years? She will receive only £7 in basic state pension, whereas her friend who stayed at home to bring up children benefited from home responsibilities protection and will receive £83 a week when she is 60. Will my right hon. Friend attend to that important matter?

The Minister for Pensions Reform (Mr. Mike O'Brien): We will certainly address the issues around ensuring that women can claim the pensions that they deserve. In 2007, we introduced legislation that will ensure that 75 per cent. of women can claim a basic state pension after 2010. We hope that, by 2025, 90 per cent. of women—the figure for men is about the same—can claim a full basic state pension. We are taking serious account of those issues, and I am also happy to discuss with my hon. Friend the wider issues that she has raised.

Ann Winterton (Congleton) (Con): Bearing in mind the alacrity with which the Government acted last year in bailing out Northern Rock with billions of pounds of taxpayers' money, is it any wonder that pensioners in my constituency who lost pensions through no fault of their own agree with Ros Altmann of the Pensions Action Group? She said that

"the continued delay in settling the pension wind-up scandal is totally inexcusable".

Mr. Hain: But Ros Altmann has just welcomed the announcement that I made before Christmas, which established that compensation would be paid to those 140,000 workers. I would have thought that the hon. Lady welcomed that.

As regards Northern Rock, the guarantees that the Government provided are nothing like the burden on the taxpayer that the hon. Lady suggests. It is a matter of ensuring that our financial institutions are not affected by the global financial turbulence that infected Northern Rock, and which spread and infected financial institutions more widely. Any Government who had not acted in such a decisive way would have been regarded as thoroughly irresponsible.

Miss Anne Begg (Aberdeen, South) (Lab): Pensioners who were previously workers at the Richards Textiles factory in Aberdeen are very pleased with the announcement that the financial assistance scheme will be brought up to the 90 per cent. level. That announcement was made just before Christmas, and judging by the last question, some people may have missed it. Will my right hon. Friend outline the time scales involved in making payments to pensioners who have lost out in the past?

Mr. Hain: One of the things we will need is parliamentary support for the necessary legislative changes—including the Pensions Bill, the Second Reading of which I am about to move—and other changes to regulations, to allow us to implement the announcements that I made. The hon. Lady's constituents, along with the rest of the 140,000 people involved, can then get the early justice that they deserve. I hope that every Member of this House will support us in making those changes and that they will support the Second Reading of the Bill this afternoon so that we can make rapid progress with the scheme's implementation.

T3. [175834] **Mr. Peter Bone** (Wellingborough) (Con): Today more than 1 million extra people are facing retirement without a pension from their employer compared with the situation when the Government came to power. Why?

Mr. Mike O'Brien: It is the case that a large number of people have not seen the full benefit of their pension. There are various reasons for that. First, over a period of time, there were things such as pensions holidays, which were approved by the previous Conservative Government. There was also the pensions mis-selling scandal, which happened under the previous Conservative Government, and there was the ineffectual Pensions Act 1995, which, as the hon. Gentleman might remember, was passed under the previous Conservative Government.

It is the case, however, that this Government have done something about the situation. We have introduced the Pension Protection Fund; we have dealt with the issue of the 140,000 people who had lost their pensions between 1997 and 2004; and we have also introduced a

pensions regulator, who is in a position to ensure that the basis of the running of the pensions system is far better than it ever has been. Those are major social reforms. They have happened quietly, but they mean a big change, and an important one.

T4. [175835] **Mr. Tim Boswell** (Daventry) (Con): In the context of yet another announcement regarding an initiative to deal with incapacity benefit—not the first during the past 10 years, I am afraid—will Ministers please ensure that they pay particular attention to the remarkable situation of the estimated 100,000 young people with mental health or related motivation problems? Otherwise, those young people will be condemned to a lifetime of joblessness and demotivation.

Mr. Hain: I agree very much with what the hon. Gentleman says. His record of campaigning on those matters is exemplary, and I pay tribute to him. However, questions should be asked in other directions in the House about whether the "three strikes and you're out" policy will benefit the 100,000 young people he describes, or whether those people need the support of £170 million of psychological therapy that we will provide during the coming period to ensure that they get the specialist support, counselling and therapy they need to make sure that they can get into work. That is what we are doing: introducing practical, deliverable policies, not spin and hype.

Mr. David Winnick (Walsall, North) (Lab): One of my constituents, who is in his 70s, unfortunately had to have his leg amputated. He applied for attendance allowance, which was agreed to, but he was told that there would be a delay of four months owing to policy. Why is there such a delay? I will write to the Secretary of State, but I would like an explanation now.

The Parliamentary Under-Secretary of State for Work and Pensions (Mrs. Anne McGuire): I thank my hon. Friend for his question. I would need to ask him for further details and would be delighted to meet him as quickly as he wants, because there is no policy reason why any application for attendance allowance should be delayed. Indeed, we are turning round attendance allowance applications, subject to entitlement and so on, within the target time. I therefore do not understand why there is a particular problem in his constituency, although I would be delighted to look at it.

T5. [175836] **Andrew Rosindell** (Romford) (Con): I am sure that the Secretary of State will be aware that since 2000 his Department has spent a total of £1.6 billion on failed IT schemes, namely the benefit card, the upgrade to the Child Support Agency's computer system and the unsuccessful streamlining of the benefits payment system. How can he justify such a dreadful waste of public money?

Mr. Hain: There is no question but that IT projects have had problems in both the public and private sectors, with a much higher failure rate than they should have. That is why we have put in place the necessary procedures to try to ensure that we avoid that in future, that we secure value for money from all our IT projects and that we continue to achieve record levels of delivery in terms of getting people into work, assisting them with pensions queries and delivering all the other services that my Department provides.

Danny Alexander (Inverness, Nairn, Badenoch and Strathspey) (LD): Millions of pensioners and other claimants rely on post offices to collect their pensions and benefits every week. As Government-inspired post office closures are rolled out across the country, will the Secretary of State reassure those pensioners and other claimants that they will continue to be able to collect their benefits through the Post Office card account—run by the Post Office, not some other organisation—and that further post office closures will not be inspired by a loss of income?

Mr. Hain: These are not Government-inspired closures. We are putting in hundreds of millions of pounds of support for local post offices, amounting over the period to billions of pounds. Because of many reasons related to lifestyle, people's personal shopping habits and their use of local post offices have changed. People are not supporting their local post offices in the way that I, the hon. Gentleman and perhaps every Member of the House would like. That has created circumstances in which post offices have closed, as they closed in previous decades under the last Government, but we will ensure that everybody will receive the proper service that they need, especially the most vulnerable pensioners and others who depend on the benefits system.

T6. [175837] **Mr. David Kidney** (Stafford) (Lab): Pensioner constituents are already contacting me to express their anger and fear at last week's announcement by npower of huge increases in fuel bills. Will the Secretary of State call on Ofgem to look into those increases, and will consideration now be given to implementing the proposal for a compulsory social tariff for all vulnerable customers of big energy companies?

Mr. Mike O'Brien: As my hon. Friend knows, the Government do not normally intervene in the energy market, but in this case Ministers are naturally concerned about the effects that price rises such as those announced by npower can have on vulnerable customers. The Treasury will seek the views of Ofgem on developments that have taken place in the energy market, to see whether such changes as have been announced can possibly be justified. However, the Government are committed to tackling fuel poverty. Winter fuel payments, which last winter helped more than 11 million older people with their fuel bills, and assistance for 2 million low-income households so far, through schemes to improve energy efficiency, are examples of how we have practically sought to help older people in particular to deal with increasing fuel prices.

T7. [175838] **Mike Penning** (Hemel Hempstead) (Con): On 11 December 2005, the Buncefield explosion destroyed a large area in my community. The Health and Safety Executive inquiry has gone on for nearly two years. Will the Minister inform the House when it is likely to conclude and say whether it is true that the oil companies are paying for it, not the British

taxpayer? If they are, there would seem to be a conflict of interest, considering that they were responsible for the explosion.

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. James Plaskitt): I am aware that the hon. Gentleman and many of his constituents take a close interest in the matter. He and I have already discussed it in debates in the House. As he knows, the decision to investigate the causes of the explosion was made through a major incident investigation board headed by Lord Newton, and we believe that that is the quickest way of finding out exactly what happened.

As I think the hon. Gentleman will understand in view of the complexity of the issues involved, the investigation is still in progress. At this point, the Health and Safety Executive cannot say when a decision will be made on prosecutions. Such a decision is for the HSE and the Environment Agency and not for the investigating board. Until the investigation is completed we cannot say more about it, but it is important for it to continue. As the hon. Gentleman knows, interim reports have been issued and a good deal of information is already available to him and to his constituents. We expect the investigation to be concluded shortly.

Mr. Jim Devine (Livingston) (Lab): I do not know whether my hon. Friend has had a chance to read the excellent report prepared by the Scottish Affairs Committee and released before the Christmas recess. It drew attention to interest rates charged by not only illegal but legal moneylenders. One company was charging about 177 per cent. Is any consideration being given to capping interest rates in the so-called legal market?

Mr. Plaskitt: I understand my hon. Friend's deep concern, but there is a problem with capping the rates, which might have adverse effects on the availability of affordable credit. I think that our best response to the need to release people from the burden of interest rates at such levels—or, indeed, even higher levels in the case of illegal doorstep lending—is to pursue the policies that we have, financed through the growth fund, to make much more affordable credit available through credit unions and other not-for-profit financial lenders.

As my hon. Friend will know, we have already made a significant investment, and there will be further investment over the next spending round. As a result, tens of thousands of people are gaining access to affordable credit, thus avoiding the problems to which he has rightly drawn attention.

Sir Nicholas Winterton (Macclesfield) (Con): Will the Government address the bias of the benefits system against two-parent families?

Mr. Hain: I have already addressed it. As I have said, we are investigating the methods that are most cost-effective to the hon. Gentleman's constituents, as taxpayers, and to the rest of us. The truth is, however, that there are more jobs than ever before under this Government, that poverty has been reduced under this Government, and that there is more prosperity and wealth in the country under this Government. The hon. Gentleman ought to applaud that.

Pakistan and Kenya

3.32 pm

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): With permission, Mr. Speaker, I shall make a statement about recent developments in Pakistan and Kenya. I am grateful to you for allowing me to combine the two statements. Both countries are important to Britain, and rightly important to many hon. Members. I know that the Foreign Affairs Committee visited Pakistan in November 2006, and that it was a key focus of the Committee's report on foreign policy aspects of the war on terror in July 2006 and its subsequent report on South Asia in May 2007. I think I am right in saying that several hon. Members are now returning from Pakistan, having gone there to observe the elections that were planned for next week, and will now try to rearrange their visit.

The situations in Pakistan and Kenya are very different, and I shall deal with them separately, but important elements are common to the recent crises that have afflicted both those regional powers. Both countries have experienced strong economic growth in recent years and the middle class is growing, but poverty is widespread and rising inequality is causing frustration and disillusionment. Both countries face violence and terrorism, and both are undergoing political transition. They are working to embed democratic systems and structures, but struggling to overcome the tribal or dynastic allegiances which have fed personality politics.

In these circumstances, there is a temptation to turn away. However, there are 800,000 British people of Pakistani origin; there are an estimated 13,000 British citizens resident in Kenya, and over a quarter of a million British tourists visit each year. The United Kingdom is Kenya's largest foreign investor, and our bilateral trade with Pakistan is worth some £1 billion; and, of course, both Pakistan and Kenya are key partners in the fight against al-Qaeda. That is why the Government are committed to using all their assets to help those countries on the path to peaceful and prosperous development.

I will begin with Pakistan. I am sure the whole House will want to join me in reiterating our condolences to the family of Mrs. Bhutto at this terrible time and to the other bereaved Pakistani families who are grieving for loved ones who were killed or who suffered injuries in the senseless attack of 27 December. There is cross-party condemnation in this House of terrorism and a determination to stand with the people of Pakistan against the power of the bomb and the bullet, and I welcome that.

Whatever the disputes about her periods in office, Benazir Bhutto showed in her words and actions a deep commitment to her country. She knew the risks of her return to campaign for election but was convinced that her country needed her. The target of her assassins are all those committed to democracy in Pakistan and it is vital that they do not succeed. The courage shown by Mrs. Bhutto is now required of others as they take forward the drive for democracy and modernisation.

The Government's aims and role are fourfold. The first priority is to ensure that the circumstances of Mrs. Bhutto's death are properly established. A five-member UK police team arrived in Pakistan at the end of last week and has begun work in support of Pakistani colleagues.

The second priority is to promote free and fair elections. The delay in the elections as a result of the assassination is regrettable but the period between now and 18 February needs to be used to build confidence in the democratic process. When I spoke to the House on 7 November, I made clear my conviction that democracy and the rule of law were allies of stability and development in Pakistan. Since then; President Musharraf has retired from the military. He has lifted the state of emergency. Almost all political prisoners have been released and most media restrictions have been rescinded. But more needs to be done, and we have continued to stress the Pakistani Government's responsibility to create a level playing field under which credible and transparent elections can take place. This means that all remaining political detainees need to be released and the remaining restrictions on the media must be lifted.

In my last telephone call with Mrs. Bhutto on 9 December, I pledged that the UK would work on the details of the election process. In recent days, the Prime Minister has discussed the elections on three separate occasions with President Musharraf. I have also spoken to interim Pakistani Foreign Minister ul-Haque. We continue to call on the Government of Pakistan to improve the prospects for credible elections, particularly by increasing transparency, both now and on election day itself. This includes setting out clearly and early where all of the approximately 54,000 polling stations will be, posting the results for each station publicly immediately after the count and ensuring that the media's ability to report is untrammelled.

I am glad that the EU is now working to put together a full-scale election observation mission. I understand that the American International Republican Institute mission may also be reinstated. I believe that the Commonwealth can make an important, positive contribution and I hope that Pakistan will decide to invite an observer mission.

Our third priority is further to improve counter-terrorism co-operation. The deadly attack on Benazir Bhutto shows terrorism to be a threat to Pakistan, not just to the west. Over the last year, hundreds of innocent civilians have been killed in shootings and suicide bomb attacks in that country. We have reiterated the UK Government's commitment to build on the already significant counter-terrorism support that we provide to Pakistan. A team of cross-Government UK experts will travel to Pakistan next week for further consultations. This will be a precursor to a further British visit to deepen our counter-terrorism relationship.

Fourthly, we are determined to ensure that British citizens of Pakistani heritage and Pakistanis resident in the United Kingdom are informed about developments and engaged in the drive to build a decent society in Pakistan. I met some of their community leaders earlier today. Although the next five weeks are important, so are the next five years and beyond, and economic, social and political development in Pakistan need to proceed hand in hand, with international support.

Kenya provided the second crisis of the new year break. When President Kibaki won the presidency in 2002, it was hailed as the most free and fair election

[David Miliband]

Kenya had seen. Daniel Arap Moi's party accepted the result and ceded power. Tribal and ethnic divisions were overcome as the population rallied behind the new Government. It was a moment of great optimism. It is a marked contrast with the situation that has unfolded since the election on 27 December. I know I speak for the entire House in condemning the appalling post-election violence in Kenya, particularly the brutal killing of Kikuyu women and children in the church near Eldoret on 1 January.

Let me deal with the three issues that have preoccupied the Government and indeed the whole international community over the last week: violence and the resulting humanitarian crisis; the elections; and mediation. I have arranged for the nine statements put out by myself, the Prime Minister and the Secretary of State for International Development over the last week to be deposited in a single file in the Library. I have spoken to our high commissioner in the last hour and I can confirm that his view is that of the media reports: that the urban violence of the middle of last week has subsided. That is obviously welcome, but the reporting from rural areas suggests that there are up to 250,000 refugees, and there is the potential for violence to erupt again. That is why since 2 January our travel advice, along with other countries', has advised against non-essential travel to Kenya. That advice will remain in place until the security and political situation is clarified. We are advising Britons in Kenya to exercise extreme caution, to remain indoors in the affected areas, and to seek local advice, from the tour operators or local authorities, if they need to travel.

The humanitarian crisis we have seen unfolding on our television screens is due entirely to the post-election violence. The UN, World Food Programme and Red Cross are leading the international effort. The Department for International Development is monitoring the situation closely and has had a team on the ground in western Kenya. A £1 million contribution to the Red Cross was announced by my right hon. Friend the Secretary of State for International Development last week, and it has helped to provide shelter for those displaced and to facilitate major food shipments from Mombasa, which took place over the weekend. DFID stands ready to provide more assistance if it is needed.

In respect of the election itself, millions of Kenyans queued for hours, peacefully and with dignity, to cast their votes for parliamentary and presidential candidates after a relatively calm election campaign. It is vital not just for Kenya, but for the whole of Africa with important elections over the next 18 months, that the democratic process works and is seen to work. However, the counting of votes in the presidential election, and particularly the reporting of votes from local to regional and then national centres, has, according to reliable European Union observation, been plagued by irregularity. Those irregularities stand in the way of the formation of a stable Kenyan Government who would have the confidence of their own people and the international community.

All allegations of fraud need to be investigated and the perpetrators brought to justice. That requires due legal process, but there is also a need for political mediation. Individual acts of fraud are reprehensible, but there is a deeper issue. Whatever the actual result, the country was deeply split. Kenya needs the diversity of its views to be respected, but the presidential system is designed to concentrate power when Kenya's immediate and medium-term future requires the sharing of power.

Kenya's political leaders must be willing to make the necessary compromises to find a way forward. They are more likely to do so with external help. That is why at the heart of all our conversations—with Kenyan, African, EU, Commonwealth, US and UN partners—has been the need for a credible mediation process. I am pleased that President Kufuor of Ghana, the current chairman of the African Union, is due to arrive in Kenya soon, and he will do so with our full support. He needs Kenyan leaders ready to engage. On 2 January Condoleezza Rice and I called for a "spirit of compromise" from those leaders. If they fail to compromise, they will forfeit the confidence, good will and support of their own people and the international community. The stakes are high for the Kenyan people, and we will remain fully engaged on the political and consular track.

May I conclude by thanking staff in the Foreign Office and the Department for International Development, in-country and in London, for their outstanding consular and political work around the clock in the very trying circumstances of the last 10 days? Their work is far from done, but both countries are better off for their engagement, and they deserve the thanks of the House.

Mr. William Hague (Richmond, Yorks) (Con): I thank the Foreign Secretary for taking the earliest opportunity to make a statement on the situation in these two countries, as we requested last week. In both cases a flawed democratic process has given rise to tragedy, but in both cases democratically elected leaders and democratically enshrined institutions are the best hope for overcoming extremism, instability and corruption.

I echo what the Foreign Secretary said about the horror with which we have greeted the butchery of innocent people, including children, in the aftermath of the Kenyan elections. The result of that ethnic strife in the case of Kenya is a humanitarian tragedy, and providing urgent assistance to the 250,000 displaced both within Kenya and across its borders must be at the forefront of our concerns. On that subject, the Conservatives welcome DFID's contribution of £1 million to the Kenyan Red Cross. Will the Foreign Secretary tell the House what is his latest assessment of the relief effort? How is that being evaluated? Given that the medical charity Merlin yesterday warned that Kenya faces a health crisis "within days" as "dangerously low" supplies of food and water are putting many people at risk of infection and dehydration, is it likely that international aid will need to be increased?

Is the Foreign Secretary confident that aid convoys are able to move freely and to reach those most in need, and that they themselves will not be vulnerable to attack? What representations have been made to the Government of Kenya about the need to protect and safeguard the people driven from their homes, and does he have any information about the number of refugees now in neighbouring countries such as Uganda, and the extent of their needs?

On the political crisis in Kenya, can the Foreign Secretary say more about the role that British officials and Ministers are playing? Are there any plans for any

member of the Government to visit Kenya? Like him, we fully support the mission of the President of Ghana. It has been reported that the US Assistant Secretary of State has secured an offer from President Kibaki to form a coalition Government, and a concession from the Opposition leader that he will negotiate without preconditions. Can the Foreign Secretary confirm those reports? Is it not important that the EU monitoring mission issue a formal public report on the elections as soon as possible? Is the Foreign Secretary aware of any findings or recommendations from that mission, or from the Kenyan electoral assistance programme that Britain helped to fund?

Ethnic conflict is now threatening the decades of stability that have set Kenya apart from so many of its neighbours. In this situation, Kenya's leaders have a clear responsibility to compromise and work together—whether this means joint rule or an eventual rerun of the elections under international supervision. Is it the Foreign Secretary's view that a recount or re-tally of the election is not practical, given the likely destruction of ballot papers and records, and will he assure the House that he will not entertain the idea of sanctions at present, as some have suggested? Kenya is not a country hostile to Britain's national interest, but a friendly country that needs our assistance.

I turn to Pakistan—a major ally, as the Foreign Secretary has said, in the war on international terror and another friend with whom we have immensely strong links and a united view that the demands that this country has made for the lifting of the remaining aspects of the state of emergency are wholly justified. The whole House will agree that the assassination of Benazir Bhutto is a sickening and appalling crime and that such violence is a major threat to the stability and future of Pakistan. This was aimed not only at her, but at democracy in Pakistan itself.

The Foreign Secretary referred to the team of detectives sent to help with the investigation; can he say what their precise remit is? It is vital that when the elections are held, international monitors have full access, that the elections are free and fair, that restrictions on press and broadcasting are lifted and that the results are respected. The Foreign Secretary said in November that a decision would be made about some £3.5 million of UK funding for the elections on the basis of the conduct of the Government of Pakistan. Can he say now whether any decisions have been reached about that? Is he confident that a robust election monitoring mission will be accepted by the Government of Pakistan, and that it will have all the access that it needs to the electoral process?

The Foreign Secretary also said in November that no

"spillover of the situation in Pakistan"—[*Official Report*, 7 November 2007; Vol. 467, c. 134.]

into Afghanistan had been detected at that time. However, the outgoing UN special representative said last week that violence in Pakistan was affecting Afghanistan, and there are reports today of thousands of Pakistanis fleeing their tribal areas into Afghanistan. What is the Foreign Secretary's latest assessment of that, and does it have any implications for our troops and their operations in Afghanistan?

Finally, once a way has been found through the present crises in both countries, is it not our responsibility to help guide both toward a secure democratic future? Will that not require a reduction in corruption, a free press and an independent judiciary, so that disputes can be settled through reason and law, rather than through violence and death?

David Miliband: I am grateful to the right hon. Gentleman for the content and tone of his remarks. We wholeheartedly support his identification of the need in both Kenya and Pakistan for democratic institutions that are not just those of formal democracy, but which are supported through the judiciary, the media and political parties—never mind education, health and other systems.

The right hon. Gentleman asked about aid, and I am sure that he will recognise that, importantly, the aid and security questions are two sides of the same coin. Yesterday, the food convoy from Mombasa did get through to western Kenya without alarm or difficulty. That is obviously encouraging, but we will follow the situation very carefully. The ongoing assessment to which he referred is made partly by our staff or by DFID staff on the ground, working closely with the high commission in Nairobi. I am happy to keep the House informed on that basis.

The right hon. Gentleman asked about the nature of the power-sharing arrangements that could come into play. A balance needs to be struck, because it is for the Kenyans to decide the nature of their power sharing, not for us to prescribe a particular type of coalition Government or constitutional arrangement. He reiterated the word that I use, "compromise". It relates to compromise between the two main political parties, and it is important to stress that clearly. Of course, Kenya has a history of so-called "Governments of national unity". It had such a Government in 2002, which did not lead to the sort of power sharing that is needed. I hope that he will understand my saying that at this stage we do not want to prescribe a particular type of constitutional or other reform, but we will all know it when we see it: when a Government reflects the divided will of the Kenyan people in respect of the political parties for which they voted.

The head of the EU mission has returned to Brussels, but the deputy head has rightly stayed in-country, so that he can brief President Kufuor and others as they come through. I shall find out for the right hon. Gentleman the formal timing of the write-up from the head of the EU mission, but it will, in part, want to reflect the ongoing investigations.

The right hon. Gentleman is right to say that there are significant obstacles to a full-scale recount. Some people have called for a rerun of the elections, others for a recount or re-tally, and I was careful to refer in my statement to the problems beyond the individual ballot stations as the results were referred onwards. What is important is that any allegations of irregularities are properly followed through—it would be wrong to sweep them under the carpet. I know that that is not what he was suggesting, but the first priority was to stop the violence.

The second priority is to get some sort of political mediation under way. The investigation of the irregularities and the possibility of a further future election obviously will be discussed by the parties. I am happy to confirm to the right hon. Gentleman that the £50 million that we are spending through DFID for the benefit of the

[David Miliband]

Kenyan people, which will be spent on bed nets and other essential development assets, will not be harmed as a result of this process.

In light of the forthcoming debut of the Liberal Democrats' new foreign affairs spokesman, the hon. Member for Kingston and Surbiton (Mr. Davey), perhaps I shall not condemn him until he condemns us, and then we can return. *[Interruption.]* He says that I will not be disappointed, so I shall save my best volleys until later.

On Pakistan, I was told as I left the office today that there had been agreement on the terms of reference of the Scotland Yard mission to support the Pakistani authorities, and I would certainly like them to be published. Secondly, in respect of the UK funding, which was to support democratic processes, they are as important as ever, and although we keep that funding under review, no decision has been taken to terminate it.

In respect of Afghanistan, I have heard the media reports that were mentioned. The right hon. Member for Richmond, Yorks (Mr. Hague) asked for our latest assessment. Our latest assessment on the situation in the federally administered areas is not a new one—it is that the lack of political integration between the federally administered areas in Pakistan and the rest of the country is a threat to the integrity and stability of not only Pakistan, but Afghanistan. I have received no reports of it being an immediate threat to our troops, but the sort of instability to which he refers provides a haven for some of those who are attacking our troops and is a real concern for us. I discussed it when I was in Helmand, and I guess that he and his colleagues have discussed it with people there too.

The right hon. Gentleman rightly raised the issue of corruption. He will know that none of the money in our bilateral aid is put through the Kenyan Government. We put the money through non-governmental organisations and other organisations precisely to ensure that it reaches the targets for which it is intended. Good government is an essential part of the sort of democratic process in which he and I believe, and it is certainly something that we are working to achieve.

Hugh Bayley (City of York) (Lab): Kenya needs democracy, not a political fix, because democracy is the way to make leaders accountable to the people. Does the Foreign Secretary share my concern about the statement from the chair of the electoral commission of Kenya that his announcement of President Kibaki's win was made under duress? Will the Government continue to fund work to strengthen political institutions and parties in Kenya in order to reinforce their commitment to democracy and the rule of law, and their ability to resist anti-democratic pressures wherever they may come from?

David Miliband: I am happy to confirm that to my hon. Friend, who speaks with authority on these issues from his long interest in them. His reference to strengthening parliamentary links is important. The role of political parties needs to be developed, and that is something to which hon. Members and colleagues in the other place can contribute.

Mr. Edward Davey (Kingston and Surbiton) (LD): I thank the Foreign Secretary for his statement and associate my right hon. and hon. Friends on the Liberal Democrat Benches with both his tribute to Benazir Bhutto and his sadness at the violent deaths of so many others in the recent crises in Pakistan and Kenya. Benazir Bhutto was a politician of great courage. She put her life on the line for the restoration of democracy in Pakistan and her death presents the world with the nightmare of an unstable, divided Pakistan.

The Foreign Secretary has described well why we should all be alarmed at recent events in those two countries and the urgent need to restore law and order through democratic means. I pay tribute to his efforts and those of the Prime Minister and many British diplomats in these difficult and often frustrating days. May I say how strongly we agree with much of what the Foreign Secretary has said today—for example, about the decision to send Scotland Yard detectives to assist the investigation into Miss Bhutto's murder and the humanitarian aid through the Red Cross for parts of Kenya cut off by the violence?

None the less, there remain some serious questions about the judgments made by Britain, the United States and the wider international community, not just in response to these events but well before. On Pakistan, why have the British Government failed to be more critical of the Musharraf regime and its deeply damaging actions, most recently in its attacks on the independence of the judiciary, which the Foreign Secretary failed to mention in his statement? Is it not the case that Britain has been totally complicit with the US policy of bolstering President Musharraf over the years? Does not this crisis show how mistaken that policy has been, with extremism having spread and democratic institutions having been so undermined?

I am sure that the Foreign Secretary will at least agree that democracy is now the way forward, and we welcome the announcement of a new and early timetable for elections. It is clearly essential that Pakistan enjoys elections that are free and as fair as possible in a political climate that is as stable as possible. So can he tell the House what extra support Britain is prepared to offer to the election monitoring mission from the EU? While it is good that the EU is sending 50 so-called long-term observers for the new elections, does he believe that the increase of just seven on the monitoring mission for the 2002 elections is really sufficient, given the heightened tension and especially given that the Commonwealth election monitoring operation was suspended in November and has yet to be invited back to Pakistan? Is there not a danger that the February elections will have less international scrutiny than the flawed 2002 elections? Given the crucial role of the judiciary in supervising elections matters, what representations are being made to President Musharraf to insist that he reverses his recent dismissal of critical judges and ends the intimidation of the entire legal profession?

On Kenya, may I thank the Government in their various public statements for not referring to Mr. Kibaki as the new President? Will the Foreign Secretary confirm that the Government still do not recognise Mr. Kibaki as having been re-elected President? Did the Foreign Secretary share my concern when the US State Department, in the first crucial hours after the poll, rushed to accept

the flawed election result? Has he raised the serious consequences of that critical error of judgment with the US Secretary of State?

Is it not the case that a rigged election result was both predictable and preventable, when we saw more than a year ago the rigging of the electoral commission of Kenya by President Kibaki? When in January last year Lord Steel of Aikwood raised the issue in the other place, the Foreign Office said that it would take up the matter with the Kenyan Government. What representations were made and were they made at ministerial level? Does the Foreign Secretary accept that the stacking of supposedly independent electoral commissions seriously undermines the task of any international election monitoring mission even before they arrive? Is he aware that with elections due in Angola, Malawi and Ghana in the next 18 months concerns are already being expressed that certain Governments will "do a Kibaki"? Will he undertake to raise with the relevant officials of the EU and the Commonwealth Secretariat the need to reform election monitoring processes so that they begin with preparatory visits to report on the independence of the election authorities themselves?

I am sure that the Government and the wider international community are right to prosecute the case for political parties to work together, not least to end the violence and prevent further chaos, but does the Foreign Secretary accept that a coalition Government can be only an interim solution, not least because President Kibaki has previously reneged on power-sharing deals with Raila Odinga, as the right hon. Gentleman implied? Does not the only sustainable solution lie in fresh elections? Why have the British Government not already called for fresh elections? Does the Foreign Secretary not realise that there is a massive danger of more violence

Mr. Speaker: Order. I must be fair to Back Benchers. I have already made it known that the Liberal Democrat spokesman should have three minutes. The hon. Gentleman has now taken four minutes, so I must stop him.

David Miliband: I welcome the hon. Gentleman to his new position and look forward to his questions and to our debates. I welcome what he said about Mrs. Bhutto.

The hon. Gentleman raised some serious questions. The policy of the British Government throughout the period in respect of Pakistan, and in respect of other countries, is to support systems of government, not personalities. Before he starts throwing around allegations about whom we have bolstered and how we bolstered them, he should look at what has actually happened in practice. I defy him to find any example of the Government's supporting the crackdown on the media or the rejection of the development of a state of emergency.

In respect of the judiciary, the judges who were dismissed were precisely those appointed by President Musharraf after 1999, so the hon. Gentleman should be careful about the allegations that he throws around. It is obviously vital that an independent judicial process is established and it is obviously right that we assert the case and continue to argue for an independent judicial process. I do not think it would be right for us to try to dictate about individual judicial cases or individual judges. Our position is to defend constitutional principles and the constitutional order.

In respect of election monitoring, the hon. Gentleman made an important point about the EU mission, which I raised with Commissioner Ferrero-Waldner just before the new year. She confirmed to me that the EU would up the number of monitors to 60 from the 40 who were present for the 9 January elections. Today, there has been some talk of the number being increased to about 100. We obviously want to make sure that, combined with Commonwealth and other monitors, they are able to provide the evidence we need. In addition, I point the hon. Gentleman towards the need for the processes to be very transparent on the Pakistani side, and I am sure he would agree.

I can confirm that we have recognised no new Government in Kenya. In respect of the United States position, I spoke to the Secretary of State on 30, or possibly 31, December. She made it absolutely clear to me that although the United States was happy to congratulate the Kenyan people on the way in which they had participated in the democratic process, it had issued no congratulation to an individual "winner"; that her concerns about the irregularities identified by the EU are serious and real; and that she shares our commitment both to the spirit of compromise to which we referred in our joint statement and, critically, to the sharing of power.

On the wider African elections, I referred in my statement to the forthcoming elections, which is why the engagement of the African Union is particularly important at this stage. The right hon. Member for Richmond, Yorks (Mr. Hague) asked about a British envoy. Although there are contingency plans for us to have additional Ministers or officials in the region, our first priority has been to try to ensure that an African mediator can go there, which is why we support so strongly the Kufuor mission.

The hon. Member for Kingston and Surbiton (Mr. Davey) called for fresh elections. Whatever the irregularities of the recent election, they reveal a deeply divided country, and that will not be overcome however many times the election is rerun. Every allegation of irregularity must be investigated, but the deeper issue—the nature of the constitutional system, and whether a winner-takes-all system is right for Kenya—is one that many Kenyans are debating. I suggest to the hon. Gentleman that that is an important part of the mediation process that needs to be under way. Of course, fresh elections will be part of the discussions between the political parties, but they will have to be the end of the process, not the beginning of it.

Hilary Armstrong (North-West Durham) (Lab): My right hon. Friend is absolutely right that the people of Kenya are looking to have a Government who reflect the diversity, and not just one particular tribe that happens to look as though it is successful in an election. Speaking from my experience in Kenya long ago, tribes were always important there, but so too was the ability to work together, certainly in the coastal province where I worked. I would appreciate hearing from the Foreign Secretary about how we intend to work with the international community and local people to get the compromise and accommodation that any democracy with such a diverse population needs to move towards.

David Miliband: My right hon. Friend raises the key issue. Her experience in Kenya and that of others in the House will be relevant. In the end, the spirit of compromise has to come from the top; that is why our messages have been direct from the Prime Minister to President Kibaki and Raila Odinga, the Leader of the Opposition. There is also a need for a strong civic society, and political institutions at the local level that are able to bring people together. That process seemed to be starting in 2002. The re-emergence of ethnic divisions is obviously something that all of us deplore and want to avoid.

Tony Baldry (Banbury) (Con): One of the many tragedies of Pakistan is the pathetically small amount of money spent on education—just 1.8 per cent. of gross domestic product. Illiteracy rates in Pakistan are more than 50 per cent., and are increasing. With the collapse of the Government school system, ever more parents simply have to send their children to madrassahs because there is nowhere else to send them. Pakistan is a good ally, but it could turn into a nightmare, as an increasingly illiterate nuclear state. When the Department for International Development engages with Pakistan through its country programme, will we make sure that we are encouraging Pakistan to spend more of its resources on education? Otherwise, it will be an increasingly faltering state.

David Miliband: The short answer to the hon. Gentleman is yes. He will know from what my colleague the Secretary of State for International Development and I have said that we raise both publicly and privately the fact that less than 2 per cent. of national income is spent on education. Education is at the centre of DFID's programme in Pakistan, and I discussed the matter last July when I was in Pakistan. It is absolutely at the heart of the development of a functioning society—development that that country will need.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): The Foreign Secretary was right to say that what we need for Pakistan is free and fair elections, but also not to let up on counter-terrorism. He briefly mentioned Afghanistan. Even in more stable times, there are hundreds of thousands of people crossing the borders, both ways, on any one day. In the run-up to the elections, the role of Afghanistan will be even more important than it has been. Will he talk to his NATO colleagues so that they make sure that their troops are in Afghanistan to ensure security, and so that they can possibly look at lifting some of the caveats on deployment?

David Miliband: My hon. Friend raises an important point, which was discussed at the NATO Foreign Ministers meeting in December. It is always discussed when I meet NATO and other colleagues, because obviously the problem with the Afghan-Pakistan border needs to be addressed on both sides of the border. That involves British and other troops on the Afghan side, and large numbers of Pakistani security forces on the Pakistani side. However, in the end, there needs to be a political and not just a military solution in the federal administrative areas.

Mr. Paul Goodman (Wycombe) (Con): I represent some 9,000 voters of Pakistani and Kashmiri origin, and many of them have made clear to me their horror at the murder of Benazir Bhutto. As the Foreign Secretary knows, nearly every serious al-Qaeda plot since 7/7 in Britain has had some connection with Pakistan, so what monitoring arrangements do his Department and the Government have in place to measure the effect of incidents such as the murder of Benazir Bhutto, or the recent storming of the Red Mosque, on communities in Britain who follow very closely what happens in Pakistan, and who are often influenced by what occurs there?

David Miliband: The hon. Gentleman is right that not least through media that are watched both in Britain and in Pakistan there is a common political discussion and discourse across the two countries. We try to stay in touch through our contacts both with community leaders and with ordinary members of the community. Personally, I am suspicious of opinion polls that are bandied around as definitive, and I prefer to rely on more qualitative information. I am sure, however, that he would agree that anything that helps to build a decent society in Pakistan that respects all its different communities can help to lessen tensions and contribute to the notion that the vast majority of Pakistanis, whether in Pakistan or Britain, are dedicated to fighting against al-Qaeda, rather than to fighting for it. That is the battle for hearts and minds in which we are all engaged.

Mrs. Gwyneth Dunwoody (Crewe and Nantwich) (Lab): It is unfortunate that two situations that are wholly different in kind, except for the element of violence, should be taken together. However, since successive British Governments have consistently ignored corruption in Kenyan Governments, may I ask the Secretary of State what attempts we have made to provide practical assistance both to protect the populations who have been abandoned in various areas, and to protect transport from Mombasa to western Kenya, which will not only be extremely difficult to keep up but will meet increasing opposition at various points?

David Miliband: I am sorry to hear my hon. Friend say that successive Governments have ignored the corruption in Kenya. As I said earlier, the fact that the British Government give no direct budget support for the Kenyan Government precisely reflects our concerns. Our determination to provide significant aspects of funding through NGOs and other trusted civic society organisations reflects precisely the concerns that she and I share. She is absolutely right to raise the security situation for aid convoys. As I said to the right hon. Member for Richmond, Yorks (Mr. Hague), so far those convoys have proceeded without interruption, and that is obviously something on which we want to continue to work. Practically, on the ground, the UN and the World Food Programme are in the lead, but our money and people—I referred to the DFID staff in western Kenya—are there to provide support, and to make sure that any reports of interference with those convoys are acted on swiftly.

Pete Wishart (Perth and North Perthshire) (SNP): Let me associate those on my Bench with the condolences to the Bhutto family. We very much hope that those responsible are tracked down and apprehended.

Ordinary Kenyans believe that they have the power to transform their future, and millions of them turned out to vote to do so last month. They think that their voice has not been heard, and they feel disfranchised as a result. Does the Foreign Secretary agree that what is required is strong, independent electoral commissions in developing countries, and will he work with the international community to deliver them and make sure that they are properly supported and resourced?

David Miliband: Yes; of course, independent electoral commissions that have the confidence of different communities in different countries are important. An earlier questioner referred to the electoral commission in Kenya. It would be quite wrong for any cloud to hang over the chairman of the Kenyan commission, who is long-serving and has done a very good job in difficult circumstances. I accept the concerns that have been expressed about the way in which the bodies are filled. It is certainly an important part of British Government policy to ensure that independent electoral commissions are genuinely independent.

Ms Diane Abbott (Hackney, North and Stoke Newington) (Lab): The Foreign Secretary will be aware that Britain's Pakistani community is extremely exercised by events in Pakistan, and the circumstances of Benazir Bhutto's death remain extremely contentious. We are glad that British police are going out to support the Pakistani police, but does he accept that most people in Pakistan have no confidence in an inquiry led by the Pakistani authorities, whose first act was to hose down the crime scene? Is he telling the House that he has completely ruled out the possibility of a genuine, independent inquiry led by the UN or another international organisation?

David Miliband: I understand and confirm the sense of grief and concern in many Pakistani communities in Britain. The question of an independent inquiry is obviously not one that we can decide; in the end, it must be decided in Pakistan. We have been very active, however, in ensuring that British expertise is available, without fear or favour, to report on the details obtained from a wide range of evidence—not just local forensic evidence, but the detailed video images that many of us have seen on our TV screens that was taken with mobile phones and other mechanisms.

My hon. Friend will recognise that an externally imposed solution has its dangers too. A country such as Pakistan needs to come to terms with its own circumstances and have the confidence of its own people; that is why the emphasis in all aspects of development policy is on generating local solutions. She has cried for independence in the system, and that is what our officials are dedicated to trying to provide for the mission that now exists.

Ann Winterton (Congleton) (Con): In the light of the instability in Pakistan following recent tragic events and the need for security and calm in the run-up to the delayed general election, has the Foreign Secretary any information about the possible movement of Taliban members from Afghanistan to the areas of Pakistan where the Taliban are most strong? They may give further grounds for instability.

David Miliband: Obviously, we follow that issue very carefully on all channels—not just in the aftermath of a terrible tragedy such as that in Pakistan, but all the time. All reports are followed up; some are in the media, others are not. The best thing to say is that we take very seriously the need to act on both sides of the border to promote the security not only of our own people but of the development of Afghanistan and Pakistan.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): I mourn Benazir Bhutto, who was my friend. Is my right hon. Friend aware that in her final greetings card, Benazir prayed for peace in the world and happiness for family in 2008? That is bitterly ironic from a woman whose father and other family members were brutally murdered—as she was, ultimately. Does my right hon. Friend agree that the greatest tribute to that brave and charismatic woman, whose final card showed the sun rising over Pakistan, would be properly conducted elections next month, resulting not in hereditary or military democracy, but in a deeply rooted democracy, which would be a memorial to Benazir?

David Miliband: My right hon. Friend has spoken powerfully and completely correctly about the memorial that needs to exist to Mrs. Bhutto, who acted with huge courage, knowing the risks that she faced. We are completely committed to the deep democracy to which he refers, and I know that we will pursue it with him and all his effort.

Mr. Shailesh Vara (North-West Cambridgeshire) (Con): May I press the Foreign Secretary on the matter, raised by the shadow Foreign Secretary, of those who have fled Kenya to neighbouring countries such as Uganda? Will he give an assurance that, where humanitarian aid is concerned, those who have fled Kenya are also taken into account? A country such as Uganda has its own economic problems; the last thing that it wants is starving and hungry people fleeing from Kenya.

David Miliband: Of course, the hon. Gentleman is right. The international community cannot get into the situation of determining the amount of help that refugees get according to which side of the border they are. We have an active programme in Uganda.

I say to the hon. Gentleman and the right hon. Member for Richmond, Yorks (Mr. Hague) that we do not yet have reports of the issue becoming a cross-border one. The more than 120,000 or 130,000 people in the Rift valley remain there; they have not moved from that area, although they have moved from their homes. I am sure that the hon. Gentleman knows as well as I that Kenya has a strong civic society that provides family and other support. That partly explains why, certainly to our knowledge, the vast majority of refugees are in the country.

Fiona Mactaggart (Slough) (Lab): Speaking as a Member of Parliament who represents a very large Pakistani community and a not insubstantial community of people who are Kenyan citizens, I believe that the thing that connects the two issues is the sentiment common to all people that if ordinary voters can decide the future of their country, they can have confidence in

[Fiona Mactaggart]

their Government. There is an opportunity for that to happen in Pakistan, but it requires not only an independent judiciary, to which other hon. Members have referred, but an open media. What can the UK Government do to help with that, because unless there is open reporting people will fear that the election is not independent?

David Miliband: My hon. Friend is absolutely right. We can best support the open media that she and I support by making direct representations to the Pakistani authorities, which we have been doing, and by ensuring that a free media is part of the demands that are made by organisations such as the Commonwealth and others. We are certainly determined to do that.

Dr. William McCrea (South Antrim) (DUP): I join the Foreign Secretary in his words of condemnation of the violence in Kenya and in Pakistan and thank him for his statement to the House. In light of the brutal killing of the women and children in the church on 1 January and the fear that that has engendered, what contact has been made by the British authorities with British citizens in Kenya, especially missionaries, and what advice has been given to them?

David Miliband: The hon. Gentleman raises a really important point, which I have discussed regularly with the high commissioner. As he probably knows, there is a system of ward outreach to British nationals in Kenya, as in many countries, whereby we try to ensure that the vast bulk of them, if not all, are registered with the high commission. The best means of contact, whether that be telephone or other methods such as e-mail, are established so that they can be kept in touch with actions. If the hon. Gentleman has any contact with missionaries whom he thinks might not be part of that telephone or e-mail tree, I am happy to recognise that. However, we are determined to try to ensure that in all countries, such as Kenya, we have rapid systems for making contact with as many British citizens as possible. So far, the system seems to be working, because although we have put on call a series of crisis teams, the number of calls to the Foreign Office in London and to the British high commission in Nairobi has been relatively limited, usually in single figures on any one day. That suggests that the mechanisms that we have in place are working, but we are always happy to try to improve them.

Jeremy Corbyn (Islington, North) (Lab): The Foreign Secretary rightly drew attention to the rising and widespread growth of inequality in Kenya and in Pakistan. Would he care to reflect on the fact that the world is now seeing on its television sets the appalling poverty in the slums in Kenya and the failure of the democratic system to provide any sort of equality of opportunity for many people in Kenya, and that in Pakistan successive military Governments have spent a vast amount of the nation's resources on weapons of mass destruction, which have obviously had an impact on many people's lives? Does he have any hope that a restoration of a proper democratic system in both countries will help to close this yawning gap, which is at the heart of an awful lot of these problems?

David Miliband: My hon. Friend is right to draw attention to this matter, and I am pleased that he does so. Yes, I do have hope, but there is no point in looking at this through rose-tinted spectacles. Hope needs to lead to decisions that make a difference. Economic growth is the first precondition for tackling the endemic poverty that he and I abhor. In 2005, I saw for myself in the Kibera slum in the centre of Nairobi the sort of conditions to which he refers. Hope needs to lead to choices, which are best made on the basis of a democratic mandate, in the interests of stability and equality. However, no one who visits Kibera can say that this is anything other than a long-term challenge and one that it would be absurd to be glib about. That is why it is right to talk about five, 10, 15 or 20-year challenges, not just five-day or five-month challenges.

Mr. Tobias Ellwood (Bournemouth, East) (Con): The Secretary of State talks about combating terrorism, but fails to mention the one thing that links Pakistan to events in Afghanistan and to 9/11, 7/7, Bali and Madrid – the al-Qaeda training camps that are on the Pakistani border. Does he agree that Pakistan should now hold up its hands and say that it cannot contain that 400-mile mountainous border and that international help is needed, because otherwise we will continue to see a conveyor belt of suicide bombers coming out of that area, causing mayhem not only in Pakistan but in other places around the world?

David Miliband: The hon. Gentleman does not need to find division across the House on that point. He will have heard in my statement the reference to the joint fight against al-Qaeda. He will also know that we are strongly committed to the international support for the Pakistan and Afghanistan Governments that will be necessary. However, that cannot merely be military support. In the end, there needs to be a political solution in both Pakistan and Afghanistan. A military element is needed, but it will not do the trick on its own. There is room for common ground across the House on that point, and that is what I am determined to try to seek.

Ms Sally Keeble (Northampton, North) (Lab): On Kenya, how will my right hon. Friend, who said that it is down to Kenyans to decide, and the international community assess the validity of any coalition Government? How will they expect such a Government to perform on power sharing and tackling corruption, and what will they expect the possible duration to be? If problems with electoral fraud are proven, Kenya needs not only to be able to move forward, but to do so with the full confidence and support of the international community.

David Miliband: I know that my hon. Friend has spent time in Kenya and has good contacts there. In answer to an earlier question, I said that I thought that any Government who would command the confidence of the Kenyan people needed to involve the main Opposition party. Government needed to involve both Government and Opposition. That is the first test.

Secondly, the duration would obviously be a subject of discussion. All sorts of time frames are being bandied around by the Opposition and the Government. Obviously, it could not be longer than five years, but a range of other durations are being suggested. Some would make the new Government more interim than would others.

The diverse communities in Kenya and the diverse votes that they cast in the election need genuinely to be recognised, and that is the sort of Government that our Government would be keen to support.

Hugh Robertson (Faversham and Mid-Kent) (Con): While nobody would underestimate the difficulty of protecting any democratic politician, is it not concerning that the assassin was able to get to Benazir Bhutto so soon after her return to Pakistan? Is the Foreign Secretary concerned about the extent of militant influence over the Pakistan security forces? If so, is he convinced that when carrying out his entirely laudable aim to increase co-operation on terrorism with the Pakistan security forces any information would remain secure?

David Miliband: Obviously I am concerned about the ability of terrorists to strike at the heart of Pakistan, not only on 27 December but in October when Mrs. Bhutto returned to Pakistan. However, I can assure the hon. Gentleman that we have full confidence that the counter-terrorism co-operation in which we are engaged with the Government of Pakistan is in the interests not only of Pakistan but of the UK, too.

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): It is not often that I agree with the comments or views of the hon. Member for Bethnal Green and Bow (Mr. Galloway), but he makes a valid point today, writing in the *Daily Record*, that the tribalism in Kenya is another form of nationalism. Does my right hon. Friend agree with me that if we are to learn lessons from Kenya, which was a perfectly stable country until recently, the people who promote extreme nationalism in this country should be careful with their language and also with their actions?

David Miliband: I am happy to agree that we should always be careful about our language and our actions while recognising that countries can be very different. I think that my hon. Friend and I share the view that the constitutional arrangements in the UK respect diverse views in a way that builds on what we hold together while recognising what is different.

Mr. Crispin Blunt (Reigate) (Con): The Prime Minister, on Kenya, has used expressions such as "these are the objectives I wish to see". The Foreign Secretary has outlined the type of political system that he might like to see in Kenya and replied affirmatively to the point made by the hon. Member for City of York (Hugh Bayley) about the need for political parties here to get involved in Kenya. Those are all political objectives of the British Government, the merits of which can be debated in the House. However, the Foreign Secretary presides over a Department that will have to cut three missions in Africa, while the Department for International Development is unable to assist in the pursuit of British national objectives in the way described by the Foreign Secretary, the Prime Minister and others. Is the Foreign Secretary satisfied that the balance of investment to support the British national effort is correct?

David Miliband: Yes. I would like to know where the hon. Gentleman thinks that DFID is not fulfilling an agenda that is in the British national interest—or the Foreign and Commonwealth Office, for that matter. The consular response in these cases has shown our ability to do so; the political response, ditto. As always in the seven years of discussion I have had with the hon. Gentleman, if he is willing to provide any details I will be happy to follow them up and get in touch with him.

Patrick Mercer (Newark) (Con): The Foreign Secretary is very aware of the desire of al-Qaeda and similar organisations to inflict mass casualties. Is he confident in the security of nuclear weapons and matériel in Pakistan?

David Miliband: It is good that the hon. Gentleman raises that matter, which was raised on the two previous occasions when I talked about Pakistan. I am happy to confirm that nothing has been reported to us since 27 December that would compromise our assessment of the integrity and safety of Pakistan's nuclear facilities.

Dr. Julian Lewis (New Forest, East) (Con): Given the ambiguous credentials of Pakistani intelligence agencies, to which my hon. Friend the Member for Faversham and Mid-Kent (Hugh Robertson) referred, did the Government, in their conversations with Benazir Bhutto, offer her any advice about personal security, especially after the first attempt on her life?

David Miliband: At both ministerial and official level, discussions were held about Mrs. Bhutto's sense of security and the provision that was being made for her. It would be wrong to pretend that I was in a position to offer her personal advice about that, but I know that representations were made at a high level to ensure that her concerns were properly taken into account.

Mr. Henry Bellingham (North-West Norfolk) (Con): Does the Secretary of State agree that, if an EU monitoring commission finds that the presidential elections were rigged, Kibaki's position would be untenable and that he would rightly become an international pariah? Does he also agree that in such circumstances, smart sanctions aimed at Kibaki and his cronies, their travel arrangements and moving money abroad, would be justified?

David Miliband: Sanctions are only but always justified when they have a clear objective and contribute to that objective. It is dangerous at this stage to start dealing in the hypothetical position that the hon. Gentleman outlines because there is clearly a need to bridge the current gap between what the Government in Kenya and the Opposition say about their willingness to engage in discussions. They are both talking about the matter but they have not yet bridged the gap. Our focus is on bridging that gap. If we fail, we must examine all the consequences, including those of our actions.

Prisons (Industrial Relations)

4.32 pm

The Secretary of State for Justice and Lord Chancellor (Mr. Jack Straw): With permission, Mr. Speaker, I should like to make a statement on industrial relations in the Prison Service, and on my tabling amendments today to the Criminal Justice and Immigration Bill. The amendments are for debate on Report this Wednesday.

The aim of the amendments is to provide for a reserve statutory restriction on industrial action by prison officers. The powers in the amendments would be applied only in the absence of a suitable trade union dispute resolution and recognition agreement between the Prison Service and the relevant trade unions. As I will explain, tabling the amendments fulfils clear undertakings given to Parliament by Ministers over six years.

The Prison Service is an essential public service. Prison officers do a difficult and demanding job. They deal with some of the most dangerous and vulnerable people in our society. Their work is often unseen by the general public. I pay tribute to their endeavours and those of all other staff in the service.

Prison officers are in a uniformed and disciplined service. When on duty, they are officers of the law with the powers of a police constable. They have a clear duty to uphold the law, protect the public and safeguard the welfare of the prisoners in their care.

In those respects, their position as officers whose role is essential to the security of the state and the communities in it is similar to that in other essential services, such as the police and the armed forces. Parliament has made it clear and laid down in statute that the risk to the public in each of those services is simply too great to allow them to take industrial action.

At the same time, it has been well recognised that, without that form of influence, staff need other legitimate means of pursuing grievances and concerns with their employer. In 2000, I established a pay review body for prison governors, prison officers and related grades. Subsequently, in 2001, my right hon. Friend the Member for Sheffield, Brightside (Mr. Blunkett), the then Home Secretary, introduced proposals for a comprehensive voluntary agreement with the Prison Officers Association. In 2005, this agreement was replaced by a joint industrial relations procedural agreement, or JIRPA, which provides mechanisms for resolving disputes between the POA and the Prison Service, including binding arbitration.

Under the JIRPA, the POA voluntarily agreed to legally enforceable constraints on its ability to take industrial action. It was explicitly on that basis that the Government sought parliamentary approval to disapply the statutory prohibition on industrial action in section 127 of the Criminal Justice and Public Order Act 1994 for public sector workers in England, Wales and Scotland. The disapplication was made by an order under the Regulatory Reform Act 2001. In making that order, with the Opposition's broad support, my noble Friend Lord Bassam, on behalf of the Government, said in terms that in the event of notice of termination of the JIRPA the Government would have

> "no hesitation in bringing forward legislation to ensure that that protection" in the disapplied statute—
>
> "is there."—[*Official Report, House of Lords*, 1 March 2005; Vol. 670, c. 222.]

My hon. Friend the Member for Bradford, South (Mr. Sutcliffe), the then Prisons Minister, spelt this out to Parliament in a written answer the following year in which he said:

> "If the POA gives notice to terminate the agreement with no alternative arrangements being in place, the Secretary of State would ask Parliament to reintroduce statutory constraints such as existed prior to disapplication of section 127."—[*Official Report*, 4 September 2006; Vol. 449, c. 1897W.]

Regrettably, in May last year the POA gave 12 months' notice, expiring on 8 May this year, of its intention to withdraw from this agreement in respect of England and Wales. An equivalent agreement remains in force in Scotland.

Experience underlines why there must be sufficient protection against industrial action. Most recently, on 29 August 2007, despite being bound by the terms of the voluntary agreement banning industrial action, the POA initiated a 24-hour strike, giving the service just one hour's notice. As the JIRPA was still in force, that strike action was constrained by an interim injunction, but nevertheless it had a substantial impact on the operation of the public sector Prison Service. That included the cancellation of court appearances, transfers of prisoners and the extended use of police cells. The action led to serious disturbances at Her Majesty's young offender institution Lancaster Farms, resulting in significant damage to cells that cost £220,000 to repair.

The public's safety has to be my primary consideration, but it cannot be acceptable for prisoners to be locked in their cells for an indeterminate period, with great uncertainty about when they will next get a meal, exercise or medication, and with serious risks to their welfare. It has always been, and continues to be, my hope that the Prison Service and POA can agree a new trade union dispute resolution and recognition agreement that would be binding on both parties.

Early last summer, the Government asked the Trades Union Congress to initiate talks between the Prison Service and the POA, aimed at improving industrial relations and at reaching a new agreement. The talks were conducted under the auspices of Mr. Ed Sweeney, a then senior member of the TUC General Council and now chair of the Advisory, Conciliation and Arbitration Service. Mr. Sweeney's report on the talks has now been sent to both parties and a copy has been placed in the Library. I am extremely grateful to him for his work. His recommendations offer a sound basis for further discussion and a framework for future agreement. I very much hope that the POA will continue to engage with that.

However, Mr. Sweeney also recognises that, given the current industrial relations climate, in which public safety cannot be guaranteed in the event of industrial action, the Government will need to consider what mechanisms must be put in place should an agreement not be achieved. I very much hope that between now and May a new and acceptable voluntary agreement can be made. I would much prefer the reserve powers in the amendment never to have to be used, but in proposing them I am fulfilling clear and explicit undertakings given to this House and the other place. I emphasise

that the amendments reflect the wording of the current joint industrial relations procedural agreement, which defines industrial action as

"any action likely to affect the normal working of a prison".

This provides no greater constraint than the one to which the Prison Officers Association voluntarily signed up in 2005.

The House will also wish to know that legislation of this nature is in accordance with European Union and international law. Similar measures can be found in the constitutions and laws of many other European countries, including France, Germany and Italy. I have placed a copy of a report in the Library that summarises the position in European and other OECD countries.

I repeat, however, that I am mindful of the need to establish a sound platform on which to secure constructive industrial relations between the Prison Service and the Prison Officers Association. That is why the amendments provide a reserve power, to be activated or suspended by order of the Secretary of State. Should a suitable trade union dispute resolution and recognition agreement be reached—one that includes protections against industrial action—the statutory prohibition would be suspended. That is in line with Mr. Sweeney's recommendation to make any reinstatement of section 127 of the 1994 Act what he calls a passive change, rather than an active way of conducting employee relations in the Prison Service.

Mr. Sweeney also recommends that an independent review take place two years after any agreement is signed between the Prison Service and the Prison Officers Association. This review would re-examine the balance of arguments for and against allowing forms of industrial action by prison officers. If a suitable trade union recognition agreement is agreed and sustained, I will commit to this further review after a period of stability.

This year provides an important opportunity for us all to build a new and positive industrial relations climate for the Prison Service. We are committed to engaging constructively with all Prison Service trade unions on a programme of work force modernisation, and we are ready to pay for it. My right hon. Friend the Chancellor of the Exchequer has already made available significant additional funds from April 2009 to support the programme, which could be underpinned by a multi-year pay deal. I very much hope that the Prison Service and the Prison Service trade unions will engage to make the best use of those funds, in order to provide a brighter future for all staff, develop new and more flexible working practices, and create more stable industrial relations within the Prison Service. I commend this statement to the House.

Nick Herbert (Arundel and South Downs) (Con): I thank the Secretary of State for early sight of his statement.

Prisons are places of security, in which there can be no place for industrial action. That was why the previous Conservative Government legislated for the statutory prohibition of industrial action in prisons. Does the right hon. Gentleman recall that the Labour party fought tooth and nail against those laws in opposition? Indeed, when he was Leader of the Opposition, Tony Blair said that they were a

"wholly unwarranted attack on the working rights of prison officers".

Is it not therefore extraordinary that, having dismantled the statutory ban, the Government should now be threatening to put it back in place?

We are now being asked to debate new clauses in 48 hours' time, when the Secretary of State has known about the problem for months. Will he assure us that there will be sufficient time on Wednesday to debate those and other important amendments that the Government have tabled since the Second Reading of the Criminal Justice and Immigration Bill?

The Secretary of State said that the status of prison officers was similar to other essential services, such as the police and the armed forces, where the risk to the public is simply too great to allow them to take industrial action. In that case, what was the justification for repealing the statutory provision in the first place, when it placed prison officers on the same footing as the police and the armed forces? Has not the inadequacy of the Government's no-strike agreement been revealed by the fact that the Secretary of State has been forced to make his statement today?

In 2001, when he was Home Secretary, the right hon. Gentleman made it clear to the House that independent arbitration on pay would be provided "in recognition" of the repeal of the statutory ban and its replacement with a no-strike agreement. That was the deal that the Government made with the unions. Why, then, are Ministers surprised that the Prison Officers Association considers that deal to have been reneged upon, when the Government have reduced the value of a pay award made by the pay review body?

When the former Home Secretary, the right hon. Member for Sheffield, Brightside (Mr. Blunkett), announced the repeal of the statutory ban on strikes, that announcement heralded an era of modernisation, reform and change. Have we not actually seen crisis, incompetence and wildcat strikes? Why did the Secretary of State claim to have been surprised by last August's wildcat action, given that it was clear to everyone else that relations with prison officers were deteriorating so fast? Does he accept that the Government's troubles with prison officers go beyond pay? Is it not a fact that conditions for prison staff have worsened significantly over the past 10 years? Prison officer numbers have risen at half the rate of the prison population, chronic overcrowding is putting immense strain on the service, assaults on prison staff have soared by 80 per cent., and now budgetary cuts mean the prospect of prisoners' being locked in their cells throughout weekends. Is it any wonder that prison officer morale is so low?

Coming into office, the Government promised

"partnership not conflict between employers and employees."

Now we have conflict with the police and conflict with prison officers, and no doubt there are further conflicts to come. Has not this emergency statement been forced by a crisis entirely of the Government's own making?

Ministers repealed no-strike legislation, and within three years they are having to reinstate it. Is that what they mean by a relaunch? They have mismanaged the public finances, mismanaged public pay and mismanaged prisons. Is it any wonder that this Government have acquired a reputation for serial incompetence?

Mr. Straw: Let me begin by wishing the hon. Gentleman and the House a happy new year. [HON. MEMBERS: "The same to you."] I thank Opposition Members for reciprocating.

Let me say to the hon. Gentleman—while parenthetically advising him to change the pitch of his voice a little when he is making statements—that I do not suggest that the operation of the Prison Service over the past 10 years has been perfect or anything like it. If, however, he wants to establish whether it has been better during the past 10 years than it was during the previous 18, I shall be happy to engage in a contest, and I look forward to his using one of the Opposition Supply days for precisely that purpose. The level of industrial disruption within the Prison Service involving, for example, the use of police cells—which involved 3,500 cells at one stage and continued, more often than not, throughout those 18 years—makes our record pale into insignificance.

The hon. Gentleman mentioned the timing of the statement. Last May, we were given notice that the Prison Officers Association intended to abandon the voluntary agreement that it signed in 2005. We decided, I think rightly, not to rush to reintroduce these powers, notwithstanding clear undertakings that they would be reintroduced if notice was given of intention to terminate the JIRPA. Instead, following an initiative from the Minister of State, Ministry of Justice, my right hon. Friend the Member for Delyn (Mr. Hanson)—the Prisons Minister—we involved the TUC. Mr. Ed Sweeney has produced an important report, on which we are acting. I did not want to make my statement before we had received Mr. Sweeney's report; I am conscious that it does not allow a great deal of time for debate, but I thought that this was the best possible moment.

As for the hon. Gentleman's nonsense about an emergency statement, when I gave evidence to the Constitutional Affairs Committee in October, one of his hon. Friends asked whether I intended to reintroduce section 127. I said that it was under active consideration, and that remains the position.

The Parliamentary Under-Secretary of State for Justice (Bridget Prentice): The hon. Gentleman must do his homework.

Mr. Straw: My hon. Friend is always right about these matters. As she says, the hon. Gentleman needs to do his homework.

There are two things to be said about the position taken by the Opposition in 1994, about which the right hon. and learned Member for Folkestone and Hythe (Mr. Howard) will doubtless ask a question. If the hon. Gentleman bothers to read the report of the debates that were held at the time, he will see that the allegation that we fought the proposals "tooth and nail" is hardly an accurate description of the criticism expressed from both the Liberal Democrat Benches and ours. My right hon. Friend the Member for Cardiff, South and Penarth (Alun Michael), who led for the Opposition, made the point that if there were to be a restriction on prison officers' right to strike, it had to be balanced by other measures. Moreover, in the three years when I was shadow Home Secretary, I never gave a single undertaking that we would repeal section 127; neither did I do so at any stage when I was Home Secretary, nor did my successors.

My right hon. Friend the Member for Sheffield, Brightside would have preferred, as would the Delegated Powers and Regulatory Reform Committee, that the change to section 127 be made by way of its suspension, rather than its repeal. That was not possible in the circumstances, but when the measure came before the other place—with the support of the Opposition, who were not making these nitpicking points at the time—clear undertakings were given that in the event of termination of the JIRPA, we would re-introduce the ban.

I have dealt with the point about chronic overcrowding. There is a degree of overcrowding, but it is nothing like that within the Prison Service in the 1980s and early 1990s. The ratio of prison staff to prisoners has remained stable at between 1:21 to 1:22. However, quite a lot of the duties previously undertaken by prison officers are now undertaken by operational support grades—for example, people working in gatehouses who do not have direct contact with prisoners. Before the hon. Member for Arundel and South Downs (Nick Herbert) next makes that point, the question for him is whether he is proposing that a future Conservative Government, whenever that might be, would reinstate those jobs to prison officers. If not, what on earth is the point he is making?

Mr. Frank Doran (Aberdeen, North) (Lab): I thank my right hon. Friend for his statement and particularly for pointing out in his response to the Opposition that there is a long history of very poor industrial relations in the Prison Service. I hope we can move from the regulation and the statutory provision that he has proposed back to proper negotiation. Is he aware that from the point of view of the Prison Officers Association, there is a sense of imbalance in the relationship between it and the management of the Prison Service? Will he say a little about what the Sweeney report recommends in relation to that imbalance, if it is recognised?

Mr. Straw: I am very grateful to my hon. Friend for the terms in which he makes his point. A copy of the quite lengthy report is available, but essentially Mr. Sweeney is seeking to produce a more effective voluntary agreement with different forms of arbitration; for example, to reduce the arguments about whether an issue is suitable for arbitration, which has been one of the problems of the JIRPA, and to make the arbitration more acceptable. Along with work force modernisation, for which more money is available from April next year, these and other improvements should lead to a major change in the industrial relations climate within the service, which is my commitment. As I said, I would much prefer us to achieve a situation—I think that this is possible—where these statutory powers do not have to be used.

Mr. David Heath (Somerton and Frome) (LD): I genuinely thank the Lord Chancellor for giving me early sight of his statement; it is a good start to the new year.

Is not the only thing that could exacerbate the chaos that the Government have created in the Prison System a wholesale withdrawal of good will by prison officers? Strikes are never appropriate in prisons, but no-strike arrangements can work only when there is effective dialogue and trust—an important word—between the work force and management or Government.

In the draft that the Lord Chancellor kindly sent me, there was an unfortunate typographical error. At one point, it said that the Government sought to "misapply" the statutory prohibition. Is not that exactly the problem of trust between many in the public service—particularly the uniformed branches of the public service—and the Government? They do not trust the Government not to misapply the arrangements in these areas and there is a strong feeling that they are increasingly taken advantage of as a result. Is that not exemplified in one of the problems with the Prison Officers Association—the staging of pay awards?

Will the right hon. Gentleman explain why the staging of a pay award is counter-inflationary when the same point is reached by the end of the year? It is rather a case of providing slippage within departmental budgets. Should not we have clear arbitration binding not only on the work force, but on the Government and the management ? Is the Lord Chancellor confident that any contingency plans involving the police will be substantive—if, indeed, the police are asked to intervene in circumstances almost identical to those of their own grievance with the Government?

Mr. Sweeney makes an important point in paragraph 4.7 of his report:

"In my opinion industrial relations between the SPS"

the Scottish Prison Service—

"and the Scottish members of the POA are far more positive than those between HM Prison Service and the POA in England and Wales. This reflects the commitment of both sides to building a positive working relationship",

which has been the case

"over the last six years."

Why is there that difference between the circumstances in Scotland and those in England and Wales? Given the increasing permeability between the private and the public sectors, will the prohibition apply in similar terms to those working in the private sector within the prison system? Should we not recognise the very difficult job that prison officers undertake on our behalf and ensure that their efforts are properly recognised, along with those of other members of the uniformed services?

The Lord Chancellor did not answer the point made by the hon. Member for Arundel and South Downs (Nick Herbert) about the Criminal Justice and Immigration Bill. The Bill now extends to two volumes and has more than 170 clauses and a second volume of schedules, and it addresses matters of huge importance to Back-Bench—and, indeed, Front-Bench—Members. The Lord Chancellor is now interpolating yet another section into the Bill. Does he really believe that this House is being properly dealt with in being provided with a single day to discuss the Bill's remaining stages? Is it not inevitable that large parts of important proposed legislation will remain undebated by this House, and that the attentions of the other House will be required to put that right, as is so often the case?

Mr. Straw: I apologise to the hon. Member for Arundel and South Downs (Nick Herbert) for not answering his question; I meant to do so. I appreciate that there are pressures on time in the House. My right hon. Friend the Chief Whip has arranged for the business of the House on Wednesday to extend until 8.30 pm and I hope that that is sufficient.

I spotted the typo, and it was changed. The hon. Member for Somerton and Frome (Mr. Heath) was, of course, breaking a trust in mentioning it, as all such material is provided in confidence.

Mr. Heath: It was too good to miss.

Mr. Straw: It was.

The staging of any pay review reduces the total cost in the year concerned, and I simply say that the Government have not sought to stage any of these pay awards lightly. Indeed, we are well aware of the impact that that has had on relations, particularly with the police service and the Prison Service, but it was essential that we reduced inflation and interest rates. Prison officers and police officers, along with all other members of the public services, would have suffered disproportionately if we had not been able to take that effective action. That is why we had to do this.

The hon. Gentleman asked about the relationship between the pay review body and any joint agreement. The joint agreement does not directly deal with pay, and nor would it as it is a subject for the pay review body. We always hope to be able to accept in full the recommendations of the review body, but that is subject to overriding considerations of national economic interest.

The hon. Gentleman asks about contingency arrangements with the police. As we have to keep these matters confidential, let me just say that arrangements are in place and they will be used if necessary, but there is no way in which the police can do the job of prison officers and other staff.

As for Scotland, Mr. Sweeney said in the same paragraph as that quoted that

"it needs to be borne in mind that HM Prison Service"

for England and Wales

"are operating a larger and arguably more complex Service than the SPS",

but we stand ready to learn from Scotland—Mr. Sweeney makes that point.

Pete Wishart (Perth and North Perthshire) (SNP) *indicated assent.*

Mr. Straw: I am glad to see that one of the representatives from Scotland is nodding. I should add that it has always been ready to learn from England and Wales, and long may that continue. The private sector is already the subject of the 1994 Act, and that was not changed by its repeal under the order made in 2005. I of course accept and repeat that prison officers do a difficult job, and I praise them for it.

Tony Lloyd (Manchester, Central) (Lab): My right hon. Friend is right to point out that prison officers do a very difficult job, and we should be grateful for what they do. Nevertheless, the whole House will accept that we cannot afford to have this essential service disrupted by industrial action such as the recent one-day action. My right hon. Friend said that these powers will be reserve powers only and that, subject to proper agreement, he is prepared to suspend them indefinitely. Will he give a commitment to the House that not only he but the whole Prison Service will commit to improving morale

[Tony Lloyd]

within the prison service? Underlying all these problems is the fact that morale is simply not satisfactory.

Mr. Straw: I am grateful to my hon. Friend for his support and yes, of course I give that undertaking; we want to see far better industrial relations and a high level of morale. The evidence on morale is to a degree contradictory—there is what the Prison Officers Association says, while local surveys provide a different picture. Also, at 2 per cent., the resignation rate from the prison service is the lowest of any service in the public sector. That speaks volumes and is more substantial than other evidence, but I accept what my hon. Friend says and we will do our very best.

Mr. Michael Howard (Folkestone and Hythe) (Con): Is this not the most humiliating U-turn by the Secretary of State, who personally campaigned shamelessly for the votes of prison officers in the 1997 election by promising to give them the right to strike? Is it not all of a piece with the conduct of the Secretary of State, who, when shadow Home Secretary, described private sector prisons as morally repugnant and then espoused them with enthusiasm when in office? Has the right hon. Gentleman no shame?

Mr. Straw: Let me just correct the right hon. and learned Gentleman. No undertakings were given to repeal section 127—*[Interruption.]* Well, they were not—in the 1997 manifesto; not a word. He, too, should do his homework rather better. Moreover, he will remember—because I have a feeling that he was shadow Home Secretary for a short period—that quite quickly after I became Home Secretary following his august period, the POA sought to test whether I was serious about not repealing section 127. It took industrial action, and I then had to seek an injunction in respect of that. I had made it clear over the three years that I was shadow Home Secretary that although I of course wanted different relations, I did not believe that we should repeal section 127 without the equivalent of a voluntary agreement.

I should point out to the hon. Member for Arundel and South Downs that when Paul Boateng, as Prisons Minister, set out on my behalf the arrangements that we were bringing in for the pay review body and for what then became the JIRPA, we were very clear that we were going to seek not the repeal of section 127 but its suspension as a reserve power. It was only as a result of the technical problems associated with the Regulatory Reform Act 2001 that we had to go down the route of repeal and, therefore, of reintroducing legislation now.

David Taylor (North-West Leicestershire) (Lab/Co-op): My right hon. Friend the Lord Chancellor must look longingly north of the border to see why, as he said in his reply to the hon. Member for Somerton and Frome (Mr. Heath), industrial relations there are so much better than they are south of the border. The answer is the existence of a simple two-word phrase: a partnership agreement. Is it not possible to encourage the prison boards in England and Wales to move away from their often bovine, Victorian mill-owner approach to industrial relations? It will require, as the Prison Officers Association says, a complete sea change in the actions and attitudes of the people on those prison boards. What can the Lord Chancellor do to bring that about any time soon?

Mr. Straw: If I may say to my hon. Friend, I do not recognise that description of good, positive Prison Service management. However, we need a new future for both sides, and that is what is on offer and what I want to see. Not just that is on offer—money is available for work force modernisation. Although I fully understand that my statement today will not be comfortable for the Prison Officers Association, I hope that it will recognise that there is a chance here to take forward work force modernisation. Additional money will be available from April, and Mr. Sweeney made important and positive recommendations, on which we want to act.

Mr. Alan Beith (Berwick-upon-Tweed) (LD): While I accept the action that the Lord Chancellor hinted was going to become necessary when he appeared before my Select Committee, did he note the view in Mr. Sweeney's report that relations at local level were generally reasonable or good and that it was at national level that relations between the Prison Officers Association and the Prison Service were at a particularly low ebb? Have there not been failings on both sides over the years that have brought this about? Is it possible to change them, given the background of the pressures of overcrowding and the mishandling of the police arbitration settlement, which has created a lack of confidence that the Government will stick to their side of the bargain when no-strike provisions are in force?

Mr. Straw: The right hon. Gentleman is correct to say that relations at local level are on the whole good—he makes the point that I made earlier. The issue of relations at national level needs to be addressed. I hope that the House will acknowledge that my statement did not seek to start allocating blame; I want a different industrial relations climate for the future. I have long believed that that must be underpinned by a voluntary agreement, which excludes industrial action—I think that that is now the view of the whole House—or, if that cannot happen, by a reserve power making that statutory.

Mr. Neil Gerrard (Walthamstow) (Lab): Given the acknowledged very poor state of industrial relations at national level, does my right hon. Friend have concerns that announcing the reinstatement of section 127 before any negotiations have taken place on the Sweeney report's recommendations will make it a lot more difficult to reach a speedy and sensible agreement with the POA on those recommendations? We need an agreement that gives recognition to the POA as an independent trade union and replaces the JIRPA with an accepted and agreed process for resolving disputes, and, like the Scottish model, allows the union, rather than just the management, to initiate changes through that agreement.

Mr. Straw: My right hon. Friend the Prisons Minister and I have met the POA on six or seven occasions since we took office in June last year. Of course I would like to be in a different position, but there has never been any dubiety about this matter. Mr. Sweeney's report states:

"I do not believe at this point in time it will be possible to meet this policy position of the POA. Employment relations in the Prison Service actually militate against meeting this policy consideration"

—which is for an end to any either voluntary or statutory ban—

"as does the absence of any form of minimum cover arrangements".

In that light, I thought that this was the appropriate time to bring forward these proposals for legislation on the reserve power. It would have been false of me to have sought to negotiate a voluntary agreement with the POA without making it clear that if a voluntary agreement could not be achieved, we would have to introduce legislation on a reserve basis.

Tony Baldry (Banbury) (Con): One would hope that the Lord Chancellor of England would always have an instinctive sense of what is fair. Governments of all persuasions have taken away the right to strike from various public sector workers, but in consideration of that, they have set up either independent pay review bodies or independent arbitration bodies. Surely what is fair about that is that the Government should then honour what those pay review bodies recommend. I am sure that the Lord Chancellor will recognise that it is not fair for payments then to be staged, because that does not honour the pay review body's agreements. Governments can take that approach but, as someone whose constituency, like that of many hon. Members, contains a prison, I must tell him that it leads to a sense of frustration, betrayal and mistrust, it is bad human relations and bad labour relations, and it is also inherently unfair.

Mr. Straw: I accept the hon. Gentleman's basic point that where a work force is prevented, by one means or another, from taking industrial action, the Government have a double responsibility to ensure that any disputes, including those in respect of pay, are dealt with extra fairly. In normal circumstances we would accept the recommendations of the Prison Service pay review board, but these were not normal circumstances for reasons that I have already explained and they involved difficult judgments. I know that they were not popular with prison officers, and I understand why. However, if we had gone down the alternative route across the public sector as a whole, it would have been that much more difficult to have convinced the Monetary Policy Committee of the Bank of England that we were getting a grip on public sector pay-led inflation. The result would have been that interest rates would not now be on a downward path, and everybody would suffer.

Jeremy Corbyn (Islington, North) (Lab): Is the Minister really happy with the idea that a Labour Government should be effectively taking away the right to strike from a group of public sector workers? While he says in his statement that it is in accordance with EU and international law, is he really satisfied that it fulfils the obligations that we have under International Labour Organisation treaties on the right of workers to join and act in independent trade unions?

Mr. Straw: I am not in any doubt as to the latter point. My hon. Friend will be able to read the detailed report that I have issued today about practice elsewhere in Europe and other Organisation for Economic Co-operation and Development countries, with an analysis of our obligations, and he will then see why I am so confident about saying that. Almost all jurisdictions have prohibitions on the police and armed forces taking industrial action and many, across Europe and other OECD countries, have similar restrictions, which are entirely lawful internationally, in respect of prison officers, for the same reason. Of course I understand the argument that my hon. Friend makes, but it must be balanced against the impact on public safety and the welfare of prisoners if industrial action is taken in that particular case. I have asked the Prison Officers Association time and again what it would do were it in my position and faced with industrial action by prison officers that meant that prisoners could not be fed, would not know when they would next be able to exercise and, in the case of many prisoners who unfortunately have mental health problems, would not know when they would next receive medication. Those are the considerations that have to be balanced, and that is why we have now reluctantly reached a consensus across the Chamber that such industrial action must be restricted by one means or another. At the same time, we have to put in place better and alternative arrangements.

Mr. Julian Brazier (Canterbury) (Con): Canterbury prison is in my constituency. Does the Secretary of State accept that one of the key reasons behind the huge rise in attacks on prison staff and the inevitable effect that that has on morale is the progressive undermining of the disciplinary climate by human rights legislation? What message does he have for those warders who were unable, in a well reported case last week, to deliver a prisoner to court because he was deemed to have a right to continue to occupy his cell because somebody else might otherwise take it?

Mr. Straw: I do not accept what the hon. Gentleman says. I am writing to all right hon. and hon. Members with prisons in their constituencies setting out in more detail what I have said today. In the well publicised case that he mentions, I asked for immediate information because I would have found it no more acceptable—if the reports were true—than did the hon. Gentleman. I am happy to write to him with more detail, but I have been told that it simply was not the case that the prisoner stayed back because he was claiming human rights to his own cell—there is no such recognised right in domestic or international law—but because his legal advisers had told him that his visit to court was not necessary. The Prison Service is clear that if a prisoner is due in court and has no good reason for refusing to go—such as legal advice—he will, if necessary, be forcibly removed from prison to appear in court. That remains the case.

Mr. David Drew (Stroud) (Lab/Co-op): Does my right hon. Friend accept that one of the problems is the apparent inconsistency of approach? Some of us believe fundamentally in the right to strike, and we also ask public sector workers in very responsible positions to show restraint. We need consistency, and we need to recognise the hurt felt by the POA. There is no substitute for good negotiation.

Mr. Straw: Of course I recognise the conflict of principles, but as I said to my hon. Friend the Member for Islington, North (Jeremy Corbyn) in this case the

[Mr. Straw]

principle of safety of the public and the welfare of prisoners has to take precedence. Meanwhile, there can be no substitute for good relations and it is that to which I have committed myself, as has my right hon. Friend the Prisons Minister, the director general and all his staff. We want a different way of resolving disputes in the Prison Service.

Mr. Crispin Blunt (Reigate) (Con): However much the Lord Chancellor tries to patronise my right hon. and learned Friend the Member for Folkestone and Hythe (Mr. Howard), or shamelessly reinvent history, he cannot escape the fact that today's decision is a humiliation and a consequence of the Government's management of the whole Prison Service. There are two prisons in my constituency, one of which—HMP Downview—was a leading centre for treating addiction in male offenders. Under the Lord Chancellor's time as Home Secretary, the Government managed, at only two weeks' notice, to turn it into a women's prison with the complete destruction and loss of the valuable programmes in the prison. Changes at HMP Highdown mean that the prison has to accept 360 new places in three months, with a vast increase of detached duty officers going to the prison to make the changes work. That is a consequence of the Government's inability to cope with wholly predicted increases in prisoner numbers, male and female. The decision today is a reflection of the Government's mishandling of the Prison Service and the consequent anger of the Prison Officers Association.

Mr. Straw: I simply disagree. We have been far more effective at managing prison numbers than the Administration the hon. Gentleman supported for 18 years ever were. That is measured by the fact that we have not had to use police cells anything like as often or as extensively as happened repeatedly under the previous Administration. Nor have I ever had to come to the House as Douglas Hurd did to announce the release of 3,500 prisoners just like that, so I want no lectures at all—

Nick Herbert: You've released 25,000.

Mr. Straw: And continuing—on executive release.

On consistency, it was made absolutely clear to prison officers, by me back in 2000 and again in 2005 by Prison Ministers, that if they gave intention to terminate the voluntary agreement, with a voluntary ban on industrial action, section 127 would be reintroduced. The difference is that I am reintroducing it as a reserve power, and I very much hope that we can achieve another voluntary agreement before the beginning of May.

Mr. Jim Devine (Livingston) (Lab): May I shine a wee bit of light on industrial relations in Scotland? As my right hon. Friend knows, when I was head of health for Unison in 1997 industrial relations were poor, so we set up a model—called partnership working—that was legislated for and had the same legal standing as clinical governance and financial governance. To the credit of the last Scottish Government and the current minority Scottish Administration, they both signed a memorandum of understanding, which has had a big impact on industrial relations. We will happily give my right hon. Friend the expertise of the Scottish health service and the Scottish TUC if desired.

Mr. Straw: I am grateful to my hon. Friend for his comments. I am very ready to learn from experience elsewhere, not least that of a good Labour Administration in Scotland.

Mr. Peter Bone (Wellingborough) (Con): On 29 August, I visited HMP Wellingborough where I met 30 striking prison officers. Those hard-working, decent men and women did not want to be on strike, but they felt that the Government had broken their agreement. I am sure members at the prison would be happy to accept a no-strike agreement if the Government agreed to binding arbitration, not arbitration that can be changed, as the Lord Chancellor said, in the national interest.

Mr. Straw: May I make it clear that of course I understand the anger of the prison officers, although I do not think that it justified their industrial action on the 29th? Presumably that is the hon. Gentleman's view, too. We broke no undertakings or agreements, because it has been made clear by successive Governments that we will always be minded to accept the recommendations of pay review bodies, except where there are overriding economic considerations in the national interest. An important detail is that the joint industrial relations procedural agreement, or JIRPA, does not deal directly with pay, which is, and will continue to be, dealt with under the pay review arrangements.

Mr. David Anderson (Blaydon) (Lab): The Lord Chancellor spoke of the POA walking away from the JIRPA. The reality is that the POA could not make the JIRPA work because the management—a management that is prepared to discipline people for wearing a trade union badge—were interested in going to court at the drop of a hat. Will he tell us what exactly will be done to improve the quality of management? If there is no such improvement, the new agreement will not work either.

Mr. Straw: Of course opinions differ, as they often do in respect of industrial relations. In the case of the Prison Service, the employees and employers have different perceptions; I do not want to comment on that. In my view, the report from Mr. Ed Sweeney provides a positive way forward. My hon. Friend will know from his trade union experience that there have been plenty of occasions on which although relations have not been all that good, they have got better as a result of good will on both sides and new agreements. That is what I hope will happen in the four months before 8 May.

Point of Order

5.21 pm

Mr. Jim Devine (Livingston) (Lab): On a point of order, Mr. Deputy Speaker. I wonder whether you would use your good offices to invite my right hon. Friend the Home Secretary to come to the House and make a statement about newspaper articles over the weekend, which said that Prince Andrew has—

Mr. Deputy Speaker (Sir Michael Lord): Order. I am reluctant to stop the hon. Gentleman before he has even got going, but I understand that his point of order relates to a matter of security. He should know that it is not the practice to discuss the security of individuals on the Floor of the House, for obvious reasons. The Chair has no responsibility for security matters, except in relation to the House.

Mr. Devine: Further to that point of order, Mr. Deputy Speaker.

Mr. Deputy Speaker: No, I have dealt with that point of order.

Orders of the Day

Pensions Bill

Order for Second Reading read.

5.21 pm

The Secretary of State for Work and Pensions (Mr. Peter Hain): I beg to move, That the Bill be now read a Second time.

It is the duty of every Government to keep the contract between the state and the individual under constant review to ensure that the balance between rights and responsibilities is properly maintained. At the end of last year I set out how that contract will be renewed through welfare reform, as we move from a regime of passive benefits to one of active benefits. The Bill will enact the remainder of the landmark pensions reform package set out in May 2006 in the White Paper, "Security in retirement: towards a new pension system", the first part of which became legislation in the Pensions Act 2007.

The Government have achieved a lot since 1997. We are spending £11 billion more on pensioners each year than would be spent if the policies of the last Conservative Government had been followed. This year we have spent £75 billion on provision for pensioners—around 13 per cent. of all public spending. Pension credit, winter fuel payments, free TV licences and above-inflation increases to the basic state pension have brought more than 1 million senior citizens out of relative poverty. Rolling out free bus travel right across Britain has also extended opportunities for pensioners. However, the challenges posed by our ageing society mean that we have to look ahead not a year at a time, but decades at a time.

Our changing demographic profile opens up increasing opportunities for baby boomers—those of us born between 1945 and 1965—in the "active ageing" category. Looking around the Chamber, I see that we are well represented. However, those changes also present immense challenges, not least in preparing for the future. The reality, and perhaps the irony, is that as our society gets older, pensions increasingly become a young person's issue. In the next 50 years the number of people over pension age will increase by more than half, meaning that there will be only two people working for every one person in retirement, compared with four working people today, and 10 working people 100 years ago.

The cost implications of that increasing longevity for our children and grandchildren are arrestingly stark. Many more people expect to be active longer in retirement and need the resources to fund that. Unless we act now, and act decisively for the long term, we will bequeath a nightmare for future pensioners plunged into poverty, and for future taxpayers grappling with the consequences. We have already addressed some of the issues identified by Lord Turner's commission. We have legislated for a simpler, fairer and more generous state pension system. In addition, about 75 per cent. of women retiring in 2010 will receive a full basic state pension, and by 2025, over 95 per cent. of men and women will retire with a full basic state pension.

Mr. Chris Mullin (Sunderland, South) (Lab): Does my right hon. Friend have any plans to address the difficulty faced by the other 25 per cent., or whatever it will be? If his answer is that that is too costly to address at the moment, can he tell us what the cost and the likely difficulties are?

Mr. Hain: I am grateful for my hon. Friend's question. As I indicated, we will move towards the 90 per cent. figure. We looked sympathetically—and I know that he takes a close interest in this—at Baroness Hollis's proposal, but when we considered the details, it proved costly and poorly targeted. The poorest women would be unlikely to benefit, first, because they would lose means-tested benefits such as pension credit and, secondly, because they could not afford the several thousand pounds needed to buy back their contributions. In addition, many of those who would benefit—we estimate 67,000—would be either expatriates or foreign nationals who worked in the UK, but retired abroad, including many wealthy men and women. We prefer to find a better-targeted way to help low-income pensioners in the UK, and I know that my hon. Friend shares that concern, especially regarding women pensioners.

Steve Webb (Northavon) (LD): The Secretary of State made the valid point that expecting women to find thousands of pounds up front to pay for missing years and receive some pension would be prejudicial to poorer pensioners. In the past, however, his Department has allowed people to offset such contributions. If someone had to pay £2,000 to get £3,000 back, they would simply be paid the difference. The Government currently do so in a different scheme, so could that principle not be applied in this case?

Mr. Hain: We have only done that in limited cases, but we are looking at it all the time. If we could find a way—we are open to suggestions, and we looked carefully and sympathetically, as I said, at Baroness Hollis's proposal—of targeting such a provision at women on low incomes, preferably living in this country, although that does not exclude others, that would be our priority. It is costly, however, to implement the proposal introduced in the summer by Baroness Hollis, who has long expertise in the area, to which I pay tribute.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): The Labour Government can be proud of what they have done for women, but the group of 30,000 to 40,000 women should be allowed to purchase their national insurance contributions retrospectively. We could limit access to people who do not live in this country by requiring residency of 20 years or so. I very much hope that the Secretary of State will look at the proposal sympathetically, because it is not as expensive as the Treasury fears.

Mr. Hain: My hon. and learned Friend the Minister for Pensions Reform will continue to look at it. There are circumstances in which up to 12 years of contributions can be purchased in the current period. Within a few years, the new regime for which we have legislated will deal with the historical but anachronistic discrimination against women in our state pension system. As my hon. Friend suggested, I am proud that we are addressing that.

Kelvin Hopkins (Luton, North) (Lab): My right hon. Friend touched on the problem, as he put it, of affordability, but in a rich society I doubt that that is the case. Will he look at the tax breaks on savings given to the rich, which amount to at least £20 billion—some people think the figure is even higher? If we took some of that money we could overcome all the problems of affordability without much difficulty.

Mr. Hain: My hon. Friend ought to address taxation matters to the Chancellor. However, if the question was as simple as that, I think that it might well have been addressed already.

Kali Mountford (Colne Valley) (Lab): Before my right hon. Friend moves on from the subject of women in low-paid work or without work at all, may I ask him whether he has had the chance to consider women who have more than one low-paid job? Each job might pay less than the national insurance level, but collectively the jobs might pay enough for the national insurance stamp. If such women had the opportunity, they might pay the national insurance contribution. I have raised the issue in the House before. Has the Secretary of State had an opportunity to consider whether we could change the regulations so that such women could pay their contribution?

Mr. Hain: My hon. and learned Friend and I are aware of my hon. Friend's point; I know that she has championed the interests of that group. We will keep the issue under review and continue to consider it. We are not unwilling to do anything about it, but finding a way to target the issue appropriately is the problem. We shall certainly keep it under review and will be happy to continue to discuss it with her.

A guaranteed basic standard of living for pensioners forms the platform of our side of the renewed contract between the state and the individual, but we need to go further. We will restore the link to earnings, abandoned by a previous Conservative Government, by 2012. By 2050, the basic state pension will be worth more than twice as much as it would otherwise. That, in addition to the reforms to the state second pension, will ensure that people retiring in 2050 who have worked or cared for about 40 years will receive about £145 per week of state pension in today's earnings terms.

We also want to strengthen provision to support existing occupational schemes by simplifying the rules governing them through a rolling deregulatory review. The decline in private sector occupational pension provision since the late 1960s is serious, and in the face of increasing costs employers have been abandoning their defined benefit—that is, final salary—schemes, whose active membership numbers have fallen from 8 million in 1967, to 5 million in the 1980s and 1990s, to fewer than 3.5 million today.

We want to reduce the burden on current pension schemes by reducing the revaluation cap on deferred pensions to 2.5 per cent. from 5 per cent., saving the industry, over time, an estimated average of £250 million a year, to encourage as many final salary pension schemes as possible to remain in existence. Importantly, that would apply only to rights accrued after the change; anyone who has already deferred a pension would be unaffected. Any rights built up by

existing members until the point of any change would also be subject to revaluation under the current regime. That is a reasonable step to take. At the very least, it sends a strong signal of our intention to reduce burdens on current schemes, encouraging employers to keep existing defined benefit schemes open while protecting the needs of employees.

The deregulatory review will not, of course, end there. We will also work further with the industry on some of the more complex issues and continue to seek out and cut unnecessary burdens, encouraging employers to keep schemes open while balancing the needs of the employee.

Mrs. Joan Humble (Blackpool, North and Fleetwood) (Lab): Although the legislation proposed today will enormously benefit the millions of workers who do not currently have pensions, there is a concern for the people about whom the Secretary of State has just been talking—those who have a pension scheme from their employers. Those employers may use the opportunity of the new personal accounts to level down employees' pensions and reduce their contributions to the 3 per cent. proposed. What measures will my right hon. Friend take to ensure that that does not happen and that those employees are protected?

Mr. Hain: I am glad that my hon. Friend has raised that matter because it allows me to put on the record reassurances that I hope she and others, including Opposition Members who have raised the issue too, will welcome.

Importantly, there will be a ban on transfers between existing pension schemes and personal accounts; people will not be able to move in and out according to their whims. The personal account scheme will have an annual contribution limit. Employers with good existing schemes will be encouraged to continue to offer them via a simple and straightforward qualification test, and we are helping them to adjust to the new minimum employer contribution requirement by phasing that requirement in over three years.

We have done some survey work on this question on behalf of the Department, and that suggests that any danger of levelling down will be very limited. Among employers who are already making contributions of 3 per cent. or more, the overwhelming majority—86 per cent.—plan to maintain or even increase contributions for current employees, and half intend to maintain or increase contributions for new employees. Employers will not suddenly go down-market, as it were, and discount their contributions if they have been substantially larger than the personal account's 3 per cent. minimum—it is a minimum, by the way, not a maximum—because they will then quickly find that they cannot recruit and retain their employees. Having a good pension is a valuable recruitment mechanism, especially in today's world.

Hugh Bayley (City of York) (Lab): As a former social security Minister, I am extremely pleased that the Government are moving towards a situation whereby it becomes the norm that employers pay pension contributions, but I worry whether 3 per cent. is enough to provide the sort of security that many people will require in retirement. What percentage of final income would a person on an average income have if the employer made a 3 per cent. contribution and an 8 per cent. contribution was made in total throughout that person's employment?

Mr. Hain: I am grateful for my hon. Friend's general support. This is a defined contribution scheme, not a defined benefit scheme, so I am not in a position to say what the final income would be. As regards the 3 per cent. figure, with tax relief and the individual's contributions, their minimum contributions would effectively double. That is a considerable boost to retirement income. The 3 per cent. figure was a consensus that came out of Lord Adair Turner's review and the wide consultations that were carried out on behalf of the Government, including with the Pensions Commission. This is an essential floor on pensions for the future without which we face dire straits indeed.

Mr. Oliver Heald (North-East Hertfordshire) (Con): Does the right hon. Gentleman accept that the average payment that employers make into final salary schemes is 14 per cent., and the average for defined contribution schemes is 6 per cent., yet only 3 per cent. is being proposed for the personal account? Does not that raise the concern that everything needs to be done to make it easy for employers to enrol people automatically into those better schemes? What is he doing about the European rules that are creating such a problem for group personal pensions?

Mr. Hain: I am not sure about the hon. Gentleman's 14 per cent. figure, but I will certainly have a look at that. Let me deal with his final point on workplace personal pensions and the European directives. We are not satisfied that the European consumer protection legislation permits automatic enrolment into workplace personal pensions, and we are seeking clarification on that or, if need be, amendment of the directives to permit such enrolment. In the meantime, we are exploring a practical solution with the industry. However, in any such solution that my hon. and learned Friend and I seek to agree with the industry, I do not want in any way to undermine personal accounts. That is Lord Turner's view and the view of the chairman and chief executive of the personal accounts delivery authority. Working with the whole industry and all stakeholders, we are seeking to ensure that we get the best possible outcome. First, nobody has said that the Bill does not propose the consensus solution, because it does, and secondly, nobody has come up with a better, more affordable option. We have to work together with stakeholders to ensure that this works.

Mr. John Greenway (Ryedale) (Con): The Secretary of State is reassuring on the levelling down of contribution amounts. However, for many of us, the more critical question concerns the continuing drift of the level of contributions paid by employers out of defined benefit schemes into defined contribution schemes. Is his mind still open to the suggestion from the Association of Consulting Actuaries that there should be new indexation arrangements that would allow more defined benefit schemes to continue, not only for existing members but for future members?

[Mr. John Greenway]

Many young people will not enjoy the same pensions as our generation—which he mentioned—unless something is done.

Mr. Hain: I agree with the hon. Gentleman that the slippage—it seemed at one point that it might be a haemorrhage—from defined benefit and final salary schemes to defined contribution schemes needs to be arrested. I hope that with the deregulatory review—this is the industry's view, and I expect it to deliver on it, given that we are making life easier and providing an extra £250 million in funds for pension schemes—we will see a stop put to that and will keep final salary schemes and defined benefit schemes as much as possible.

On the ACA's proposals, we obviously continue to consider all those things. The matter was raised with me at a dinner with representatives of the pensions industry, when one representative asked whether I was strongly in favour of the risk-sharing alternative. The rest of the representatives, who were reasonably representative of the industry, turned on the man who asked me the question and said, "No, we don't want to have anything to do with it." I believe someone is looking into that. Obviously, we will continue to consider everything.

Harry Cohen (Leyton and Wanstead) (Lab): The Secretary of State has acknowledged that he does not know what the outcome rate will be—that is, the pension that an individual who contributes will receive at the end of the day. It may well be that 3 per cent. is insufficient as an employer's contribution. There certainly was not consensus on whether that was the right amount. There was not enough information. Why is the figure of 3 per cent. set in stone in the primary legislation? Why was it not introduced as a regulation, which can be more easily altered if the circumstances demand it? Did the Secretary of State cave in to the CBI?

Mr. Hain: I understand my hon. Friend's point, which he made in an appropriately vigorous manner. He has been a champion of pensioners for a long time. As I said, the figure was a consensus figure. The industry was concerned that it should be in the primary legislation. To move forward in a fashion that enabled a serious prospect of getting some 7 million people without an occupational pension scheme into personal accounts, we needed to take the industry with us. That is where we are. That is the nature of delivering our proposals. Of course, we will keep the position under review. My hon. Friend should continue to make his points with his customary vigour, and I look forward to that experience.

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): Does the Secretary of State agree that one of the best ways to ensure the maximum pension entitlement is ultimately to try to drive down the administration costs of the pension schemes? The potential economies of scale involved in the proposals offer that opportunity. Will the Secretary of State outline what progress he is making in that area to maximise the potential benefit for millions of people in the future?

Mr. Hain: My hon. Friend makes a fair point. That is why the scheme is designed to reduce the administrative costs and to provide a simple scheme so that the benefits go to the people who need them. I am sure that he will see that as the debate on the Bill unfolds.

Mr. Graham Stuart (Beverley and Holderness) (Con): Does the Secretary of State agree that over time the salary levels of employees will be adjusted to accommodate the 3 per cent. contribution from employers? That will mean that employers will not make the contribution in reality, even though they might technically do so—it will come out of the remuneration that would otherwise have gone to an employee.

Mr. Hain: Obviously—in the sense that any enterprise's bottom line includes all the costs, such as employer contributions. However, it does not follow that the money would have gone on extra salaries. The 3 per cent. figure becomes 8 per cent. in the context of the total contributions to funding the scheme.

All the progress that we have made in cutting unnecessary burdens and encouraging, as I was pressed to do, people to keep final salary schemes open, while balancing the needs of the employer, is important and will help, but will not provide the full answer to the issues that Lord Turner and his commission raised.

There is a serious problem of undersaving, with perhaps as many as 7 million people not saving enough to fulfil their aspirations in retirement. Unless that is tackled, a chasm will grow between the income that they want and that which they receive in retirement. There are many reasons for people not saving. Many on low incomes or with broken working patterns do not have access to a workplace scheme. Some will be put off by the complexity of pensions while others will simply live for today. Some will lack confidence in pensions. That is why the Government set up the Pension Protection Fund, which safeguards more than 10 million memberships of eligible defined benefit occupational pension schemes throughout the UK. It is why we established a more powerful pensions regulator and delivered, through the financial assistance scheme, a fair and just settlement for 140,000 people who were robbed of their pensions.

Miss Julie Kirkbride (Bromsgrove) (Con): The Secretary of State knows that many of us were disappointed that there was no statement on the new deal for the financial assistance scheme category of people. Those who have written to me—many in UEF and other companies such as Kalamazoo—who lost their pension would still like greater clarification of the 90 per cent. and of how much of the pension that they would have received will be covered by the Secretary of State's scheme. I would be grateful if the right hon. Gentleman clarified that on the Floor of the House now.

Mr. Hain: I shall happily remind the hon. Lady of the key points. A written ministerial statement was made to the House, and she is free to send it to her constituents. However, let me highlight the points that may help her. All scheme members will be guaranteed 90 per cent. of their accrued pension. There will be increasing payment of assistance based on the post-1997 service, in line with inflation. Assistance from the

scheme's normal retirement age provision will be paid, subject to a lower limit of 60. Members will be allowed to take part of their pension as a lump sum. Assistance will be extended to members of schemes that wound up underfunded and, of course, dependants will benefit in the way that was intended. That is a good package in the circumstances. As I said, the hon. Lady can send the details from the written ministerial statement, which was tabled just before Christmas.

Mr. David Drew (Stroud) (Lab/Co-op): My hon. and learned Friend the Minister for Pensions Reform, who is sitting next to my right hon. Friend, will not be surprised if I mention the continuing problem of the small group of pensioners, such as those from Desmond's, who fall between the FAS and the Pension Protection Fund. Is there any clarity, following Andrew Young's observations, on whether there is a need to try to remove that gap? Will we have to formulate primary legislation on the matter or can action be taken through regulation so that the group does not remain disadvantaged?

Mr. Hain: Obviously, we are still considering the matter. I know that the points have been made to my hon. and learned Friend. We will examine them and my hon. and learned Friend has offered to discuss them with my hon. Friend to take his concerns forward.

Kelvin Hopkins: My right hon. Friend mentioned the millions who are not saving for their retirement. He made a public statement today about the importance of personal responsibility. Is not the reality that millions of people will not be induced or exhorted to save and that, in time, we will have to establish a state compulsory savings scheme, which guarantees that people not only save but know what they will get when they retire?

Mr. Hain: Automatic enrolment is the radical change that we are introducing. We do not need to be patted on the back, but the proposal deserves applause. Automatic enrolment will take place for the first time, and it will be difficult not to enrol. People will have to be crystal clear that they would be better off not enrolling—for example, if they are coming up to retirement, enrolment might affect their pension credit. This is a major change, and my hon. Friend should recognise it.

Julie Morgan (Cardiff, North) (Lab): I want to take this opportunity to congratulate my right hon. Friend on the written statement before the recess. It is regrettable that there was not an opportunity to make a verbal statement, which would have allowed me to say how pleased I am that that long-running saga has ended. Is he aware that during the holidays I received many telephone calls from ex-Allied Steel and Wire employees in Cardiff, who said how pleased they are that we have finally secured that achievement?

Mr. Hain: My hon. Friend has been a ferocious champion on behalf of the Cardiff ASW workers, as have many of my hon. Friends. It would have been nice to make an oral statement—my hon. and learned Friend the Minister for Pensions Reform and I would have been delighted, if it had been possible—and we were deprived of the opportunity of being congratulated by my hon. Friend and other hon. Members.

Mr. Frank Field (Birkenhead) (Lab): Earlier, it sounded as though hon. Members were going to be slightly crabby about the success that the Secretary of State, the Minister for Pensions Reform and staff elsewhere have achieved with the settlement. I do not want that event to pass—perhaps I will catch Mr. Speaker's eye later and be able to say more—without saying that the Secretary of State and his team have delivered what previous Secretaries of State and their teams failed to deliver to that group of workers, and we should put on record what an achievement that is.

Mr. Hain *rose*—

Chris Ruane (Vale of Clwyd) (Lab): Answer that.

Mr. Hain: I am grateful to my right hon. Friend for that comment, because he is not prone universally to congratulate the Government on everything that we do.

Mrs. Madeleine Moon (Bridgend) (Lab): In my constituency, 4,000 people receive pension credit, which affects more than 5,000 families. How can we ensure that people, many of whom are in low-paid jobs, are prepared for saving and are equipped to deal with the impact of saving further reducing their income in order to allow them to prepare for retirement?

Mr. Hain: That is the fundamental objective of the Bill and of the policy that will be delivered around it. My hon. Friend is right; like her, many of my constituents had low incomes when they worked, and life in retirement would have been dire for many of them without the pension credit. Life was dire for such people before 1997, but they have had a major increase in prosperity since then. We must join together, because the consensus around the Bill, which was assembled carefully, has been important in taking the Bill forward.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): Will the Secretary of State consider ways to remove the disincentives on personal responsibility? Perhaps he should consider Help the Aged's idea of at least investigating an income disregard scheme, which would allow the maintenance of some means-tested benefits. Many people at the margins feel that pensions involve robbing Peter to pay Paul.

Mr. Hain: That proposal is being kept under discussion with Help the Aged, which, as the hon. Gentleman knows, has been very supportive of the Bill and is keen that it gets through the House as quickly as possible. Its proposal has significant cost implications, which must be borne in mind.

Of those of working age, around three quarters say that they will need more than the state pension to live on, yet only around 40 per cent. of those who have not yet retired are saving in a private pension. We must get to the point at which saving becomes the norm and a savings culture is embedded in society in general and in the young in particular. Sixteen per cent. of 20 to 24-year-olds are saving for a pension, compared with about half of those aged over 35. Less than half of moderate to low earners with incomes from £5,000 to £35,000 are saving towards a pension, compared with three quarters of those earning more than £35,000. Automatic enrolment into a qualifying pension scheme

[Mr. Hain]

introduces for the first time such a presumption to save. Evidence suggests that automatic enrolment is one of the most effective ways to combat people's tendency not to act when faced with difficult financial decisions. It also has the greatest impact among groups where participation rates are the lowest.

The Bill will introduce a mandatory duty on employers automatically to enrol their workers into a qualifying pension scheme. Many employers are already making substantial contributions to pension schemes and supporting their employees in saving for retirement. To make the package of reforms successful, however, the Government need all employers to play their part. That is why all employers will be required to contribute to their workers' pensions a minimum of 3 per cent. on a band of earnings for defined-contribution schemes, as recommended by the Pensions Commission.

Dr. Nick Palmer (Broxtowe) (Lab): We are all concerned that employers in marginal industries do not pressurise their staff to opt out. Is it not an incentive to employers to do so that if an employee opts out, the employer's contribution also falls away? If an individual decides to opt out, it would be better if no financial benefit were to result to the employer because of that decision.

Mr. Hain: Despite the best intentions of legislation, it is sometimes difficult universally to enforce rights such as those introduced by this Government on the minimum wage and employment rights, and my hon. Friend has alluded to that problem with regard to small employers and small businesses. However, there will be a legal duty on employers, who would disobey the law and who would be liable to prosecution if they were to use an underhand method, such as recruiting somebody on the basis of a nod and a wink that they would not be in a pension scheme. If that were to happen, that employer would breach the law. It will be difficult to opt out unless there is a good reason to do so.

Ms Sally Keeble (Northampton, North) (Lab): Will my right hon. Friend explain what will happen on empty hours contracts and on employers who deliberately structure contracts to ensure that people do not qualify in order to get round the measure?

Mr. Hain: The Bill includes various restrictions on contracts. Zero hours contracts, especially as they apply to migrant workers, are a curse on too many communities around the country. Such contracts result in people turning up to work in the morning, only to find that there is no work and that there is no obligation to provide it. A pension would clearly be affected by such a situation, which reinforces our duty to ensure that the law is enforced. The law will be clear after the Bill is enacted.

John Penrose (Weston-super-Mare) (Con): The Secretary of State has discussed what he hopes will be the effectiveness of automatic enrolment in getting more people to become part of schemes, but is he concerned that it will affect some of the wrong groups of people? He has mentioned those in the early stages of their working career, for whom such a scheme might not be a sensible financial decision. The Government are trying to get round that problem with generic financial advice, but does he agree that there are currently no examples anywhere else in the world of generic financial advice provided with the level of detail and on the scale required to make the system work properly in the UK? If he cannot make the system work in the UK, what is plan B?

Mr. Hain: I am going to deal with that problem in a few minutes, and the hon. Gentleman can come back to me at that point. We are doing something very radical; I do not think that there is anything like this anywhere else in the world, which is why it is so important to get it right and deliver it with the maximum consensus.

As a result of our reforms, between 6 million and 9 million people will either be newly saving in a workplace pension or saving more than they would have been. That includes more than 1 million people currently in workplace pension schemes who are getting either nothing or less than 3 per cent. from their employer. We anticipate that up to 7 million individuals may join the new national scheme of personal accounts. It will be a simple, low-cost pension saving scheme targeted where the need is greatest: moderate to low earners currently without access to a workplace pension scheme.

The scheme will have low charges, allowing employees to keep more of their savings, and their contribution, combined with that of employers and tax relief from the Government, means that their own pension contributions will be at least doubled up front. All employees will now have the chance to save, and having a pension will be the norm. That will transform the savings culture in the UK, boosting overall pension contributions by around £10 billion annually by 2015. Automatic enrolment into a pension scheme is widely recognised as the most effective way of combating inertia and myopia.

About one in six employees are working for firms that already offer automatic enrolment, which include some of the most highly respected companies in the UK. The Bill will extend that opportunity to those currently without such access. We recognise that designing and delivering such a pension scheme is not a job for the Government and therefore we have set up the personal accounts delivery authority—PADA—to advise on, design and bring about the implementation of the reforms. We intend to extend the remit of PADA to enable it to design and build the infrastructure for the personal accounts scheme. We will also ensure employers' compliance with the new duties through the pensions regulator, who has proved to be a very effective regulator of UK occupational pensions over the last two years. The regulator is best placed to deliver an effective compliance regime that does not overburden employers. It will be a light-touch regime, but it will deal effectively with those who refuse to comply.

Politicians from all parties are often accused of putting too much emphasis on sending messages, but it is important that a clear message from the whole House is sent to those who may not face retirement for decades but who need to prepare for it now. That is why maintaining the consensus that was built up on pension reform—a greater degree of consensus than on virtually any other complex policy issue in my experience—is so important. If people are to have the confidence to invest in pensions

for the future, they need to know that the rules of the game will not be changed by a future Government. Help the Aged, the Equality and Human Rights Commission and Age Concern, as well as key representative bodies such as the Engineering Employers Federation, the TUC and the National Association of Pension Funds, have publicly acknowledged and emphasised the importance of maintaining the consensus.

I read that the hon. Member for Epsom and Ewell (Chris Grayling) has "reserved his position" on the Bill, hinting that he and his party may ultimately vote against it. I say to him that we all have a duty to place the long-term interests of future pensioners ahead of short-term party positioning. It would be simply reckless for the Conservatives to abandon the hard-won consensus on pension reform and vote against the most momentous change in pensions since the introduction of the state pension a century ago.

Chris Grayling (Epsom and Ewell) (Con): The Secretary of State just quoted the National Association of Pension Funds at my party. Let me quote it back at him. It believes that without addressing the means-testing issue and its interaction with automatic enrolment, the Government could undermine the whole reform process. Does the Secretary of State accept that he still has work to do?

Mr. Hain: Is the hon. Gentleman saying that because of an argument over what has been described by the CBI as a finer detail of the Bill, he is going to vote against it? If he is going to, may I ask him why he has broken with the consensus established by his predecessor, the hon. Member for Runnymede and Weybridge (Mr. Hammond)? On 9 May, he said to the *Pensions Age* conference:

"Despite the obvious scope for political point-scoring in an environment where long-term, and sometimes difficult, decisions have to be taken, the Opposition is ready to engage in a consensus building exercise".

The hon. Member for Runnymede and Weybridge also said, on GMTV, that the Conservatives would not vote against the Bill because they wanted to see the consensus maintained. I fear that the hon. Member for Epsom and Ewell likes grabbing headlines, but not looking at the long-term interests of pensioners in this country.

Chris Grayling: Does the Secretary of State believe that it is important, as the House debates this measure, that it gets the Bill right?

Mr. Hain: Of course it is important that we get it right, but I want to know whether or not the hon. Gentleman will support the Bill. If he has lit upon what has been described by the CBI as a finer detail of the Bill, he can move amendments in Committee, and they will be considered by Ministers. But is he saying that if he does not get 100 per cent. of whatever he is proposing—no one has the faintest idea what he is proposing, and I am not sure that he does—he will sabotage the consensus on the Bill? In the *Financial Times* on 6 November, the chief executive of the National Association of Pension Funds, Joanne Segars, said:

"Personal accounts provide an opportunity for millions of people who will benefit from them to save for retirement for the first time. It would be a pity to see that damaged by people unnecessarily breaking the consensus."

In the *Financial Times* on 7 November, the CBI deputy director general, John Cridland, said that it is important that pension reform should not be derailed because of

"a difference of opinion over the finer details of the bill."

I could go on. I could quote the hon. Gentleman's predecessor, who adopted a far more constructive attitude, but I shall spare him the embarrassment.

Mr. Graham Stuart: Will the Secretary of State give way?

Mr. Hain: I would like to make some progress, and if necessary, I shall give way if the hon. Gentleman feels that any points have not been answered.

Pension stakeholders from the City are clear: the promise for future pensioners embodied in this Bill must not be put at risk by disagreements about the finer details, still less by political posturing.

Mr. Quentin Davies (Grantham and Stamford) (Lab): What we have just heard from the Opposition is really quite extraordinary. Has it not been the clear rule in this House for generations, and indeed for centuries, that a vote against a Bill on Second Reading is not a disagreement with its detail, but a disagreement with and rejection of the principle of the Bill? It is quite clear that the House is confronted by an Opposition who reject the very principle of the Bill. Otherwise, a vote on Second Reading has no meaning. They want to kill it at the outset. They do not want it to get into Committee, they do not want to look at the details and they do not want to improve it. They have made that absolutely clear this afternoon.

Mr. Hain: I am not sure whether the Opposition are going to vote against Second Reading. I am grateful to my hon. Friend for his intervention because it comes from an authoritative source.

The hon. Member for Epsom and Ewell seems to be backing away. He likes to grab a headline by threatening to vote against the Bill, as he does the whole time, through his spin on various policies, but now he is confronted with a decision, it will be interesting to see what he does in the Lobby. He seemed to indicate in the *Financial Times* today that he was not going to vote against Second Reading, but he is also continually seeking to derail the progress of the Bill. He may vote against it on Third Reading—who knows?

Before closing I want to address head-on the issue of means-testing and whether it pays for people to save, which was raised earlier by the hon. Member for Weston-super-Mare (John Penrose). The hon. Member for Epsom and Ewell raised questions on this point in the *Financial Times* today. He previously proposed a refund of contributions for those people who get less means-tested support in retirement because they have contributed to personal accounts.

I ask the House to keep in mind three points. First, our pension reforms lead to less means-testing rather than more. Secondly, those who receive means-tested benefits should still be better off in retirement if they save. The Government's creation of the savings credit, together with the right for all to take a pension lump sum, ensures that. Thirdly, nobody can be sure which individuals will end up needing means-tested support.

[Mr. Hain]

What we can say is that few aspire to that, so we must say with a united voice that the downside of people not saving outweighs the small risk of their saving and later regretting that in 30 or 40 years' time, when individuals might be in who knows what predicaments.

I also have one simple question for the hon. Member for Epsom and Ewell. Does he stand by his announcement regarding a scheme of refunding contributions or has he recognised that such a scheme would result in chaos and threaten not just Government finances, but the finances of pension schemes throughout the country?

Mr. Graham Stuart: I am grateful to the Secretary of State for giving way. A lot of the misgivings that hon. Members throughout the House feel about the Bill are to do with punishing those with least who have saved when it is not in their interests to save. The Secretary of State has just said that everyone will be better off from having saved, including those on means-tested benefits, but that is not true of everybody. That gets to the nub of my misgivings about the Bill, namely that some of the poorest and most vulnerable people will put money in, but see either no benefit or so little that they would have been better off not investing in the first place. Will the Secretary of State address that point head-on?

Mr. Hain: Obviously if an individual was in a position where pension credit would be forthcoming a short time before retirement—the default position, as it were—it would not be in their interests to contribute to a personal account, and they would sign the form to opt out. That is just common sense. However, what I do not understand about the Opposition's line of attack is this. The hon. Member for Epsom and Ewell is talking about a situation 25, 30 or 40 years ahead, but what is he saying? He is saying, in effect, that we should simply just leave it to the taxpayer, and start a scare almost—that is what the Opposition are doing with all this noise—and thereby discourage people on low incomes from contributing. Those people will then end up in a worse situation and the taxpayer will have to bail them out, unfunded and at an unpredictable level.

The hon. Gentleman also does not take into account the proposals on trivial commutation—that is, to switch some of the contributions into a lump sum of potentially £16,000, an amount that could be kept under review. In other words, by all means let us debate the detail, but let us not use that as an excuse to derail the progress of the Bill.

John Penrose: I should like to press the Secretary of State on the point about generic financial advice. The Government have sought to use generic financial advice as a way of helping people to decide whether they will be better off and therefore whether they should exercise their right to opt out; obviously we hope that relatively few of them will. Is he saying that because everything is 25 years in the future, particularly for people who are under 21 or 24 years old, the decision is all too hard and that it does not really matter? If not, can he please tell us what he plans to do if the pilots of generic financial advice—I presume that there will be pilots—prove not to give people satisfactory levels of information and not to improve the generally terrible levels of financial literacy in this country, and if people therefore start taking the wrong decisions? Will he ignore that or does he have a plan B?

Mr. Hain: It is not a question of ignoring the issue. The hon. Gentleman makes some fair points about financial illiteracy about pensions and other things. These are complex matters. Indeed, Otto Thoresen is looking at precisely how we can offer generic financial advice, in co-operation with the industry generally, including with the Association of British Insurers, the National Association of Pension Funds and others. If the hon. Gentleman wants to make any points about that, I would be happy to consider them.

Miss Kirkbride: I am grateful to the Secretary of State for giving way again. We on the Conservative Benches take the issue seriously, for the reasons that have been eloquently set out. It is also fair to our position to say that some difficult questions arise as a result of the Government's plans with regard to benefits. Can the Secretary of State explain to the House how the Government's promises on the minimum income guarantee, which rises in line with earnings, are consistent with encouraging people on very low earnings to save today for a pension scheme in 10, 20, 30 or 40 years' time?

Mr. Hain: It is because people who contribute to the personal accounts will be better off. The position that the hon. Member for Epsom and Ewell has adopted represents a breach with that of his predecessor, the hon. Member for Runnymede and Weybridge, who I think understood the impact of the savings credit—the hon. Lady needs to look that up—to reward pensioners on low incomes who have saved for their retirement, which contrasts with the situation that we inherited. I still do not understand, first, why the hon. Member for Epsom and Ewell has changed his party's position from that adopted by his predecessor, who supported the Bill—he has provided no explanation for changing it, except opposition for opposition's sake—and, secondly, what the alternative policy is. Logic suggests that the alternative policy is to say, "Well, it's up to people just to take their chances. They'll have the safety net of pension credit, but they won't contribute to their own pensions and they won't have the chance of getting a much better pension outcome," which also answers the hon. Lady's question.

Harry Cohen: The Secretary of State made an interesting point about trivial commutation, whereby people could collect up to £16,000 as a lump sum, rather than losing it in a means-testing arrangement. That is worth knowing, but I am concerned that a lot of that money could be eaten up when housing benefit or council tax benefit is taken into account. Would my right hon. Friend be prepared to consider tabling an amendment in Committee, so that that lump sum could not be taken into account when assessing housing benefit and council tax benefit?

Mr. Hain: As my hon. Friend knows, there is already a £6,000 disregard to help in that respect. Clearly there are some individual circumstances—the situation with regard to housing benefit is an important dimension to all this—that need to be considered carefully.

I was just reflecting on the intervention that the hon. Member for Bromsgrove (Miss Kirkbride) made and on her apparent attack on the minimum income guarantee. It is not clear to me whether it is the Opposition's position to stop uprating the minimum income guarantee in line with earnings, which would plunge pensioners into even more poverty.

Chris Grayling: This issue can be best distilled in one simple question: will it be possible for an individual on low pay to put aside £25,000 for retirement and end up no better off for having done so?

Mr. Hain: Is it possible for anybody to save for their retirement through a pension scheme of one kind or another—a workplace scheme, an occupational scheme and so on—and end up not being as well off as they expected? Of course it is. Is it a consequence of the Bill that people will automatically not be as well off? No. [HON. MEMBERS: "Yes!"] Ah! I see, there we have it. So, the hon. Gentleman is objecting to the principle of automatic enrolment, is he? *[Interruption.]* Well, what is he objecting to, then? He is not objecting to the principle of automatic enrolment, but why did he jump up and down and shout about it? Is he suggesting, then, that taxpayers should simply foot the bill? Having previously supported the Bill on a completely consensual basis—his predecessor expressly said on 19 November 2006 that his party would not vote against it—the Conservatives are now abandoning that position.

Chris Grayling: This is a serious issue.

Mr. Hain: The serious issue is the one to be explored in detail in Committee. The serious issue is not to create a froth of indignation that provides a pretext for voting against the Bill, as the hon. Gentleman has threatened to do, or for seeking to derail its progress. This is historic, landmark legislation, but the Opposition have not come up with one practical alternative to the broad perspective laid out in the Bill.

Mrs. Humble: Will my right hon. Friend give way?

Mr. Hain: I think that this had better be the last occasion on which I do so, because I have taken up a great deal of time.

Mrs. Humble: I thank my right hon. Friend. I speak as one who fully supports the legislation.

My right hon. Friend will recall the Work and Pensions Committee's suggestion that the Government examine the system in Sweden, where people receive an orange envelope every year containing details of their entitlement in relation to a variety of pensions. Six or seven years ago, the Government legislated for an annual report on pension projections. Will he consider adopting the Committee's recommendation in order to reassure people about the benefits of investing in personal accounts and pensions, and to proceed with his reforms?

Mr. Hain: That is an attractive proposition and I will consider it, although I am not sure what the pension providers would make of it. I understand that Sweden has only one state pension scheme, and does not have the variety of pension provision that we have in this country.

I shall now bring my speech to a close. I have responded to a good many interventions, but I have spoken for quite a long time as well. I said at the outset that we were renewing the contract between the Government and the individual on the basis of shared responsibilities in the most fundamental reform of the pensions system since the state pension was inaugurated in 1948. Looking back further, I note that 2008 marks 100 years since Lloyd George's Old Age Pensions Act, which resulted in a non-contributory pension of five shillings a week payable to those aged over 70—subject to a means test.

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. James Plaskitt): If anyone lived that long.

Mr. Hain: Very few did.

This Bill, alongside its predecessor, will be considered equally historic. It is a blueprint for a new understanding between individuals, employers and the state, which will give all workers the chance to take control of their own retirement, providing for themselves and their dependants. These radical reforms are necessary to the establishment of a sustainable, affordable and trusted pensions system, which will meet the needs of the country and future generations by delivering security and dignity to all in retirement on the basis of new responsibilities: employer responsibility through contributions to a pension scheme, employee responsibility through employee contributions to the scheme, and Government responsibility through an improved state pension linked to earnings.

I commend the Bill to the House.

6.22 pm

Chris Grayling (Epsom and Ewell) (Con): It was disappointing to hear the Secretary of State demonstrate so little understanding of what are serious issues. Later, I shall explain in detail why we are so concerned about the aspects of the Bill that we have been discussing.

Yesterday, the Secretary of State issued a press release warning of the danger of a future pensions crisis. Has he not noticed that, under this Government, we have experienced a pretty significant pensions crisis for the past 10 years? When the history of the Government is written, their stewardship of our pensions system will be remembered as one of their greatest failures. Indeed, the word "pensions" should be chiselled in large letters on the Prime Minister's eventual political tombstone.

In 1997, the Prime Minister took over what was widely regarded as one of the strongest pensions systems in Europe. Although the right hon. Member for Birkenhead (Mr. Field) and I regularly engage in discussions about what took place before that, the reality is that in 1997 we had a strong pensions system. The then Chancellor, now the Prime Minister, made grandiose promises about how it would transform the lives of our pensioners, and—just for a change—the opposite happened. Millions fewer people are saving for retirement, the latest Government figures show that the poorest pensioners are getting poorer, and we have a system of means-testing so complex that many elderly people do not know how to gain access to the money that they need. We have seen that once strong pensions system damaged beyond repair, and we have seen the Government's great response—their first response—to the pensions crisis, stakeholder pensions, fail before even taking off.

[Chris Grayling]

Although today's debate concerns an important set of reforms and although the principle underlying those reforms should and does command support throughout the House, when the Secretary of State boasts about his plans we should remember that the debate is all about recovering 10 lost years, and about reviving a culture of saving that has been systematically destroyed since 1997. The Government's track record on pensions contains nothing that they can be proud of.

Hugh Bayley: If the 1997 pension scheme was so good, why were millions of pensioners in poverty, and why are fewer in poverty now?

Chris Grayling: Is the hon. Gentleman proud of the fact that the Government's most recent figures show that the poorest pensioners are getting poorer?

Let me be fair to the Secretary of State, and give praise where it is due.

Hugh Bayley *rose—[Interruption.]*

Chris Grayling: No, I will not sit down.

Hon. Members: Ooh! Cheeky!

Madam Deputy Speaker (Sylvia Heal): Order.

Chris Grayling: I want to praise the Secretary of State. I want to echo the words of the right hon. Member for Birkenhead. We can engage in debates and exchange banter across the Chamber and we can discuss points of disagreement, but I genuinely congratulate the Secretary of State. He deserves the House's praise for the way in which he faced down the opposition of both the Prime Minister and the Treasury to support a rescue package for the 125,000 people who lost out when their schemes collapsed. We know that it was not an easy job. We know that the Secretary of State had difficult internal hurdles to overcome. Clearly he cannot talk about those, but both he and the Minister for Pensions Reform deserve enormous credit for what they have done. They have made a real difference to the lives of a large number of people, many of whom we know because we have worked with them over the last few months.

Ms Gisela Stuart: I am grateful to the hon. Gentleman for finally seeing the light and congratulating the Government on something good that they have done, but will he also acknowledge that this is essentially a sweeping-up exercise to deal with the failures involving occupational pension schemes and pensions mis-selling over which the Conservative Government presided? We have merely tidied up their mess.

Chris Grayling: I am afraid that the hon. Lady clearly does not understand the pensions system. Issues involving defined contribution pensions have nothing whatever to do with the collapse of direct benefit occupational pension schemes.

In the wake of what has happened, I urge the Secretary of State to ensure that payments to the pensioners who lost out begin as soon as possible. He and I have talked about the practical difficulties of the way in which the financial assistance scheme is run. I think that we should give the claimants the benefit of the doubt, and start paying them as quickly as possible. I assure the Secretary of State that he will have our support if he can find a way of ensuring that that is done.

Mr. Hain: I am grateful to the hon. Gentleman for his offer of support on this issue, at least. We will clearly need to change the regulations and, of course, enable the Bill to deliver what is necessary. The Bill will therefore need to be passed quickly, which means that the answer to the hon. Gentleman's question lies partly in his own hands.

Chris Grayling: We have not yet seen any of the details of the proposals, but we want to support the Bill, and we want it to be right. I hope that, in the spirit of consensus for which the Secretary of State argues, the problems can be resolved and the Bill can receive Royal Assent in a form that we can all applaud. That is certainly our objective.

The Secretary of State has, of course, inherited a troubled pensions legacy for which he is in no way responsible, and I applaud him again for his work in sorting out some of the problems. The real culprit is sitting in No. 10 Downing street. The Secretary of State was not responsible for all the pressures on pension funds over the past 10 years, and indeed the Prime Minister was not responsible for all of them. Some developments, such as the fact that people are living longer, are outside the control of any politician or pension fund trustee. But—this is relevant to the point made by the hon. Member for Birmingham, Edgbaston (Ms Stuart)—there are two areas in which the Government have clearly had an impact on the fortunes of pension funds: taxation and regulation. In both those areas, the decisions made by the Prime Minister since 1997 have been the equivalent of a series of logs placed on the camel's back. No wonder the camel's back broke.

The Bill represents the Government's second major attempt to sort out the mess that they have made of our pensions system. The last one, the stakeholder pension, proved to be a complete white elephant. The Bill consists of the final part of a set of reforms initiated after the Government called in Lord Turner to help them to find a way out of the mess.

The House has already approved the changes to state pension arrangements. The establishment of new pension arrangements designed to persuade more people on lower incomes to put money aside for their retirement is clearly the right thing to do, so we support the establishment of personal accounts. However, the Government have built a long track record of grand announcements followed by failure to deliver, and these reforms are in danger of continuing that tradition. There are real issues in the detail of what the Government are establishing, and we—along with, I hope, Members in all parts of the House—will subject them to intense pressure so that we can put matters right as the Bill is debated in the coming weeks.

Before I deal with the weaknesses, I want to make one thing clear to the Government. There is broad consensus about the direction of these reforms, but Ministers have used that consensus as a shield from

serious debate, which is unacceptable and undermines the very concept of consensus. Anyone who challenges the Government over the detail is accused of undermining the consensus. That is true not just of debates in this House. People involved in the stakeholder briefings held by Ministers have told me that when they expressed concerns, they were warned about the risk of undermining the consensus. That is not good enough. Consensus has to be earned.

If Ministers want the consensus to continue—I assume they do—they need to engage in constructive dialogue with, and listen to, everyone involved: maintaining the consensus is not just about insisting that everyone has to agree with Ministers. It is absolutely right and proper that Parliament and outside bodies debate these measures vigorously in the coming weeks. There are things about this Bill that are not right and more information needs to be published. Ministers need to respond constructively to suggestions and questions from both sides of this House. If they fail to do so, it is they and no one else who will be undermining the consensus.

The Government could start by engaging in a proper and constructive debate about means-testing: everyone agrees that the problem has to be addressed. I have already quoted the National Association of Pension Funds' most recent document, which states that

"without addressing the means-testing issue and its interaction with automatic enrolment the Government could undermine the whole reform process."

The Association of Independent Financial Advisers has a letter in today's *Financial Times* that says that

"it is unacceptable that people who conscientiously save for their future could receive no benefit from being prudent. Because of means-testing, up to one in five future pensioners could effectively be worse off than those who opt out of personal accounts and choose to rely on state benefits."

Age Concern states:

"The interaction with means-tested benefits is not a reason to delay or reconsider the policy of auto-enrolment. However the Government should set up a review to look at the options and trade-offs."

It is a matter of concern to all the organisations involved that, as yet, the Government are not engaging in constructive debate.

Dr. Palmer: Is not the hon. Gentleman using the Government's progressive introduction of help for low-paid people as a weapon to criticise the further improvement of pensions? Is not it more reasonable to support means-tested benefits for those who are genuinely suffering hard times while supporting the Pensions Bill proposals for the broad scope of people who need to save for their retirement?

Chris Grayling: I do not think that many Labour Members understand the issue. Let us consider two people in identical circumstances. It is possible for one to save for retirement and put aside £25,000 and for one to do nothing at all and for them both to have an identical income in retirement. If Labour Members think that that is a good thing, I am afraid that I do not agree with them. This issue has to be addressed.

Richard Burden (Birmingham, Northfield) (Lab): I think that most Labour Members do understand the relationship between the two issues. My right hon. Friend the Secretary of State asked the hon. Gentleman a question earlier and I am still struggling to understand whether he has provided an answer. It is a question not of whether there is a relationship between means-testing and automatic enrolment and possible problems there, but of what he would do about it. What is he suggesting? I still have not heard anything from him on that.

Chris Grayling: If the hon. Gentleman will bear with me for a few minutes, I will address that issue.

My concern is that if the issue is not addressed, the reforms will be launched with a huge hole below the waterline, and I do not want the next Conservative Government to have to pick up the pieces. The problem is straightforward: the interaction between means-testing and these reforms means that some people who are encouraged to save for retirement, or are auto-enrolled to save for retirement, will derive no benefit from doing so because they will not be able to save enough money to provide them with a pension income that is greater than they would have received anyway from means-tested benefits. The point made by my hon. Friend the Member for Bromsgrove (Miss Kirkbride), who is no longer in her place, was that that issue will become more pronounced because of the link between earnings and the pension credit threshold. That is a fact; it is not a statement of intent one way or the other about the pension credit threshold increasing in line with earnings. We do not know how many people will be affected.

The Minister for Pensions Reform (Mr. Mike O'Brien): I am listening in bewilderment. Today, one in six people are automatically enrolled into their pension schemes. Many of those who have been automatically enrolled today are on pension credit because their second pension has not put them above the levels to which they should be entitled. Is the hon. Gentleman now suggesting, as he did on Radio 4's "Money Box", that every pensioner in that position today and from here on would have to have their contributions refunded? Would every private pension scheme have to do that? Is that what he is suggesting?

Chris Grayling: The Minister has to remember that he is auto-enrolling people on low incomes on to pension schemes. The Secretary of State said that he was going to make it difficult for people not to auto-enrol.

Mr. Frank Field: It is really important for Labour Members to understand the point. There are difficulties now and my hon. and learned Friend the Minister for Pensions Reform made a legitimate point about people being "compulsorily enrolled" into existing employer schemes. Universal enrolment is a different ball game and I for one do not share this supposed consensus about how wonderful the reform will be.

Chris Grayling: I am grateful to the right hon. Gentleman, who speaks on these matters with great authority. I hope his colleagues on the Front Bench will listen carefully to what he said.

We do not know how many people will be affected. The Pensions Policy Institute has made some guesstimates; it has highlighted particular at-risk groups, such as people in their 40s and 50s or people who will rent in retirement, who are said to be particularly at risk. But it seems pretty clear that the number of people who could lose out amounts to hundreds of thousands. I for one do not think that that is good enough.

Mr. Heald: Is it not also right to reflect on who these people are? They are people who, at the moment, do not save because they spend all their money on essential items. We are asking those people to make a sacrifice if they are to be part of the personal accounts scheme. They should not sacrifice essential items for nothing.

Chris Grayling: My hon. Friend is absolutely right. Interestingly, my next remark was to be precisely what the Minister just said: "Ministers will say that this is a problem for everyone who saves for retirement." This is different, because people are being auto-enrolled for personal accounts. The Secretary of State made it clear that he wanted it to be difficult for people not to auto-enrol.

Mr. O'Brien: Let me just repeat for the hon. Gentleman's benefit that, today, one in six pensioners are automatically enrolled. It is a gold standard that we want to provide universally. That is not a major change. It is a change in numbers, but it does not change the basis of his argument. Is he saying that all those people who, under previous Conservative Governments and under this Government for the past 10 years, have been automatically enrolled into a pension scheme ought somehow not to have been automatically enrolled and should have some sort of compensation? Does this matter now have to be dealt with before he can accept that auto-enrolment has to go further?

Chris Grayling: I fear that the Minister still does not understand the issue. Parliament is legislating to auto-enrol everyone in this country who is not currently in a pension scheme in a system that the Secretary of State says is designed to make it difficult to opt out from. These are low-cost products in the pensions market. No one will be able to afford to provide these people with personal advice about whether they should or should not save. They have to take the decision themselves. We live in a country where, as we know, people have a propensity not to save.

Mr. MacNeil: As people are saving for tomorrow, they will presumably have less money in the present. Does the hon. Gentleman anticipate that there will be any increase in Government support through mechanisms such as family tax credit to compensate for what people will lose in the present for their future savings?

Chris Grayling: The hon. Gentleman will have to ask the Secretary of State that question, or the Minister who will wind up the debate.

We know that people in this country have a propensity not to save. By any current standard, the local authorities pension scheme offers attractive benefits, yet local authorities struggle to get all their employees to enrol. We can understand why: we are talking about people who are earning some of the lowest wages. Most people earning £12,000 a year would rather not put aside money out of a tight household budget each week to save for retirement.

What will happen? Whatever I say, or Ministers or other people say, in 2012—or whenever plans are now due to be launched—the same story will be written. Does anyone in this Chamber honestly believe that in 2012 "*Sun* money" or "*Mirror* money" or the money column in our local papers will not write stories saying that because of means-testing some people will lose out if they save in a personal account? Does anyone honestly believe that that will not happen? Does anyone honestly believe that some small employers faced by an unwelcome increase in their wage costs will not quietly show those stories to their employees? Does anyone honestly believe that employees generally will not chat about these issues in the pub or the sandwich queue? Does anyone honestly believe that the number of people who decide to opt out of personal accounts will not increase as a result, with the consequence that future generations and future Governments will have to bear a much larger cost for means-tested benefits than they would have done had these reforms worked as intended?

I simply do not understand why Ministers are behaving like ostriches with their head in the sand. Having a proper debate about solving the problem would not undermine the consensus; it would strengthen it. Ministers seem convinced that providing generic advice to potential savers will do the job, but how much real advice do they think they can provide to people from a low-cost product that will have to pay off the start-up costs of the first years of its operation and that will be at the lowest possible end of affordability within the pensions market?

The Minister asks what we should do. Many alternatives have been suggested to the Government. Two detailed approaches have been produced by the Pensions Policy Institute, looking at potential options such as raising the limit for trivial commutation. I have suggested to Ministers—it is only a suggestion and I would happily talk privately to them about it—that we might be able to offer those who lose out some form of money-back guarantee, perhaps through a higher lump-sum entitlement. However, Ministers do much to undermine the concept of consensus by not saying in response, "That's an interesting idea; we'll take a look at it"; instead, they accuse us of making uncosted commitments and coming up with ideas without foundation. They do not seem to understand that nobody except them has the ability to work all this through in detail—not Her Majesty's Opposition, not the Liberal Democrats, not the right hon. Member for Birkenhead (Mr. Field), not the PPI, not the CBI, not the Association of British Insurers. Only the Secretary of State and the Minister have access to the necessary modelling, data and information to be able to look properly at the options—to be able to look at how much it would cost us to do nothing and how much it would save us to do something.

Will the Secretary of State carry out a proper public assessment of the available options? Will he look at all the alternatives that have been suggested and what they will cost? Will he look at the cost implications of higher or lower levels of take-up, and the impact on the cost of means-tested benefits in the future? Will he do that work? He has the teams of people to do it—I do not have them, and nor do the Liberal Democrats. After he has done that work, will he lay a paper before this House? We could then have private and public meetings; let us discuss these issues and between us try to work out a solution. The Secretary of State cannot refuse to have such discussions and to provide access to his databases and to allow all of us to look at the options, and then accuse us of undermining the consensus; that is not good enough.

Means-testing is not the only area where we are unconvinced that the Government have got things right yet.

Hugh Bayley: I have a point to raise before the hon. Gentleman leaves the subject of means-testing. One way to get away from the problem described would be to reduce the value of means-tested benefits. I would not want that to happen—I would not want there to be any reduction in eligibility for pension credit or a reduction in the uprating rules—but is that what the hon. Gentleman's party has in mind? Does it have in mind reducing the value over time of pension credit?

Chris Grayling: The trouble is that whenever we try to engage in a constructive discussion of what we might do, a Labour Member pulls the debate back to a simplistic option. None of us has any desire to reduce the amount that our pensioners, and particularly our poorest pensioners, receive. I happen to think that the Government have introduced a means-testing system that is much too complex, but I have no desire to remove money from the pockets of the poorest pensioners; they struggle enough as it is. Nevertheless, it is important to get this matter right. The hon. Gentleman should understand that; he should have a private chat with his colleague the right hon. Member for Birkenhead, who understands these issues far better than any other Labour Member. There are many other aspects of the Bill that need to be properly debated, but this is one that they must get right.

Mr. Graham Stuart: Does my hon. Friend share my dismay at the approach of Ministers—and, indeed, of many other Labour Members—which is one of indifference to the most vulnerable in our society, who could spend decades paying into something that does not benefit them? This is not insincere indignation on our part; it is a genuine concern. It is extremely disappointing that the Secretary of State fails to take this issue seriously—and, perhaps, to give figures at the Dispatch Box today—not least for those who may well lose out if we do not get this right.

Chris Grayling: My hon. Friend is right. I hope that a Minister will, either now or in the closing remarks, say, "Yes, we're happy to do that. We're happy to open our books and have a dialogue, and to work through models and alternatives, and to make all that public and let the Committee discuss it, so we can really work through this issue properly." I still hope that they will offer to do that.

Ms Gisela Stuart: I am genuinely puzzled. The hon. Gentleman does not make a sufficiently clear distinction between state pension provision and occupational pension provision. Let us consider any modelling or any actuarial assumptions that he might choose. Employment patterns, for example, have changed over the past 10 years. Even the Government Actuary has had to keep changing assumptions over the past 10 years. There is a notion that if we talk for long enough we will arrive at the proper answer. The Turner report tried to reach a compromise between what the state does and what the individual does. Tapering of benefits has always been a problem. The hon. Gentleman needs to be a little clearer about what he considers to be the alternative to the Government's answer to long-recognised problems. Essentially, he has slagged off the Government. The hon. Gentleman also should not patronise us by saying we do not understand, as some of us have been Members for longer than him and have been interested in pensions for longer than him. I have no sense of what he is proposing, other than that he does not like what we are proposing.

Chris Grayling: If the hon. Lady really had taken an active interest in pensions for all those years she would understand both the difference between a DB scheme and a DC scheme in terms of the issue of mis-selling and that the original Turner report made its recommendations on the assumption that there would be no expansion of means-testing—indeed, that the opposite would be the case. I have made a request to the Secretary of State and the Minister in the spirit of the consensus of us all wanting these reforms to work. I hope that that will be taken up in the winding-up speech or at any stage over the next few weeks, as it is essential that we get this right.

Let me turn to other areas where there remain issues that need to be debated. Ministers need to explain in much more detail how they are addressing the issue of levelling down. Concerns have been raised about that in the debate, and it has been raised as a concern by the PPI and actuaries over the past few weeks. Ministers have not had that much to say about it. The Secretary of State tried to reassure us but did not address all the issues. There is a danger that many small employers will choose to close down existing provision, including some of the stakeholder schemes that got off the ground as part of the Government's last set of reforms. The risk is that if levelling down does take place the amount saved will be affected and there will not be the increase in overall saving levels that we want to see.

Ministers should remember that the success of these reforms will depend not only on attracting more savers, but on generating higher overall saving. That is why the Secretary of State must do better in ensuring a level playing field for different types of pension provision, and particularly different types of pension product. It would be disastrous if existing provision were downgraded because it was easier to operate a system of personal accounts.

That is why the Government's failure to sort out the issue of auto-enrolment for group personal pensions is so disappointing. There is no logical reason why auto-enrolment should be acceptable for personal accounts but not for group personal pensions. We know that, in fact, the reason that has not happened is European law, but why have not Ministers sorted this out in Brussels? Does anyone actually believe that the Secretary of State's French counterpart would not have sorted things out by now? There might even be solutions that avoid Brussels altogether. There have been detailed discussions between the Secretary of State's Department and the industry, which has identified possible solutions to this problem, but he and his team have not acted on them. Why not? Will he introduce amendments to the Bill in Committee that will address this issue?

Kelvin Hopkins: Would the hon. Gentleman be prepared to accept the high level of contributions to social provision that employers in France make? Does he think that that would go down well with his friends in the CBI?

Chris Grayling: It is disappointing again to hear a Labour Member trying to divert attention from what are, as the Secretary of State rightly pointed out, serious issues relating to a serious Bill.

A number of important technical aspects of these reforms also need to be debated in detail, and I hope that Ministers will be ready to listen to sensible advice on them. We know that this Bill has been rushed into the House for entirely unrelated parliamentary reasons, and, as a result, too many details remain unresolved and too many clauses leave most of the important elements to subsequent regulations. We will need a lot more information as it is considered in Committee. Let us take the example of lump-sum contributions to personal accounts. Many groups are arguing that people who save in personal accounts should be able to make one-off contributions to them. I understand the logic of, for example, allowing people who take a career break to make catch-up contributions, but Ministers must not forget the nature of the product that they are launching. A pension plan that allows only 0.3 per cent. for running and marketing costs is going to be as basic as basic can be in the pensions world. Proper advice to savers is not going to be available. I am not convinced that it would be right to encourage payment of lump sums such as an inheritance into a personal account when proper independent advice cannot be obtained first. I hope that Ministers will address that issue as the Bill goes into Committee.

Ministers must handle the enforcing of auto-enrolment—the Bill does not contain all that much on this—with extreme care. There is rightly a duty of auto-enrolment on employers, and there will rightly be a sanctions regime for those who do not comply; equally, we know that employers are going to be at the sharp end. They will receive questions from employees about what to do, and they will be unable to avoid ending up in some form of discussion with them. There is precious little in the Bill to explain how those conflicting pressures will be balanced.

There is also far too little in the Bill about the role and remit of the personal accounts delivery authority. We want to see a much clearer definition in the Bill of the role of the authority and its successor body. We want clear provisions that prevent mission creep in the years ahead. The authority will become, if not the biggest, certainly one of the biggest pension organisations in the UK. If we are not careful, it could have a significant and disruptive impact on other aspects of the pensions market. It has an important role to perform, but that role should be properly defined and set in statute.

We also want to see rapid progress in the governance of the new authority. At the moment, its board is made up of a chief executive—who clearly has had one or two friendly conversations with the Minister in the past few weeks—a highly controversial chairman and a non-executive director from the TUC. The Secretary of State and its current directors need to do a lot better than that if the authority is going to operate in the way that it should.

I want to touch on two final points, the first of which relates to the regulatory package in the Bill. The Government's proposals are a useful step, but they also represent a missed opportunity. The job of this House should be to ensure that adequate regulation is in place to provide the protection that investors rightly expect, but it is not our job to do the pensions industry's job for it. Over the past decade, the Government have interfered much too much in the detailed management of pension schemes. They have made it more difficult to run schemes, more difficult to adapt to changing circumstances and more difficult to innovate. That should change. Many of the professional bodies in this field have put forward ideas that have the potential to help pension provision evolve and improve; some of them require deregulatory measures of a kind that this Bill simply does not address. We will press the Government in Committee on such improvements, and I hope that Ministers will respond constructively to those discussions.

My second point relates to the timing of the measures set out in the Bill. As the Secretary of State knows, the reform package introduced by his predecessors had a specific target start-date of 2012, and he is required to set a date for the re-linking of the basic state pension to earnings by the end of this Parliament. Given that this Parliament came within one green bottle of ending last October, can he confirm definitively to the House today when the full reform package will come into force? Will it be introduced in 2012? We now know about the discussions that have taken place on personal accounts, but will the rest of the package—in particular, the re-linking of the state pension to earnings—start in 2012? I will happily take an intervention now from the Secretary of State if he wants to answer that question; if not, I ask the Minister to address it in his winding-up speech.

This Government's track record on pensions in the past 10 years has been lamentable. They have presided over the rapid decline of our pension system and let down many of our most vulnerable elderly people. Their past efforts at reform have failed abysmally. The one man on the Labour Benches who appeared to have any idea how to tackle our pensions challenge had his ministerial career summarily terminated by the then Prime Minister—probably because he is smarter than him. I want these reforms to work and this Bill to make a difference not just because they are right for the pensions of tomorrow and for all our futures, but because we fully intend that a Conservative Government will implement these reforms in four years' time.

6.56 pm

Mr. Frank Field (Birkenhead) (Lab): I want to make just two points, and in doing so to come back to the praise that has rightly been given to the Secretary of State, the Minister and the many people in the Department who must have worked with them to achieve the successful settlement for people who thought that they were paying into an occupational pension, and were cruelly robbed. Through the actions of the Secretary of State and his team, the lives of those people and their families, although not put back together exactly as they were, have been massively changed. Many people will now go into retirement without having heart attacks and various other terrible illnesses brought down upon them through the feeling of injustice that they were suffering in not getting the due deserts of their pension savings.

In no way do I want to divert attention from that achievement, but in fact the achievement is even greater than the House has said so far, in that it ricocheted into

the wider debate on pensions. Although we might say that only 140,000 families were affected, every one of those families were affected 100 per cent. All those families had children, grandchildren, neighbours and friends, and they all went about their business cursing the day that they saved, either voluntarily or because they were told to, for their retirement pension. Newspapers were putting forward the message throughout the country that it is not sensible to save for old age through any pension scheme. We could not have had a serious debate on pension reform until we brought justice and closure to that group of people. Although those wounds will take some time to heal, those people are not now instructing their children and grandchildren not to behave like their parents and grandparents, who foolishly saved for their retirement income. They now know that although they had to wait—as we, in a lesser sense, had to wait—for justice to be done, it has been done. Not only has justice been done for the individual; a different atmosphere has been established for people who are thinking about planning long-term savings for their retirement.

Although, in turning to my second point, I am critical of the Government, I do not in any way want to withdraw my endorsement of the positive comments made by others in the House. However, I do want to sound a genuine note of caution about the consensus that even the Opposition share on this measure, because I do not share even their sense that the Bill is going in the right direction. Whenever we discuss pensions, we wind ourselves up into a moral fervour because we are desperately anxious to get them right, and to do well by our constituents and our country. Not that long ago, we were debating stakeholder schemes and being told that they were the great solution that would solve everything. I disagreed with my party on that, because I did not think that they would do anything like the claims that were being made for them. I did not think them dangerous; I just did not think that people would buy the damn silly schemes, and, to a large extent, they have not done so.

The Bill moves us into new territory by establishing a body to run the scheme and providing for automatic enrolment. If we are to be responsible to our constituents, we must address two dangers. First, we do not know where we will be in the business cycle when the new scheme comes into force. The Government have been extraordinarily well judged in running the economy. The 10 years of growth, which follow growth from 1992, are a remarkable achievement of governance and the benefits to our constituents have been enormous, but we might be foolish to think that we have abolished what used to be called the trade cycle and has more recently been called recession.

If this measure is introduced when the economy is in a much more difficult situation than it is today, employers will look around to find ways by which they can cut costs, not because they are evil people, although some of them may be, but because they will want to keep their firms going and to keep people in employment. An official Government-sponsored scheme that lays down a modest contribution from employers towards the pension coverage of their employees will be coming on stream, and I fear that many employers, who at the moment would not think of cutting their contribution to their occupational pension scheme, or even to personal pensions, may think that they need to do so in order for their firms to survive. They would, in a sense, feel justified, in that this is the new state scheme and they would still be fulfilling what is required. What the Government rightly judge to be a minimum floor on which to build may become a horrendous ceiling over which contributions do not rise. Thus, the big issue that the Government are genuinely grappling with and have put a huge effort into—I admire the way that they have gone about their task—might result in even less saving being undertaken than happens now.

My second point is that I want the House to consider what would happen if instead of establishing our own delivery authority, we gave those powers to the private sector—to Legal and General and the Pru—and they, with minimum advice, could automatically enrol employees into a scheme that might not leave them a penny better off. Labour Members would all be jumping up and down saying that this is the beginning of the next horrendous mis-selling scandal. It will be different from the previous one in that it will be Government inspired, and our poor constituents will not be able to take the Government to court in the way that they have tried to do over previous mis-selling.

I ask the Government to try to separate out what they think are the petty party points that the Conservatives might be making, and address the genuine issue for many of our low-paid constituents. They may have high hopes that they will one day climb the occupational ladder and make returns for their labour that ensure that they get a fantastic pension in retirement, but we know that many who start out at the bottom sadly too often end there. Tonight, we might be beginning to introduce legislation that will require compulsory savings by groups of people who would not see things in such terms. They want to look after themselves, to save and to be independent—they have all those noble aspirations—but at the end of the day they will not be able to save anything like enough to take them free of means tests and make themselves one penny better off. Before the Bill passes this House and receives its Third Reading, we owe it to those people, the most vulnerable in our community, to address that issue and that group of workers seriously.

7.5 pm

Danny Alexander (Inverness, Nairn, Badenoch and Strathspey) (LD): As often happens on these occasions, I have the pleasure of following the right hon. Member for Birkenhead (Mr. Field), who made perspicacious comments on the Bill. I start by echoing what he and hon. Members from all parties have said about the Government's announcements on the financial assistance scheme. After a good deal of campaigning—the Secretary of State and the Minister for Pensions Reform attended demonstrations in Downing street and so on to hear directly from the pensioners concerned—an issue that had been a running sore for far too long was resolved. Those Ministers deserve a good degree of credit for what they have achieved in that respect, and have rightly been given that from both sides of the House.

As has been said, there is now a need for speed in implementing these reforms, and I agree with the Secretary of State about the Bill being a way to achieve that. I should draw his attention to one other thing in that respect. The Pension Protection Fund is an organisation

[Danny Alexander]

and administration that is already trying to run schemes that have many of the features of the new version of the financial assistance scheme. The PPF could be given the role of speeding up the administration of the FAS and its new characteristics. I press the Secretary of State, if he has not already done so, to consider that option urgently as a way of ensuring that those pensioners get the money that they are now due to receive as quickly and as happily as possible.

I start by giving a general welcome to some of the proposals in the Bill on the personal account scheme. Some of the features embodied in the Bill are welcome—for example, the principle of automatic enrolment, the principle of compulsory employer contributions and the principle of low charges, although I have concerns about how we can be sure that that will continue once the personal accounts board takes over from the personal accounts delivery authority—based as they are, in part, on the only relevant international example, the New Zealand KiwiSaver scheme, which is delivering some benefits in that country. The Liberal Democrats have proposed such a scheme with such characteristics for a number of years, so it would be churlish not to recognise that the Government have come forward with a proposal that has many welcome features.

It is important to try to move on from some of the slightly shrill exchanges that have taken place. We want the Bill to work, but for that to happen some big, serious and important problems need to be debated and resolved. We believe that the important two related issues are the interaction of means-testing and how advice will be dispensed and dispersed.

We want consensus, but all sides need to enter into that. Developing a consensus means that all sides must listen, must give way and must work to maintain it. It is not good enough for the Government to say, "Here we stand. This is the consensus. Come and join us or be vilified for failing to adopt the policies that we have put forward in this Bill." A consensus needs to be built, and that means give and take on all sides.

Mr. Hain: I cannot disagree with what the hon. Gentleman is saying, but I remind him that the Government have not said, "Here is our consensus, take it or leave it." The consensus was built up through the Pensions Commission headed by Lord Turner. It took some effort to find a way forward for a problem that we all acknowledge to be serious and that is where the consensus comes from. In the course of the Bill, if the hon. Gentleman makes some practical suggestions—I will certainly look at what he has said so far—we will see what we can do.

Danny Alexander: The Secretary of State is of course right to point out the history of the debate, which goes back—as he mentioned in his speech—to the days of Lloyd George. The more recent history shows that this consensus has taken some development, although the proposal in the Bill is different in some respects from that made by Adair Turner—and rightly so, because the position has evolved with arguments from industry, political parties and so on. However, the Secretary of State also effectively accused those Liberal Democrats and Conservatives who are highlighting the genuine concerns about means-testing of scare tactics. That suggests an attitude that is not especially open to new ideas. It does not suggest that the Government are willing to put their shoulder to the wheel to find new ideas to resolve the problem. It is not a question of scare tactics, but of a debate between people who want to try to find a way to make the scheme work.

I warn the Secretary of State that the slightly shrill tone that he adopted in parts of his speech was unfortunate, because it will give some people outside the House the impression that the Government are trying to hide something. We should avoid that impression.

The key question is whether the scheme will work for the target audience. As the Secretary of State outlined in his speech, the benefits are potentially huge. Estimates vary, but between 6 million and 9 million—even up to 10 million—people could benefit from a properly constructed personal account scheme. So the prize is significant. I draw the Secretary of State's attention to some groups that will not be able to take part in personal accounts, such as the very low paid, for perhaps obvious reasons, as well as those who may have several jobs that are paid below the minimum threshold. In my constituency, for example, many people work in the tourist industry on a seasonal basis, with one job in the summer and another in the winter in the ski industry—for as long as climate change allows that to continue. Each job may pay less than £5,000, but the total earnings over the year may take them well above the threshold. The way in which the scheme is set up—I understand the reasons behind that, such as cost minimisation—means that such people would not be able to benefit from a personal account. The tourism sector might be one in which the benefits will not be as widely felt as perhaps they should.

The key issue is means-testing. Since 1997, means-testing for pensioners has substantially increased. The Pensions Policy Institute estimates that overall levels of eligibility for any means-tested benefit are likely to be 50 per cent. in 2050, although they could be as high as 65 per cent. Its estimate suggests that 40 per cent. will be in receipt of pension credit, but other means-tested benefits at stake include council tax benefit and housing benefit. I realise that making predictions about the benefit system in 2050 is hard, but we have to base our approach on where we are at the moment.

In addition to the potential problems for personal accounts, the means-testing strategy has wider problems. Many people do not claim means-tested benefits because of their complexity. For example, more than 1.5 million pensioners eligible for pension credit do not claim it. In recent years, council tax bills have gone up substantially, but only 53 per cent. of pensioners claim the council tax benefit to which they are entitled. Means-testing also erodes the returns from saving and reduces incentives to save.

Dr. Palmer: Does the hon. Gentleman agree that that is an argument in favour of the scheme? Although there are people who, for one reason or another, do not claim council tax benefit or housing benefit, it is likely that almost no one will fail to claim the pension for which they have saved.

Danny Alexander: I am not sure that that is an argument in favour of the scheme. Presumably all Members would want people to claim the benefits to which they

are entitled, and using the fact that some do not as an argument in favour of the scheme seems wrong. It does however reinforce the importance of a basic state pension that raises people above the poverty line and forms the firm foundation that is needed to make the personal accounts workable for everybody.

The Pensions Policy Institute analysis shows that the people who run a high risk of personal accounts being unsuitable are likely to receive back less than the value of their contributions. The institute has highlighted several groups, including single people who are likely to rent in retirement and have no additional savings. Those people are likely to qualify for less means-tested housing benefit as a consequence of saving in a personal account. In 2005, 20 per cent. of pensioner households were eligible for housing benefit, which is likely—according to the PPI—to place them in the high-risk group. The latest projection suggests that that figure could fall to 15 per cent. if current home ownership trends continue, but the interaction between personal accounts and housing benefit is a critically important part of the argument that must not be lost in the debate.

Mr. Nigel Waterson (Eastbourne) (Con): Is the hon. Gentleman aware that one of the difficulties is that the Department's model does not take account of housing benefit, whereas the PPI's does?

Danny Alexander: That is an important point which we would all be more able to understand if we were given access to the Government's model. That would be a start to a more open approach to building a consensus. The hon. Gentleman is right.

It is important to note that the 15 per cent. is not a ceiling for the number of people at risk of losing out if they save in a personal account, but a floor, because other people fall into what the PPI describe as medium-risk groups, such as low earners who are in their 40s or 50s in 2012 and who have not yet started saving. Those people could lose entitlement to pension credit, council tax benefit or housing benefit as a consequence of saving, depending on their circumstances.

The Secretary of State implied that almost everybody would be better off saving, and the first thing that we must do is to acknowledge that, given the current structure of the benefit system and pension credit, some people—we can debate how many, and it would be nice to have some information from the Government on that—will find that the personal account is simply not suitable in its current proposed construction. Therefore, to argue that everybody, no matter what their personal circumstances, should save risks the sort of mis-selling scandal that the right hon. Member for Birkenhead predicted. The question is what can be done about that problem, and several ideas have been floated, such as increasing the trivial commutation limit. The PPI has suggested a disregard. Both ideas have been knocked down by the Secretary of State on the basis of what he calls affordability, but it is inconceivable, in circumstances in which the number of people of pension age rises significantly in the next 30 to 40 years, that the proportion of our national income that we spend on pensions should not also rise.

The Secretary of State's remarks about affordability are based on the idea that spending on state pension will remain broadly constant as a share of GDP for the next 20 to 25 years, but the number of people claiming pensions will rise. That suggests that the cake is being divided in such a way that pensioners will receive ever smaller crumbs. That is not the way to provide a firm foundation so that people can save for themselves. That is why the Liberal Democrats propose a citizen's pension, so that the basic state pension raises people above the poverty line, whereas at the moment people have to rely on pension credit for that in most cases.

Ms Keeble: Does the hon. Gentleman accept that the point about the citizen's pension is not how much it is but that everybody receives it? One of the fundamental issues on which his party is wrong is that people have a sense that they should contribute towards their pension. Initially I was attracted to the idea of the citizen's pension, but the contributory principle is important. People think it is important to work and save for retirement; they seem to appreciate that fundamental principle.

Danny Alexander: Given the fact that over recent years Governments have dramatically eroded the contributory principle in a range of ways, the idea that it should be treated as a shibboleth in the pensions world is wrong. The proposal is that the citizen's pension should be based on residency. One of its benefits would be for women. The hon. Lady has expressed concern about women's pensions, because a huge number of women do not have access to a full state pension.

Steve Webb: I apologise for interrupting my hon. Friend, but the difference between him and the hon. Member for Northampton, North (Ms Keeble) is 10 per cent. The Secretary of State said that 90 per cent. of people, through a complicated mechanism, would receive a full pension. Under our proposal it would be 100 per cent. The state spends billions of pounds keeping decades of records to exclude 10 per cent.—almost all women—from pensions. That cannot be a sensible use of taxpayers' money. Does my hon. Friend agree?

Danny Alexander: I agree wholeheartedly. There is lasting consensus between my hon. Friend and me. He makes a serious and important point. The UK pensions system is hugely complicated—the most complex in the western world—with all its ifs, buts, caveats, contributory principles, means tests and so on, to exclude a relatively small number of people from a pension that would keep them from poverty in retirement.

The first step should be uprating the basic state pension in line with earnings. The Government say they might do that in 2012, but perhaps not until 2015. It would be nice to know, but as we said at the time of the last Pensions Bill, uprating in line with earnings should be introduced now. Why should the basic state pension, which is lower in real terms than it was in the 1950s, continue to fall in real terms until 2012 or 2015? That uprating should be the first building block of our citizen's pension.

Kelvin Hopkins: I am interested in the hon. Gentleman's citizen's pension idea. Does he think that a reasonable target to aim for would be the 25 per cent. of average earnings that the basic state pension was when the Tories broke the link 27 years ago?

Danny Alexander: I am grateful to the hon. Gentleman for his interest, but we need to aim for what is defined as the poverty line—the minimum income guarantee in the current pension credit. My maths is not quick enough to work out whether that would be 25 per cent. but it probably does not quite reach that amount. The hon. Gentleman's proposal is a further degree of ambition, from a policy and financial point of view, to which I cannot agree at this stage. However, the citizen's pension would certainly be one way of providing a firm foundation whereby anyone saving in a personal account would know that they would receive full value and full return on their savings.

The most frustrating thing about the Government's attitude to means-testing is that, in effect, they throw up their hands in horror saying, "It's someone else's problem—think of an answer." If both sides of the House accept that there is a problem and that it will not be worth while for some of the people—probably hundreds of thousands—who will be encouraged to save in a personal account to do so—*[Interruption.]* The number may be higher; it may be millions, as the right hon. Member for Birkenhead suggests. I am not sure whether that is right, but in the absence of the proper research and information that the Government could provide, it is hard to know. Even if the number is only hundreds of thousands—

Mr. Frank Field: The Government's new estimate of the number of people who will be on means-tests after the reforms is about 40 per cent., so the figure will not be a few hundred thousand; millions will be in that category.

Danny Alexander: The right hon. Gentleman is right about the figures, although to be fair to the Government, if we are talking about people who get back less than they put in, some of them will have built up a big enough pension pot to ensure that they receive some return on their savings even if it is not the full return we hope everyone will get, especially if the compulsory employer contribution is set up correctly.

The Government seem to be saying that it is up to other people, such as Opposition parties or think tanks, to find a way out of the problem. To reinforce the point made by the hon. Member for Epsom and Ewell (Chris Grayling), the Government have the resources, as well as the civil servants and policy wonks, to work through a range of options. They have not done so, and given the importance that many of the lobby groups, who broadly support the Government's proposals, and the House attach to the issue it is astonishing that the Government have not done more work. If the consensus is to be maintained I appeal to them to do that work as a matter of extreme urgency.

Advice will be needed. A wide range of factors will affect people's decision about whether it is worth their while to save: age, future earnings, whether they plan to take time off work, the sort of work they do and their level of personal indebtedness. Advice will be required on all those factors. It may be relatively straightforward to reflect some of them in a generic advice system, but it will be much harder to do so for others, such as the affordability of contributions, indebtedness or likely future earnings. The Pensions Policy Institute concludes:

"People will need very clear information to help them make informed decisions about whether they should stay in or opt out of personal accounts. Any system of generic advice will need to be able to cope with providing advice to a wide range of individuals with different characteristics and financial circumstances."

Likewise, *Which?* believes that

"generic advice arrangements on a one to one basis, probably through a telephone advice line but possibly supplemented by face-to-face provision must be included".

Unfortunately, the Bill leaves all aspects of the advice system to be determined by regulation at a later date. Presumably the Government will say that is because the Thoresen review is still under way and they are waiting for its recommendations.

That is not good enough. We need a well worked-out advice system, which will not impose extra costs on personal account holders, if the risk of mis-selling to some groups is to be avoided. In another context—personal debt, which is a huge problem—my hon. Friend the Member for Twickenham (Dr. Cable) proposed the establishment of a national network of financial advice centres. The Government should actively work with the financial services industry to achieve a national roll-out of independent advice centres, providing financial health checks and advice.

At present, following the new polarisation rules, it is difficult for many consumers to obtain independent financial advice. The CAB provides advice, but usually only for people who are already in debt difficulty. A network providing genuinely independent advice would be in the best interests of the financial industry, the pensions industry and particularly the Government in relation to personal accounts. It would help to restore confidence. Clients could be offered advice on a wide range of issues, including personal accounts. Setting up such a network, with proper resources from the taxpayers, not from personal account holders or through the personal accounts delivery authority, would enable us to offer the range of advice people need.

The Bill offers us a chance to address the issue of women's pensions, to which the Secretary of State referred. He was talking about the Government's disgraceful decision, sneaked out on 17 December in the House of Lords, that they had decided to make no change in the current rules to allow individuals to buy additional national insurance contributions—to top up their contributions to take advantage of the new rules that are coming in. There have been reports of a trade-off with the Treasury—the financial assistance scheme or Baroness Hollis's proposal.

The Government have done the right thing on the FAS, but I give the Minister for Pensions Reform notice that we shall return to their pensions decision during the passage of the Bill. Members on both sides of the other place may want to do so, too. At present, there could be the absurd situation that female twins born on either side of midnight on 5 April 1950 have different pension entitlements, despite a work record as identical as their physiology. That cannot be right.

There is also the important issue of levelling down to address. It is of course hard to predict how employers will respond to the increase in costs that some may face as a result of auto-enrolment, but there is some evidence. Department for Work and Pensions research, quoted in the National Association of Pension Funds briefing for the debate and in the response to the Work and Pensions

Committee, shows that 30 per cent. of employers contributing 3 per cent. or more say that they will level down to 3 per cent., with a further 19 per cent. saying that they have not yet decided how they will respond. The Minister may well have new evidence, but the Secretary of State said in his speech that half of employers would maintain or improve the conditions for new entrants to their pension schemes. That prompts the question: what will the other half do? The serious issue of levelling down therefore needs to be addressed.

Under the Bill, the resolution on the issue of workplace personal pensions is highly unsatisfactory. We are talking about an argument that the Government could win in Europe. It is simply not good enough for the Minister to put his hands up and say, "We cannot persuade other European Governments." There is very little evidence to suggest that the Government have really tried. I suspect that if a proper effort were made to persuade other European Governments, it could be done quite simply, given the common-sense argument being advocated on automatic enrolment. The situation is perhaps evocative of the Government's attitude to matters European. Their attitude is to turn up to meetings with exceedingly bad grace, if they bother to turn up at all, not to contribute in the way that they could at the European level, and not to put forward the arguments for what they want. The argument is one that we could win.

One suspects that if the Government of France, Germany or another European country faced the same problem, they would be busy winning the argument well before the 2012 date, not putting their hands up and saying, "We've got to try to find another way round the issue, although it may impose substantial additional costs on the employers concerned." I urge the Minister to go to the European Union and to win the argument. I suspect that with the proper effort and commitment, the argument could be won straight out.

There has been a lot of talk about consensus in the debate, but in future, and particularly in Committee, that consensus has to be based on proper debate and a proper resolution of the genuine concerns and worries about the Bill and the personal accounts scheme. However welcome, well thought through and well constructed they are, they have to benefit as large a section as possible of the target audience, which is people who do not currently save. That is why the arguments on means-testing and advice are so important. The Minister will have to do better in his reply than the Secretary of State did, and will have to do better throughout Committee to ensure that the issue is resolved, so that we can ensure a scheme that can genuinely be recommended to everyone in the target audience.

Several hon. Members *rose—*

Madam Deputy Speaker: Order. A number of right hon. and hon. Members are hoping to contribute. The time left for Back-Bencher contributions is limited. I ask Members to make shorter speeches, so that as many as possible can make their contribution heard.

7.33 pm

Alan Simpson (Nottingham, South) (Lab): I hope that it does not damage the standing or career of the Secretary of State or the Minister for Pensions Reform if I, too, congratulate them on making tonight's debate worth having. If they had not intervened effectively to restore the stolen pensions of the 125,000 pensioners affected, the House would have had to understand what my right hon. Friend the Member for Birkenhead (Mr. Field) said, which is that huge numbers of walking newspapers across the country would have been saying to their families, friends and communities, "You've got to be a mug to save." If the pensions guarantee was not a guarantee, it would have been worthless. The changes that the Secretary of State has been able to make really transform the context in which the debate takes place.

Between them, the Secretary of State and the Minister have done what none of their predecessors were willing to do. Predecessors did the House, and the Labour party, a disservice by requiring Labour Members to parade through the Division Lobby making fools of themselves by claiming to support a financial assistance scheme that never did, and never would, work. We all owe both the Minister of State and the Secretary of State a huge debt of gratitude for getting us out of a hole. However, let us try to put that in the context of where the Bill takes us. I have no doubt that as a society we need to save more and spend less. In a society that increasingly expects to live longer, the issue is more a biological than a political one. The question is how we make good provision for the increasing length of the part of our life that we expect to spend in old age, and in receipt of a pension. The question is how we get there.

My worries about the Bill concern what it does not address, rather than what it tries to address. In a sense, it does not address the failures—the legacy of successive Governments who have messed about with pensions provision and retreated from a policy that would genuinely be fit for the 21st century. We are still not addressing our collective failure to restore the value of the state pension, as well as its link with earnings. We are not addressing our failure to halt the retreat from defined benefit schemes, and the drift into defined contribution schemes. We are not addressing questions about the ability of the poor to pay into schemes—a concern that a number of Members have legitimately raised—and we are not addressing the failure to challenge our naive presumption that the market is a mechanism that will get us out of the pensions crisis, rather than take us into another one. I want to concentrate on those two final points.

The question of who will save is inextricably linked to the issue of means-testing. We need to understand where we are, as a society and as an economy. The Institute for Public Policy Research has reported that 51 per cent. of those in low-income families have working parents. Some 2.5 million households need tax credits to give them a living wage. In addition, Britain is in the midst of our own credit and debt crisis. Last year, personal credit debt rose to £1.35 trillion. UK gross domestic product stands at £1.33 trillion. For the first time in our financial history, personal debt exceeds personal created wealth. That will present us with huge challenges in the year—and years—ahead.

Grant Thornton accountants predict that in 2008 there will be an increase in insolvencies, with 120,000 in the coming year. That is 20 per cent. more than in 2006. They also say that excess spending on credit in the Christmas period will account for a third of the 28,000 personal insolvencies that they expect us to face in the next three months. Repossessions are currently running at 77 a day, and there were 14,000 in the first six

[Alan Simpson]

months of last year, which is the highest rate since 1999. That was before Northern Rock and the global credit crunch kicked in.

Mortgage bills have risen by 20 per cent. in the last two years, and in the coming year there will be 1.4 million households whose preferential periods of access to low-interest mortgage repayment starter periods will come to an end. They will almost certainly not get preferential treatment in the deal that follows. In addition, up to 4 million households are being forced back into fuel poverty as a result of ever-increasing fuel prices.

Over the weekend, the Prime Minister warned:

"This is one of the most difficult years for the world economy."

If it will be difficult for the wealthy, it will be even harder for the poor. We will have to take a long, hard look at how we expect those who cannot afford to live to be in a position to afford to save. That is a practical, day-to-day issue, precisely as fuel poverty is: as we have expressed it, people are faced with a choice between heating and eating. The question is: how will those whom we wish to include in the new Pensions Bill schemes be able to afford it? We need to look at new mechanisms that address the question of affordability, and the most sensible starting point may well be tackling the current provision of £20 billion a year or more that we give in pension credits to the wealthiest in the land. If we have to dip into that money to provide access for the poor, that would be a genuinely progressive and relevant measure.

The question of who pays is likely to be dwarfed, however, by the question of where the money goes. How short a set of memories we seem to have. In 2002, there was a pensions and investment crisis. In that year alone, £250 billion was wiped off the value of UK pension funds, because the deregulation of world financial markets resulted in pensions being increasingly drawn into short-term, speculative markets. When the bubble of those markets burst, inevitably what people thought were secure savings disappeared. We have not learned from that that there is an increasing incompatibility between short-term speculative markets and long-term, secure pension aspirations.

If we doubled the amount of money that went into UK pension funds in 2002, we would simply have doubled our losses. To double them today using the same mechanisms would throw petrol on the fire. We cannot pretend that by introducing a new mechanism while shovelling the money in the same direction would do anything other than accelerate the drift into the next crisis. The global credit crunch has been driven by precisely the same mechanisms that took us into the crisis in 2002. Sadly, creative accounting is used extensively in the banking and investment world, and Northern Rock is just the tip of the iceberg. Commentators in the United States have tried to analyse what happened in the off-balance sheet accounting world, which has transformed international banking. They have calculated the impact of what is referred to as "toxic waste" in the banking industry—loans made upon insecure loans upon insecure loans. Using a mechanism outside accounting rules, the banks have created their own credit default swap clubs, in which they swap bad debts and spin them round the table to allow themselves to create more debt. The scale of that activity is estimated to be £45 trillion, or three times the size of the US economy.

It is no wonder that while central banks, whether in the US, the UK or Europe, have intervened to create credit for the banking world, banks will still not lend to one another, because they know how shaky the foundations are. Throwing more money into that crazy pot will simply accelerate the drive into the next crisis. We have to move the rules about where money goes in a different direction. In 2003, I helped to write a pamphlet on people's pensions that looked at the ways in which the allocation of pension savings had changed in the past 50 or 60 years. I shall give the House just one set of figures. In 1962, 51 per cent. of the total pension fund assets in the UK were invested in UK Government bonds. Today, that figure stands at 9 per cent. Some 80 per cent. of pension fund contribution goes into private equities or corporate bonds, both of which have become increasingly short-term, speculative, mythical and, in some cases, illegal. The danger of throwing money in that direction is that it would simply accelerate the next crisis, which would be a repeat of the last one.

We do not have to go down that path, and I should like to offer some suggestions to the Minister and the Secretary of State. Some 99 per cent. of share transactions trade in second-hand shares, and are decades away from the principal investment that built anything. They are just swap clubs for second-hand financial entities. If we genuinely want mechanisms that invite people to save, and if we want that saving to be a productive investment in their future security, we must direct those savings into investments in infrastructure, health, education, housing and environmental improvements and security. We could do so extremely easily. We contribute about £50 billion a year to personal pension schemes. If the Bill delivers the Secretary of State's expectations, it will add another £10 billion a year. If we used that money for infrastructure investments, we would not need a single private finance initiative scheme in the land. Last year, the Government received £3.6 billion in capital receipts for the privatisation of public services. Across the piece, we pay an average of 16.6 per cent. interest on PFI schemes, which is an absurd charge on the taxpayer for the next 30 to 50 years.

If we paid half that rate of interest to bond holders, we could halve the rate of tax for taxpayers, and we would all be better off. Do we have the courage not only to include the poor in a comprehensive, 21st century pension package but to redirect how and where our savings are deployed? The Bill does not do so. It does not address the question of how the poor will participate, and it does not address the question of how those resources will be deployed productively, creatively and constructively to deliver long-term security for pensioners and society as a whole. If we fail to do so, we will end up passing a Bill that favours the City but not savers, which would be a tragedy for which the present generation and those who follow it would not forgive us.

7.47 pm

Mr. John Greenway (Ryedale) (Con): It is a great pleasure to be able to speak in the House at all. In recent months, I have spent so much time in the Council of Europe Parliamentary Assembly that one of my new year's resolutions was to try to speak in the House more often. Tonight was the first available opportunity to do

so, but this is an issue of which I have some knowledge as a result of my long association with the insurance industry and my chairmanship of the all-party insurance and financial services group since 1992—a long period, throughout which issues relating to pension reform have been high on the agenda, and have often been raised by the industry and pension groups.

I wish to begin by telling the Minister that there is genuine good will among pension providers towards the initiative, and they want it to succeed. In the spirit of the contribution by my hon. Friend the Member for Epsom and Ewell (Chris Grayling), however, may I tell him that good will is not enough? We have to face the fact that the issue of pension reform has dogged successive Governments for 25 years, and it is critical that we learn the lessons of past mistakes. It is not yet clear whether all the lessons of past failures have been fully taken on board in the Bill. When the previous Secretary of State, the right hon. Member for Barrow and Furness (Mr. Hutton), announced just over a year ago, in December 2006, the Government's intention to proceed with the Turner proposals for personal accounts, I asked him two questions. First, who would be responsible for information, advice and explanatory literature under the regime? Secondly, what would be the impact on existing schemes of the new floor of 3 per cent. of contributions? It is absolutely clear from today's debate that the answers to both questions remain unclear, so I want to concentrate on them in my brief remarks.

The issue of information and advice is crucial. People need to make properly informed judgments about how much to invest in their pensions, whether to invest at all, or whether, difficult though the Secretary of State has reminded us it will be, to opt out of auto-enrolment altogether.

Much has been said in this debate about the impact of means-tested benefits, and that is undoubtedly important. However, there will be a deterrent if people think that saving is not worth the sacrifice. We must address the issue, and I hope that the Minister will have something more positive to say in his winding-up speech.

We should be in no doubt that it is difficult to judge in advance whether low-paid employees should stay in the schemes, because there are so many unknown and imponderable factors. What will the contributions during a working life be worth come retirement age? How much income will those contributions then generate? What will annuity and interest rates be like? What will be the impact of inflation at that time? What type of annuity should people buy? Will employment experience and record over a long period enable an individual to build up a worthwhile investment record through their fund? Those questions are critically important, but the answers are extremely difficult to predict in this debate today.

Not only the Government but Parliament and the country are in a Catch-22 situation on the issue of means-tested benefits. It is clear to me—and I think this was what the Secretary of State was trying to hint at in his robust exchange with my hon. Friend the Member for Epsom and Ewell—that unless people make provision for their retirement in much greater numbers, pressure to provide help through means-tested targeted benefits will remain. It will be there for all Governments. However, affordability will eventually be the issue. How much longer can we afford our expectations, given that there will be two employees per pensioner to fund everything on pay-as-you-go? Clearly, we will not be able to.

In a sense, we should not be debating whether the existing structure of means-tested benefits will continue indefinitely but whether the principle and philosophy should be that people must realise that they should save for their own provision because there will be limits on what the state can provide in the future. That has nothing to do with whether one political side or the other wants to be more generous or has a greater feel for low-income pensioners' problems; it is the reality that we are beginning to face.

When I first came to the House more than 20 years ago, I thought that that was the only issue. However, today we face what in principle is a good idea and scheme, but one that, if we are not careful, will be wrecked or undermined because of the expectation that the state will always provide in the end. The right hon. Member for Birkenhead (Mr. Field) was exactly right, and I shall come to his point in a moment. We have to address the issue before this Bill leaves the House. Unless people who invest in the personal accounts and choose not to opt out believe that they will be better off as a result, the provision will fail—for exactly the reasons given by the right hon. Member for Birkenhead. It is not rocket science. The Help the Aged briefing note makes clear a number of ways in which the issue could be resolved. I urge the Minister to take them on board.

Past initiatives came unstuck when retrospective judgments rightly concluded that people took wrong actions. When those had been subject to advice, compensation had to be paid, at huge cost to the financial services industry. That means all of us—all of us contributed to that compensation in one way or other, if only through the reduction in the value of the residual funds of life insurance companies and pension funds.

All that has induced a climate in which providers seek to avoid giving advice. Advice also adds to cost, which undermines return and value. The Government themselves were criticised by the parliamentary ombudsman for the misleading nature of Government leaflets on occupational pensions. The Secretary of State made a comment about sending messages, and that is precisely the point. The Conservative Government in office in the Parliament before I was elected, when I was working in the financial services and insurance industry, actively encouraged people to get out of occupational pensions and into personal pensions. Even the state said that portable pensions were the things to have. However, that turned out to be completely wrong and we are in danger of doing the same thing again.

Ideally, advice should be available, but it is unlikely that it can be given on an individual basis in the current regulatory framework. The all-party group on insurance and financial services keenly awaits the outcome of the Thoresen review on generic financial advice. I am not as pessimistic as some of my hon. Friends, including my hon. Friend the Member for Epsom and Ewell; I think that Thoresen may provide a solution. We need to foster greater understanding of what people do with their pension investments, insurance products and so on. They should be absolutely clear, but for that the detail must be right.

[Mr. John Greenway]

My hon. Friend made a point that concerns me. There is an opportunity for people, without advice, to put lump sums into personal accounts instead of, with advice, putting lump sums into other investments that may not be pension investments at all. That concerns me.

I shall deal briefly with my next point, because my time is going. The Secretary of State said that most employers were unlikely to reduce existing contribution levels. I would like to share his optimism but, as the right hon. Member for Birkenhead clearly said, the future is less certain and if employers are under financial pressure, they may reduce them.

However, my greater concern—and the point that I made in my intervention on the Secretary of State—is the continuing demise of defined benefit provision. There may be reason to believe that the haemorrhage has been stemmed for the moment. However, the signs are crystal clear: remarkably few young workers in the private sector—our children—will enjoy a final salary or defined benefit pension. That is an appalling shame, because such pensions were the bedrock of employment for the generation that preceded ours and our generation. What is the result? Comparisons with the public sector are already putting pressure on the retention of defined benefit schemes, our parliamentary pensions included. In defined benefit schemes, the employer takes all the risk; in defined contribution schemes, the employee takes all the risk. There must be a middle way. The Association of Consulting Actuaries proposal may not be perfect, but I say to the Minister that the Bill is an opportunity for further reform. Conditional indexation works in Holland; I am about to get married to a lady from Holland, and I recommend all things Dutch to the Minister.

Time does not allow me to address the many other issues. I agree with all that has been said about the group personal pension problem, which must be resolved. However, there is a lesson there as well. I believe that that problem is an unintended consequence of European Union rules on distance selling. Nobody thought that the rules would have that effect when they were approved in Statutory Instrument Committees. Similarly, we need to be clear that there will not be unintended consequences from the existing provision for the new personal accounts, the personal account delivery authority structure and the regulatory framework.

If good intentions and an aspiration for consensus and progress were sufficient, we would not be in this position. We have one last chance to get this right, and if we fail this time, we fail a whole generation and beyond of future pensioners. As many colleagues who know me are aware, I am an optimist—a glass-half-full person, not a glass-half-empty person—but the half-empty glass needs to be filled in Committee; otherwise, I share the concern of the right hon. Member for Birkenhead that we could stare further failure on pensions firmly in the face, not now, but in a generation's time.

8 pm

Miss Anne Begg (Aberdeen, South) (Lab): I, too, am an optimist and a glass-half-full person; that is why I welcome the Bill. Some of the tone of the debate so far has suggested that there has been a lot more criticism than one gets a sense of from all the briefings from various organisations in the financial sector and charities that work with older people. In most cases, those briefings welcome the principles of the Bill.

As the Secretary of State said, the issue of pensions is not about old people; it must be a young person's issue. For the first time in this House, the Bill looks far into the future, dealing with how future generations will make provision for the pensions system. As my hon. Friend the Member for Nottingham, South (Alan Simpson) said, this is about demographics and biology as much as anything else. As the hon. Member for Ryedale (Mr. Greenway) pointed out, we must make it easier for people to save for their retirement and make their own contributions to the pension pot. If the demographics determine that more and more people are not paying into their own pension provision, the state will not be able to deliver anything, no matter whether one believes that the state pension should be linked to earnings, that it should exist at all or that it should be uprated. We must ensure that it is as easy as possible for future generations to pay as much as they possibly can into their pension.

I want to concentrate on two areas that the Government have to get right in order for the system to work: first, preventing any kind of levelling down; and secondly, getting the costs right by ensuring that they are as low as possible. Several hon. Members have mentioned their fear of levelling down. Personal accounts will work only if they are targeted at the particular audience that they are aimed at, which is not the 40 per cent. of people who already have occupational or private pensions, but the 60 per cent. who have no extra provision other than that which they pay through national insurance contributions or the state second pension. The Bill will have done nothing if all it does is transfer people out of very good or even quite reasonable occupational pension schemes and into personal accounts. The scheme is not for them. We must be clear that the Government are not saying that all occupational pension provision should be delivered through personal accounts, because those who are in good occupational schemes with contributions of 16 per cent. or more are able to deliver up to two thirds of their earned income as their retirement income. Personal accounts must be a floor, never a ceiling. Eight per cent. is only half of 16 per cent. I hope that once the system beds down in the years to come, if the consensus is right and this is the way forward for pension provision, Governments of the future will try to raise the contribution level beyond 8 per cent. For the time being, however, it must be seen as a floor, and it is clearly not aimed at employers who already provide good occupational schemes.

The scheme will be aimed at those who are on low or medium incomes. A large number of the people who are missing out on occupational schemes are women. This will improve the coverage that women have in terms of pension provision. The whole system will fail if few people enrol in the new personal accounts and the savings ratio does not shift at all. We need more people to enrol and to make higher contributions than at present.

Mr. Graham Stuart: The real failure of the system would not be the scenario that the hon. Lady paints, but one where many women, who are often part-time

workers with broken employment records, contribute to the scheme when they can least afford it because they are auto-enrolled and end up at the end of their lives no better off as a result. That would be the true disaster, not the fact that yet another Government initiative, like the stakeholder pension before it, has failed, because we are well used to that with this Government.

Miss Begg: Obviously the hon. Gentleman can see into the future far better than I can. We do not know what kind of Governments will come in, whether they will continue with any kind of means-testing or whether the pension credit will survive. We are looking up to 50 years into the future, not at the next 10 years or so. As we do not know what will happen, it must be right that we encourage young people to save as much as they possibly can today in order that the scenario that the hon. Gentleman describes does not happen in future.

Whatever the system with regard to the state pension, if we are dependent on all pension provision in future being down to the state, means-testing will grow, not lessen. To ensure that means-testing develops a much narrower focus, we must encourage more and more people to invest in their pension today so that when it comes to retirement they will already have lifted themselves out of any kind of means-testing. People do not know what their employment record is going to be. Since the second world war, there have been huge changes in the working patterns of women. The Bill moves us ever closer to individual entitlements and away from the old dependency culture that existed under the married person's allowance and the basic state pension. Pension provision and the working lives of women and men have changed so much in the past 60 years that I foresee that in the next 10 or 20 years they will change a huge amount more. The basic message that we have to get over is that it is important that individuals who are working today continue to save in an occupational scheme so that they will have more than just what the state is able to provide through the basic state pension.

It is important that we understand that this is about deferred wages. Many people have not opted into some of the very good occupational schemes even when they have not had to pay anything themselves. I remember speaking to one young man who had lost out on 10 per cent. of his wages because he had not got around to signing the form, although he was not even expected to add anything to his employer's contributions. Compulsory opt-in is very important in getting over that inertia. We must ensure that there is auto-enrolment and that people do not have to make such decisions. We must also bear in mind low earners who have multiple jobs. As the hon. Member for Beverley and Holderness (Mr. Stuart) said, they are mostly women who have to find some way of increasing what they can contribute. I can understand why there is currently a contribution cap of £3,600—it is obviously because the Government do not want people who are sitting in fairly good schemes to move their contributions across into personal accounts, which are not aimed at that market. I hope that once the scheme beds down, the contributions cap can be lifted.

The cost must be as low as possible. I would like it to be as low as three basis points. People say that 1 per cent. does not sound very much—it does not, but that was probably partly the death knell of the stakeholder pension. It is 1 per cent. not as a flat rate of contributions but 1 per cent. of the pension pot; once someone has built a big pot, 1 per cent. becomes a viable amount to be taking out of it every year. I hope that we can get it down to 0.5 per cent., but if possible it should be even lower. If the scheme is going to work, it is crucial that costs are kept as low as possible.

I welcome the Bill. I am glad that there was generally consensus on its principles, although other areas will have to be worked through as it proceeds through this House and the other place.

8.9 pm

Bob Spink (Castle Point) (Con): It is a pleasure to follow the hon. Member for Aberdeen, South (Miss Begg). She is right to mention the special problems that women face with regard to pensions, but perhaps that is not a debate for tonight.

Giving pensioners a fairer deal, which means a greater share of the nation's wealth, is long overdue. I warmly congratulate the Government on the pensions review and their response to the Turner report. However, let me set the Bill in context. The incoming Labour Government in 1997 took over one of the strongest pension systems in Europe, which is now one of the poorest. They committed an appalling robbery on people's private pensions, which still costs pensioners some £7 billion every year and has added to the downfall of many schemes. One of the most damaging and surprising failures of the Labour Administration since 1997 is that their policies have led to a fall in the share of British national wealth that goes to pensioners. Frankly, I expected better from Labour on that.

Pensioners see £25 billion thrown at the Northern Rock problem and wonder at the absence of the financial constraints that the Government always claim to be under when pensioners need help. What about the Government's failure on the Equitable Life debacle and their breach of trust on police pay? I put it to the House that this is no time for politicians to say, "Trust me, I'm a fairly straight sort of guy", as Mr. Blair once infamously did. It is time to get all-party consensus on a decent system to take politics out of pensions and to take more pensioners out of relative poverty. It is particularly galling to see, as we do, our pensioners' share of Britain's wealth falling, when they built Britain's institutions and national wealth after they won national and international security in world war two. Hon. Members do not see things in that way, but pensioners do. It is against that legacy that people's trust in Government policies, particularly on pensions and savings, must be viewed.

I acknowledge and welcome the fact that the Government have followed the Pension Commission's recommendations on the broad scheme design. While the Bill needs fine tuning, I support its key objectives to encourage more people to save in workplace pension plans and to create a new system of personal accounts.

I turn now to the specific principles of the Bill. It is right legally to force employers automatically to enrol their eligible employees. The Government should guarantee the quality of those workplace pension schemes and, through the Bill, deliver a strong framework for the introduction by 2012 of well-governed personal accounts.

[Bob Spink]

The scheme must be flexible and avoid the baffling complexity that dogs the current pension saving systems. That will help to target specifically the needs of below-average earners, thereby ensuring the highest economically sound levels of participation. Savers must not lose because they have saved. That issue must be addressed.

It is crucial to ensure that the interaction between means-tested benefits and personal accounts does not lead to benefit losses and thereby act as a disincentive from saving for low earners. I accept that if it is designed correctly the scheme can give millions of low to moderate earners first-time access to secure and worthwhile workplace pensions savings with decent and affordable contributions from their employer. I believe that the 3 per cent. level given in clause 18 is right at the moment. There must be stability on that point, at least in the medium term if not for ever. As the hon. Member for Aberdeen, South and the right hon. Member for Birkenhead (Mr. Field) pointed out, the Government must find a way, if possible, to prevent employers from reducing the current contribution levels.

Clause 53 will enable the Secretary of State to set an annual contribution limit for personal accounts. I believe that £3,600 has been mooted. That may be inadequate; the figure should perhaps be higher. In addition, there should be flexibility so that individuals can, from time to time, pay in lump sums when they can afford to, if it is financially sound for them to do so and providing that they receive proper independent advice. The Government should find a way to ensure that they do. That would help people who start saving for a pension later in life, and who need to make up for lost time. Those people represent a significant number of workers.

I agree with Help the Aged, Age Concern and the People's Pensions Coalition that there should be a distinct lifetime lump sum limit alongside the annual contribution limit. That would allow people to pay money into their pensions from small inheritances, divorce settlements, redundancy payments and other windfalls. I do not see how that could be wrong provided that the people—particularly low earners—who chose to do so received proper advice. We should also consider the transfer of limited existing pension pots into and out of personal accounts to help people with various small pension funds. Again, that is not an unusual situation.

The Government must deliver on consolidating people's existing state pensions, including the state earnings-related pension scheme, graduated retirement benefit and the state second pension. We must enable people to see more transparently what state pension rights they have accumulated thus far, which should help to encourage further pension savings.

We should focus on clause 3(5), which will enable employers to be exempt from the requirement to offer personal accounts if they offer group personal pensions, or GPPs. Many hon. Members agree that the exemption of GPPs from automatic enrolment, forced on this country by European laws with no control by this democratic Parliament, would be totally unacceptable. I was not at all convinced or comforted by the Secretary of State's comments in his introduction to the debate. He was quite woolly on the subject, and the Committee will no doubt want to investigate that carefully. The House should fight back and do whatever it takes to remove that EU enforced exemption and to take control of this Parliament away from unelected EU Commissioners.

We must find a way to reject EU laws that prevent auto-enrolment into GPPs and would, as Age Concern points out, fatally undermine the principle of the Bill by encouraging employers to side step contributions in to personal accounts. That loophole must be closed.

The Bill should protect members from excessive charging and from poor investment performance. Clause 62(2)(d) sets out that

"the cost of membership of a scheme...should be minimised".

We need to hold down scheme costs to an annual management charge of no more than 0.3 per cent., and less if possible. That limit should be specified in the Bill. We have specified the 3 per cent. that employers must pay, as well as many other things. Why cannot we put a specific limit on the costs?

People must feel that saving in their personal accounts is totally secure and good value, or else the accounts will fail. People will not have that confidence at a time when, sadly, they doubt the integrity of political parties. Public trust in politicians and Government is at an all-time low, so promises from politicians will not help. People must have clear, unequivocal and permanent guarantees that their money is safe in personal accounts and that they will benefit from saving in them and not be punished through the means-tested benefit system.

Advice will be crucial, as we have heard this evening. It is in society's best interests for the Government to ensure that good financial advice is readily available to everyone, and particularly the low-paid, as they plan for retirement. If people receive good advice and have confidence, we may see personal accounts dramatically improve the levels of pension savings in the UK. That is what we all seek. That will lead to far fewer people retiring into relative poverty and falling on to means-tested state benefits in the future.

Finally, as I have said before, it is time to take the politics out of pensions and to give pensioners the decent deal that they so richly deserve. If the excellent people of Castle Point allow me, I will fight for the better pensions that they need month by month and year by year. I will fight to force this Government—and the incoming Tory Government whom I expect at the next election—to give current and future pensioners specific delivery of the better pensions deal that is promised by the Bill and that is so long overdue.

8.19 pm

Richard Burden (Birmingham, Northfield) (Lab): It is a pleasure to follow the hon. Member for Castle Point (Bob Spink). I had some difficulty in reconciling his plea to take the politics out of pensions with the content of his speech, especially the early part. Time prevents me from rising to most of his points about the Government's record. I simply say that, if he was present at the start of the debate, he would have heard my right hon. Friend the Secretary of State referring to our commitment to restore the link between pensions and earnings from 2012. He may also have heard the rumble of discontent that emanated from the Opposition Benches. I heard one hon. Gentleman

saying that the commitment would bankrupt the nation. If there is to be a shift in Tory policy, perhaps the hon. Gentleman should take account of it.

The Bill represents the second stage of implementing the sort of proposals that emerged from the Turner review, and it has much to commend it. The problems, as many hon. Members have said, are stark: more than 7 million people do not save enough for their retirement, and only half those aged 35 or over and only one sixth of 20 to 24-year-olds are saving for a pension. The problem is most acute among low and medium earners.

The Bill introduces several measures to tackle the problem, including reforming private pensions saving to ensure that qualifying workers are enrolled automatically into workplace pensions and providing for compulsory minimum employer contributions. There is much to commend both proposals, but I ask my hon. Friends on the Front Bench to take seriously some of the points that have been made, especially about the level of contribution. As my hon. Friend the Member for Aberdeen, South (Miss Begg) said, there may be a case for staging the amount, but it is important that we take seriously the point that my right hon. Friend the Member for Birkenhead (Mr. Field) made about not allowing a minimum to become a maximum.

Although there is much to commend automatic enrolment, the relationship between that and means-testing is a genuine problem. There are no easy answers and anyone who pretends that there are has missed the point. In addressing the problem, I ask my hon. Friends on the Front Bench to consider a couple of matters. First, when the pension credit was introduced, its main thrust in the 1997 to 2001 Parliament was an incentive to save. Over time, it was merged with the minimum income guarantee, so that when people refer to the pension credit today, they tend to mean the lower rather than the upper element of it. There may be scope for reconsidering and perhaps rediscovering some of the early purposes of the pension credit to try to deal with the problems.

Secondly, and perhaps more radically, I was struck by the point that my hon. Friend the Member for Blackpool, North and Fleetwood (Mrs. Humble) made when she rightly asked the Secretary of State to examine the position in Sweden and the value of good pension forecasts covering all elements of pension provision. The answer given was that, although there was something in her point, the pension structure in Sweden is different, and based much more on state provision. There are times when we should reassess the balance between state and private provision. Perhaps we can learn one or two things from the position in Scandinavia.

I mainly want to concentrate on confidence. My right hon. Friend the Member for Birkenhead spoke graphically about the "walking newspapers" of the families of the 125,000 members of collapsed schemes. If their position had not been addressed, there would have been a gaping hole in confidence in pension provision in this country. I want to add my thanks to Ministers for grasping the nettle. I especially thank the current ministerial team, but I want to say something about previous Work and Pensions Ministers—one of them, now the Minister for Competitiveness, has just sat down on the Front Bench—because although I, and doubtless others, crossed swords with them for many years about the need to do more, it is fair to acknowledge that they were trying to do what they could at the time. I therefore pay tribute to their efforts, but particular credit must go to the current ministerial team for grasping the nettle and concluding the years of campaigning just before Christmas.

The matter says something about the way in which we achieve political change in this country. It was partly to do with Ministers and partly to do with colleagues in this place, who maintained the pressure, month in, month out and year in, year out; it was certainly to do with the unions, which kept up the pressure and the campaign from outside, and with the tireless campaigners outside this place. It is worth mentioning Ros Altmann and her campaigning. Her representations were not always comfortable, but she was tenacious and her commitment is unquestioned. Ros Altmann urged us for years to consider the position of the existing assets of the failed schemes and putting them to use. That became a vital part of the Young review.

Most of all, we need to thank and pay tribute to the members of the collapsed schemes. Kalamazoo, one of the firms whose pension fund collapsed, is in my constituency. Members of that pension fund and those of other schemes, such as that of ASW, put in effort at which many of us can only marvel at a time when they were worried about not only their futures but security in retirement for their families. They kept up the pressure and refused to take no—or even maybe—for an answer. People such as Peter Wheeler and Brian Mealings, former Kalamazoo employees, were at the centre of the campaign from the word go. It is right to pay tribute to them.

All the people whom I have mentioned played a role in bringing the issue to a conclusion. As I said, that says something about the way in which we achieve political change in this country.

I welcome much of the Bill. Many hon. Members referred to the detail—doubtless, many issues will be considered further in Committee. The measure will provide a framework for stronger pension provision than we have had for some time. However, difficult decisions will still need to be made, not only about what is right but about the protections that will be needed—not tomorrow or next month, but in 20, 30 and perhaps 50 years. That will need to be combined with decisions about what is affordable.

There are many issues to consider, but I want to refer briefly to Baroness Hollis's proposal in another place. The Government presented a powerful argument about the affordability of her proposal and whether it would achieve the intended aims. However, the problem of women's pensions remains. If the method of tackling it in Baroness Hollis's proposal is not correct—it may not be—it nevertheless remains unfinished business. I hope that, as the Bill proceeds, Ministers will revert to the issue and tackle it in the coming weeks and months.

8.27 pm

Mr. Graham Stuart (Beverley and Holderness) (Con): It is a pleasure to take part in the debate and to follow the hon. Member for Birmingham, Northfield (Richard Burden).

The debate is against a background of pension tax, which devastated and undermined what at least one Labour Member recognised as one of the strongest

[Mr. Graham Stuart]

pension systems in Europe. As my hon. Friends have said, we have witnessed the calamitous loss of defined benefit pension schemes, partly as a consequence of such undermining. The hon. Member for Nottingham, South (Alan Simpson) powerfully showed that under this Government a massive escalation in personal debt has eclipsed the amount of national wealth created in a year. We must consider the Bill, which appears to be fair and on which a degree of consensus has been built up, against that backdrop.

The Secretary of State tried to use the consensus, which is based on the need to encourage saving for the future because things are so uncertain in the future, like a hammer to oppose anyone who questioned him. The consensus is that those with the least in our society need to have a stake in society and security in old age, but that will not come from filling in long, complicated documents to obtain their council tax benefit, to pay their rent, to purchase food or to buy a present for their grandchildren. That is the current situation, when 1.5 million or more pensioners who are eligible for benefits do not claim them for reasons that hon. Members on both sides of the House decry.

When the Minister for Pensions Reform winds up the debate, I ask him not to suggest that anyone who thinks that there are problems with the specifics of how the Bill will work is engaged in political point-scoring, which is the last thing that anyone wants to do. I am certain that my hon. Friend the Member for Epsom and Ewell (Chris Grayling) did not seek to do that in his measured, solid and serious contribution to the debate, which, sadly, followed a weak effort, which would have been hilarious if the issue were not so serious, by the Secretary of State. The Secretary of State's contribution was poor.

Mr. Mike O'Brien *rose—*

Mr. Stuart: I will press on, because I want Ministers to tackle the substance of the issues.

When the Minister for Pensions Reform intervened on my hon. Friend the Member for Epsom and Ewell, he sounded angry and indignant that anyone would suggest that there is an issue with low-paid people paying in for long periods of their lives when they cannot afford it and ending up with no benefit at the end of their lives. Surely Labour Members have some care and some concern—the old Labour party would have done so. Perhaps Labour Members of 20 years ago would have shown more social conscience.

Few current Labour Members have worked in the private sector. It is outside their safe, cosy work environments, which are normally very close to the Labour party, so they have no idea about the harsh realities for the people whom the Labour party traditionally sought to represent. The abnegation of responsibility for those people and the failure to tackle means-testing are the central problems.

Let us consider the reality in small firms. Again, I understand that Ministers have no understanding of what it is like to run or work in a small firm, because so few Labour Members are involved in private business. The 3 per cent. contribution by small businesses may have a serious short-term impact, as the final Pensions Commission report stated, but ultimately it will come out of what would have gone in pay to the employee. The money will not magically appear from the employer's secret pot. Employees of small businesses are often on low earnings and might have student debt or credit card debt, which has been promoted in the past few years. The employer will have a conversation with an employee who earns £16,000 a year about whether that employee should take out one of the pension schemes. Can any hon. Member on either side of the House say that they would advise someone who earns £16,000 a year and whose career trajectory does not suggest that they will ever earn vastly larger sums that they would be better off contributing towards the scheme, when we have no vision of a future picture of means-testing?

The Secretary of State lashed out angrily, but he gave us no light. We need certainty and a consensus on what will happen with means-testing over the next decade so that people can make a rational decision about whether they should proceed. The truth is that many people who should be saving for their pension will not do so, because it will become known that it is not a wise thing to do. Ministers have singularly failed to tackle that issue.

Turning to the powerful and devastating speech by the right hon. Member for Birkenhead (Mr. Field), we are at risk of a double whammy. Ministers are laughing, because they are so out of touch with ordinary people that people making contributions and losing out is of no matter to them. They say, "The consensus is all. We must be seen to take action." We face levelling down, because the minority who currently have decent pension provision in the private sector will see it decrease and the contribution by employers reduce in tough times. At the same time, those who should not be contributing to such a pension will be doing so out of very low earnings, when they have high levels of personal debt and their personal situation does not suggest any long-term benefit to them. They will do so, and will lose out. If Ministers do not take some of the issues raised across the House seriously, we could end up with a Bill that causes double damage to the British pension system.

Another topic that we have not heard anything about—I will be interested to hear from the Minister about it later—is protection. It is easy for us in this House to say, as the hon. Member for Aberdeen, South (Miss Begg) and other hon. Members did, that pensioners must be protected. Quite right. We all want them to be protected, but how will they be protected? What is there in the legislation that gives them protection? We have heard the rosy views of Ministers about what the return will be on the investment of the moneys put into this fund, or some aspects of it, but what if those returns prove to be disastrously poor? What guarantees are there? We could end up with a triple whammy, where people on low earnings who have made a contribution receive very little back, and who end up finding that the money they have invested has also done extremely badly, so that they lose out yet again. It is a serious issue, and I hope that the Minister will return to the question of what we can do to guarantee the benefits for people who invest in such a way.

I have to disagree with my hon. Friend the Member for Castle Point (Bob Spink), who suggested that it should be easy for us to support the idea of people being able to contribute lump sums—although he did

say, to be fair, that they should do so with the right advice. Having read the Bill, and on the basis of the provisions we have seen so far, we can have no certainty about such advice being properly available for those who are most vulnerable and likely to take a bad decision. Without that certainty, and reassurance on that point, we should not support a measure involving lump sums.

The Secretary of State talked about auto-enrolment. He said that it would be extremely difficult for someone to opt out. We have just talked about the many people who could find that it is not in their financial interests to opt in finding it extremely difficult to opt out. I would like the Minister of State to expand on what is meant by that, and on what the mechanics will be to prevent it from happening. I expect that there will be a form. Many employers of people on low earnings, or of part-time workers, women workers or people with broken careers, would be quite likely to have such a form available in a filing cabinet. They will pull it out, put it on the table and say, "What do you want to do about this reduction of 4 per cent. from your earnings, then?" The answer will be, "I'd rather not have that loss of 4 per cent. when I've got credit card debts, Christmas coming up and I'm in serious financial difficulties trying to look after my family."

The truth is that such a form will be on the table. It will not be extremely difficult; people will just sign it. We then have the prospect of Ministers of this Government—it would be sad if they were still in power—desperately going round trying to prosecute employers for their irresponsible encouragement of people opting out of a scheme, which, as far as their employees are concerned, is highly unlikely to be of benefit. I will be interested to hear the Minister respond on that point.

It is in the detail that we will find out whether more people will benefit from the scheme than lose out because of it. Much of that detail is left to regulation, and we could do with hearing from the Minister—we did not hear from the Secretary of State—about whether regulations will be subject to affirmative resolution, or whether the Government will be able to push such measures through. This matter will be of enormous importance for millions of people for a long time, and it is important that the House scrutinises any regulations made by Ministers.

The right hon. Member for Birkenhead described this Bill as dangerous. He suggested that there was a chance of a serious mis-selling scandal, but there would be no one to take to court over it, apart from a discredited Government who would be long gone. That is no position from which to move forward on the basis of consensus for the long-term benefit of people in this country, not least those who have least, whom we should be concerned about the most. One would have thought that a Labour Government would be concerned, but, as my hon. Friend the Member for Castle Point pointed out in his powerful speech, the amount spent on the elderly by the Government as a percentage of GDP has reduced over time. This Government need to take seriously all the contributions made, and the criticisms of the current situation, if we are to have a proper set-up for the future.

8.39 pm

Dr. Nick Palmer (Broxtowe) (Lab): If the previous two contributions from the Conservative Benches reflect a wish to take politics out of pensions, I would not like to see the Opposition in partisan mode.

One thing that has not been said yet is that we should give credit to Adair Turner, as well as to the Government, for the degree of consensus that has been achieved. Despite all the criticisms that we have heard today, they focused on the detailed implementation of the scheme, but a couple of years ago I would not have put money on our achieving any consensus on the structure at all. It is worth recording that before moving on.

I should like to make three points. The first is about the issue that has preoccupied many hon. Members who have spoken—the interaction with pension credit, housing benefit and council tax benefit. We are all familiar with the arguments about means-testing in general. There will always be a trade-off between spreading whatever money we have thinly and concentrating it on the people most in need, with the risk of creating a trap if they then receive additional income. That is a long-standing issue. It is not trivial and it will reappear in other contexts. However, we should be clear that all such devices are designed as a safety net. Nobody sensible aspires to ending up on housing benefit and council tax benefit, which are there in case things go wrong in people's lives.

A constituent once told me that it was not fair that she contributed so much in tax to the national health service, because she had never been in hospital. I told her that it was good news that she had not been in hospital and that the NHS was there as a back-up in case of bad news. We do not tell people considering signing a personal account that a huge profit is guaranteed at the end of their lives; rather, we say that if their careers follow a normal pattern—even a low-earning pattern—and they contribute over their lifetimes, the probability is that they will be glad that they did so. However, if things go horribly wrong, either in people's investments or their personal lives, that safety net is there.

That is a reasonable package, although I appreciate that there are issues for people who are close to retirement when the scheme comes in. In the interests of securing a high take-up for the scheme, we should try to address the concerns that have been expressed today.

Mr. Gregory Campbell (East Londonderry) (DUP): The hon. Gentleman talks about the safety net and I take his point on board. He refers to our telling vulnerable groups—women, low earners and people in part-time employment—that the safety net is there, but does he not understand that, for various reasons, those people do not listen whenever we say such things? All our cogent and logical arguments are lost on many people, for an abundance of reasons that we all understand. Therefore, however logically we put the case, many tens of thousands of people will miss it.

Dr. Palmer: That is right, which is one of the arguments for the opt-in. We believe that there is a logical and serious case, which many people for whatever reason do not take on board, so it is reasonable to make it the default position that they become part of the national

[Dr. Palmer]

pension scheme, rather than staying outside because of misplaced or other fears and just hoping for the best. However, as I was saying before the hon. Gentleman's intervention, we need to do what we can to reassure people on those points.

The second issue that I should like to raise is employer evasion. We are making the scheme compulsory for employers, but we are all aware that some employers will, for good or less good reasons, seek to minimise the number of employees for whom they pay a 3 per cent. contribution. As I mentioned in an intervention on the Secretary of State, it seems reasonable to ask in Committee why employers are being given a financial incentive to encourage their employees to opt out. Why should not every employee be part of the national scheme? The optional element would be paying the 4 per cent. and receiving the 1 per cent. tax rebate; the 3 per cent. would be paid by employers regardless. From the employers' point of view, the issue would be entirely neutral. They would not be concerned about whether or not people signed up—that would be a matter for the people concerned—and there would be no risk of the "wink and nudge" influencing people. I agree with the hon. Member for Beverley and Holderness (Mr. Stuart): employers will have a sheaf of forms to offer employees asking them whether they want to be part of the scheme, and the less good employers will nudge them in a way that is impossible to prove or to catch.

I am pleased, as I know my trade union colleagues will be, that agency workers are covered by the proposals in what I consider quite an elegant way, but there remains the problem of self-employed workers. We all know of the increasing tendency for some companies to farm out important elements of their operations to people who are at least nominally self-employed, and we do not want to reinforce that tendency by giving an additional incentive for the establishment of such arrangements. However, it would be helpful if there were ways of bringing self-employed people into the scheme.

My hon. Friend the Member for Blackpool, North and Fleetwood (Mrs. Humble) referred to the Swedish yellow envelope scheme. In today's debate, we have still subliminally accepted the traditional model according to which people spend most of their lives working for one employer, but that is now very much the exception. The norm is that during their lives people work for a number of employers, perhaps a dozen or more, experiencing voluntary or involuntary interruptions in their employment. In such circumstances, it is easy for people to lose track of their pension rights. The attraction of the Swedish scheme, as I understand it, is that people receive annual statements providing an overview of their position.

I appreciate the Secretary of State's point that in the absence of a defined benefit scheme it is not possible to tell people that, in the present circumstances, they will receive X pounds a week. However, they can be told "Here is an overview of what we have on record for the pension schemes to which you have contributed so far, and a statement of the current assumptions of what that could lead to", with all the usual provisos issued by pensions firms; only the Government, or a Government-appointed agency, could do that.

It would be a real, visible, concrete service to British citizens if, as part of the package of being British, they received a statement from the British Government every year telling them where they stood in terms of pension provision. I think that it would stimulate saving without imposing an administrative burden on pension funds. They have to collect the information anyway; it is just a matter of passing it on. I believe that this is something we could do to help people make sense of the complex world of personal finance—which, up to now, many have struggled to do.

8.48 pm

Steve Webb (Northavon) (LD): I shall focus on just one issue in my brief speech. I shall return to where the Secretary of State began—the issue of women's pensions, which has been touched on throughout the debate.

I want to be helpful to the Government for two reasons. I thank the Secretary of State and, through him, his officials for the constructive dialogue in which I have been able to engage with him in recent months on a range of matters related to women's pensions, and for the efforts that he is now making to help resolve some of the technical problems connected with home responsibilities protection. I thank him and his officials for their constructive approach. However, he has, with due deference to the noble lady, what might be called the Baroness Hollis problem. Last summer, the Government were defeated in another place in the attempt to do something about the 2010 pension changes and the issue of women who retire before 2010 on a much less generous state pension regime. Baroness Hollis came up with one suggestion that the Government said they would do something about. They looked at it and have said that they will not do something about it. I want to offer the Government a way out and to offer my solution to the Baroness Hollis problem. I do so in a constructive spirit and, as the Minister knows, I will be happy to speak to him at great length about it if he wants.

After the announcement in the Lords that no progress was going to be made on the issue, Jackie Ashley wrote a column in *The Guardian* on Christmas eve describing what a problem this was. As I had nothing else to do on Christmas eve, I wrote to *The Guardian* and my letter was published a few days later. I pointed out that there were a set of women with gaps in their national insurance record who could do something about it now if only they knew about it. Interestingly, I read *The Guardian* letters column a few days later and found that a citizens advice bureau manager had written to say that I was right—it was a good letter, obviously. She said that even she had no idea that people could fill their national insurance record gaps on those special terms because the system was so complicated.

Baroness Hollis is trying to address the problem arising from the fact that many women are approaching, or have passed, pension age, have gaps in the national insurance record and could fill them, but have not done so. We need to use the existing mechanisms to enable women to fill those gaps.

As the Secretary of State said at the start of the debate, women—we are principally talking about women—can fill up to 12 years of contributions' gaps now. We

are in 2008, and one can pay back for any of the last six years, which takes us back to 2002. Between 1996 and 2002, there was a different mess; the Government were not telling people about such gaps in the national insurance record. To make up for that mess, there is a special scheme that allows people to pay back from 1996 to 2002. The problem is that lots of people do not know about it. I have set myself the goal of trying to find them individually. This might be slightly adventurous and I would like to enlist the Minister's help in the process. I have found a few so far, but there are a few still to go.

My serious point is this: the Government hold records on everybody's national insurance, so they hold records on all of those women who have gaps in their records for the years for which the special scheme applies and since then. If those women knew that they were entitled to fill the gaps in their record on these very favourable terms, many would do so. I have found dozens of such women who, when we have told them about the scheme, have found they could get, literally, free money. They have found out that they could pay a couple of thousand pounds in back contributions and earn £3,000, £4,000 or £5,000 in back pension. The scheme is so generous that the Government do not even ask them for the money and simply pay the difference.

I have had the pleasure of ringing up women the length and breadth of Britain—I have had several proposals of marriage—and helping them to discover that they could have free cash and a bigger pension. The problem is that the Government know exactly who they all are. They never told one set of women and they told another set but only once, several years ago, and in a somewhat complicated way. All those women have that latent entitlement that they are not taking up. The Baroness Hollis problem—the problem of lots of women with incomplete records who could fill them—could be made much better if the Government were to access their own records proactively and contact the women who are missing out.

Very briefly I shall identify the two groups about whom I am most concerned. The first are the women who did not get a letter from the Government telling them about gaps in their record. Such women are perhaps atypical now but are typical of a generation of women who left school at 15, worked full-time and paid some national insurance, left work to have children, went back for a period and paid the married woman's stamp, but perhaps stopped altogether when they had other children. They might work in Oxfam, or they might care for an elderly relative. Basically, their working lives stopped in 1980. In other words, they have a dirty great gap in their contribution record.

A few years ago, the Government took the view that they would not tell these women that they were entitled to fill the gaps in their record on very favourable terms. The scheme is brilliant and the Government know all the women who are entitled to it, but they chose not to tell them; they did not write to them. This set of women could benefit if the Government used their own information to tell them. I am not asking for legislative change. All the information and powers are there and the Government just need to tell the women. Even if the Government were simply to prioritise those who have most to benefit from the scheme, that could help a lot of the women whom Baroness Hollis is concerned about to get better pensions.

The second group is the women the Government did write to in 2004-05. Some of them responded, but, even on the Government's own figures, tens of thousands have still yet to respond. There is a ticking time-bomb in that there is a deadline, as the Minister well knows; the scheme will run out by 2009 or 2010. There are lots of women out there who could take advantage of it. I find them practically every day—the Minister looks mildly sceptical, but I can give him names and addresses. Practically every day I find another woman who could take advantage of the scheme and who received the initial letter and either did not understand it or, crucially, received it at a time when it was not right for them to respond. They might have been 60 when they received it and they did not have the £2,000 but they are now 64 and it is worth their while to respond, as they will get the offset and they will end up in cash. So it was right for them not to respond when they received the letter, but I would bet any money that they binned the letter because they thought, "I haven't got thousands of pounds," instead of putting it in an envelope marked, "Open again in 2008 when it is worth while." The Government know who those people are.

There are a lot of women of the type whom the noble Baroness is rightly concerned about—as is the Minister, and as am I—and whom the Government could help without a massive spending commitment. Of course, some money would be involved.

John Barrett (Edinburgh, West) (LD): Will my hon. Friend give way?

Steve Webb: I had better not, as I am pressed for time.

The critical point is that the Government know who these people are; they have their records. Even if they identify only those who could most benefit from the existing schemes, they would do a huge amount to address the concern that is felt in all parts of the House about women who have incomplete records, often because they have done something that was very worth while which has not been reflected in their pension benefit.

8.56 pm

Ms Sally Keeble (Northampton, North) (Lab): I also want to pay tribute to Front-Bench Members for their outstanding work in tackling pensioner poverty, and in particular in dealing with issues to do with women's pensions. My hon. Friend the Member for Grantham and Stamford (Mr. Davies) said to me earlier that there are many men in the low-income pensioners pot as well, which is of course right, but the figures show that the pensioners who are in poverty and who particularly miss out are overwhelmingly women.

The Government have done two particular things to help them. One is the much-reviled means-tested benefits, especially pension credit and the minimum income guarantee; many of those payments have gone to women pensioners and have been responsible for lifting them out of poverty. The other was to commission the Turner report, which produced excellent proposals on women's pensions. It highlighted two issues. First, it identified

[Ms Sally Keeble]

that one of the main reasons why women pensioners were poor was that they were not qualified for the state pension. In the last round of legislation, that was addressed by reducing the number of years needed to qualify. In addition, there is, of course, the changing demographic profile and the change in women's status which means that more of us now work for longer. As a result, by 2025 more than 90 per cent. of us will be entitled to a full state pension. That is a major plank in getting women pensioners out of poverty.

The second particular cause of pensioner poverty for women that the Turner report identified was the fact that many women do not have pensions linked to their work—in the past, the term for that was occupational pensions. The Bill is particularly important as it will bring in the mechanism that will give women—especially those on low incomes—pensions that are linked to their work. That obviously raises a lot of issues, which I want to discuss. It will impact on their ability to get means-tested benefits, which have kept up women's income in retirement. However, it is right that we say that there will have to be a fundamental shift in pension provision such that people start to save even if they are on a low income. That will mean that people will have to start looking at saving, which will be the ultimate way in which they will achieve security in retirement.

Members have talked about incentives to save, and as I know from personal experience, the best incentive is to say to people, "You put so much in the kitty and your employer will have to put in so much, and the Government will put in so much." That is a basic incentive to save. I speak as one of those women who missed out on their state pension, for all the reasons that the hon. Member for Northavon (Steve Webb) identified.

I want to touch briefly on three of the various issues relating to personal accounts, which I hope Ministers will look at. It is important that personal accounts work for people on low incomes who have never saved for their retirement before, particularly women. I understand from looking at the figures that people will get the full benefit of personal accounts only if they have their basic entitlement to a state pension; it is not a requirement—it is just the way that the figures work out. That is why it is particularly important that in paving the way for this provision we ensure that pensioners can buy back missing years. I take the point made by the hon. Member for Northavon about the schemes that are open; when people get such letters—I get them—they think, "I'll worry about that later." It is important that the issue be dealt with so that women can buy back the missing years from the early years of their employment, which are often the years that they miss. They also need to be able to buy back enough of the years to ensure that, if they have the means, if it suits them and if they think it the right thing to do, they get the full state pension. I will not go into the figures in detail now because my time is limited.

Secondly, the provision must work for women who have more than one job. Women in my constituency who have always worked and have a record of being in paid employment will often make up their income package through a basket of different jobs, all of them quite small and some of them not very well paid. It is particularly important that those women also get the full benefits of the personal accounts, which perhaps means some tweaking of the requirements.

Thirdly, perhaps women should be able to vary the amounts that they pay into personal accounts, so that they can buy back years when they were unable to pay in as much. Women's employment goes in peaks and troughs—often troughs. When one occasionally hits the grassy uplands of having some money, it is very important to be able to make provision for one's retirement, particularly given that, as we know from research, women, when there is choice between their pension and their children, have a tendency to ensure that their children get the money. We therefore need to ensure that the patterns of how women save and work are properly reflected in the structure of the personal accounts. It is particularly important that these accounts perform the miracle of getting people who do not have a track record of saving to save not for a rainy day, for a holiday or for their children, but for their retirement.

We must also make sure that while this is going on, other elements of what the Government are doing do not damage women's pensions. Let me give an example. A constituent came to see me—she is between 60 and 65 and her husband is over 65—to explain that the tax on her quite measly pensions is doubling. She is losing the 10p starting rate, which is going up, and she will not get the benefit of the increased personal tax allowance for pensioners. So whereas this year she is paying, as it says in a letter that I wrote to the Treasury, a total of £132 in tax, next year she will pay £261.40 on her pension income of £6,545.20.

I ask that while we do all this good stuff through the Department for Work and Pensions and this legislation to bolster women's savings, we ensure that other bits of Government policy do not penalise women because of differences in retirement age and such like. It is not enough to say that the husband gets the benefit, because the argument about women's pensions is about poverty and equity. Women expect to be treated as individuals when they have retired as well as when they are employed. With those caveats, I welcome the Bill. I hope that we can fine-tune those small bits in Committee to make it work for women.

9.5 pm

Mr. Gregory Campbell (East Londonderry) (DUP): I join other hon. Members in commending the Ministers and officials responsible on the successful outcome on the collapsed pension scheme. The broad thrust of the Bill is imaginative. The time bomb that has existed for many years was, as several hon. Members said, like a nettle that had to be grasped, and the Government are to be commended on grasping it.

None the less, my concern about vulnerable groups has not been assuaged, even though I have listened to Ministers and various Labour Members elaborating on it. Many hon. Members have said that we are talking about a group of people who have no interest in pensions. The people involved are mainly female, many of them are in low-paid and part-time employment, and some of them are in periodic bouts of employment. No matter how much we say that an interest in pensions is desirable and beneficial, and is in their own financial interests, they are simply switched off to the concept.

Until we change that mindset, and however much we establish even the automatic enrolment, if an opt out is available on the basis that a small employer finds that it would be advisable and advantageous, at least in the short term, for the employee to avail of it and that that would save the firm and the employee some money, and if it is a matter of signing one or several forms, the onus and incentive will be on that employee, who may have no interest in the concept anyway, to sign the form to secure what they believe to be a short-term gain.

Many other employees stand to benefit if gaps can be filled through the delivery authority. More clarity is required in that regard and I hope that will be provided as the various stages of the Bill unfold. We need to get a Government response on an issue that has been raised by several hon. Members. If we go through the pain—I believe that it is right to do so—of automatic enrolment and we help most people in society, that will be good and beneficial. However, if a hard core of female, part-time and low-paid employees see this as not being a desirable process for them to engage in, if we miss them and still do not target them, and if they are being told, and they are saying, that there is no point anyway because they will be no worse off opting out from a process that they do not feel part of anyway, that will only compound the problem that the Government tell us they are attempting to address. I want to see and hear more tangible ways of ensuring that that hard-to-reach section of employees will be reached as a result of the Bill. If we can achieve that through a process of Government engagement with the various parties, that will be progress made.

I listened with some interest to the hon. Member for Northavon (Steve Webb) who spoke of the women who do not have pension entitlement because of the national insurance contributions issue. I hope that the Government will respond positively to those points, but if they do not I and other hon. Members will be in touch with the hon. Gentleman to see how we can help those women. The Government should be targeting and writing to those women to ensure that they get their entitlement.

If the points that I have made can be met, I hope to be able to give my unambiguous support to the Bill. As things stand, I welcome the measure in so far as it goes.

9.10 pm

Mr. Quentin Davies (Grantham and Stamford) (Lab): I shall start with the Opposition, because we had a truly characteristic and classic performance from their Front Bench this afternoon. We heard a lot of vituperation and aggressive epithets, but no policies, no ideas, no commitment and no sense of conviction. I shall give some concrete examples.

We all know that means-testing is a problem and poses potential difficulties, but should we have it or not? We heard a litany of complaints about means-testing, but no indication of whether the Conservatives would abolish means-testing or increase its use. We all know that generic advice is not ideal and it would be splendid if we could pay for everybody to have customised advice. The Opposition complained about the generic advice proposals in the Bill, but they did not say whether they thought that the taxpayer should pay—*[Interruption.]* They do not like being criticised, but they must understand that they will be. I see that the Opposition Chief Whip is now to be my audience on behalf of the Opposition. We never heard what their view is on generic advice. Would they prefer the Bill to provide for customised advice? In that case, who would pay for it? We did not hear that. Or do they want no advice at all? I presume that that is not the case.

Another example is automatic enrolment, about which we heard much from the Opposition spokesman. He mentioned it over and over again and appeared to be totally against it, but he never said that he would table an amendment to remove it from the Bill. There was a complete abdication and a void where we should have heard some solid and concrete proposals from the Opposition if they want to be taken seriously. It is no use just complaining about things or saying that life is not perfect. We all know that life is not perfect. Compromises have to be made and decisions taken. If one wants to be in government, one has to be prepared to face decisions and come down on one side or the other. We had none of that.

By contrast, the Government deserve to be congratulated on the Bill. It is a historic Bill. It is the first time in our history that we will have a contributory pension scheme that covers the whole work force, every man and woman who is working, unless they specifically opt out. That is a special moment in the history of pensions in this country. It means that everybody who is working will have a stake through the contributory pension system and the equity market in the prosperity of this country. Indeed, through the international equity market and diversification, they will have a stake in the future wealth of the world, and that is enormously important.

In another important achievement, the Government have succeeded in doing something that no other Government have even attempted, which is to provide for compulsory employer contributions. What is more, the Government have managed to do so through negotiation, and that is a fine achievement. Many people would not have put the Government's chances of success very high, but they have succeeded. It is against that background that I wish to make one or two points on issues that are left open by the Bill.

We all agree that there is a problem with means-testing. Some people should not contribute under the scheme because they would be better off relying on means-tested benefits. But the important point is that they are in the minority. It would not be sensible to throw the baby out with the bathwater and say that because that minority will not benefit we should deprive the majority of these new, positive measures. It is however right that some flexibility should be provided, and the Government have done so in allowing people to opt out and through the provision, which the House has so far rather missed in the Bill, for trivial commutation. However, the amount is not actually trivial; it is £16,000.

To take a concrete example: at 8 per cent. the total contribution of someone on £20,000 will be £1,600 a year, so it would take 10 years of cash contributions to reach £16,000. Making a reasonable assumption about the normal market return of those contributions, and as compound interest is rather low at the beginning of a contributory scheme, it would be about eight years before there was any danger of someone losing contributions at all now that the Government have provided for a so-called trivial commutation level of

[Mr. Quentin Davies]

£16,000. That gives people a long time to think again in the light of changing personal circumstances or different rules about means-testing or pension contributions.

Finally, I should like to express something that the Government may not be able to say so easily. I have no idea what is in their mind on the matter and no idea of the substance of their discussions with the CBI and employers organisations, but it seems to me highly desirable, and natural over time, that the 3 per cent. compulsory contribution by employers should increase. The Australian superannuation system is interesting. It started at less than 3 per cent.—it may have been only 2 per cent.—but has risen to 9 per cent. over many years; there has been only a slight increase in the burden each year so that it could be absorbed. The House will see immediately that in so far as the compulsory and global contributions increase from a total of 8 per cent. at present to 10, 12 or 15 per cent., we will reach a point when not only will the proceeds of the sums invested through the contributory scheme in terms of an annuity available on retirement be much more significant than at present, which is highly desirable from all obvious points of view, but the means-tested problem will have been relatively eroded over time. Fewer people will find themselves in the perverse situation of having no incentive to contribute to the scheme.

It would of course be highly desirable if the Government could make sure that in future there will be no increase in means-testing, as that would go against the whole logic of the scheme. I congratulate them on a major move forward in that regard, for which they received little credit in the debate—deciding to restore the link between earnings and the contributory national insurance pension. That is an anti-means-testing measure and will enable people to improve their pension income globally without its being negated by the loss of pensions elsewhere through the means-tested system.

9.17 pm

Hywel Williams (Caernarfon) (PC): We welcome the Bill, albeit with some reservations. Many of us have long awaited consensus on pension provision after the difficulties and complications of the past 25 years, beginning with the Thatcher Government's disastrous decisions about the state earnings-related pension scheme and the breaking of the link between pensions and earnings.

In the interim, pension provision, particularly for the least well-off, has too often been characterised by confusion, missed opportunities, mis-selling and sharp practice or, disastrously, no provision at all for many people, including many of the self-employed, some of whom are my constituents. That has left pensioners with a well-founded sense of grievance.

Unfortunately, public trust in pensions in general has been undermined, which is reflected in the growth of forms of investment that are obviously less safe. Recently, I was ill for a week and watched some daytime television, I was amazed and dismayed by the property programmes, because so many people thought that investment in what looked like extremely dodgy foreign property would be a more desirable nest-egg than investing in a pension.

The Bill has particular relevance for Wales and Scotland. In Wales, we have proportionately more pensioners and lower pensioner incomes, and there is significant under-claiming of means-tested benefits. Twenty-two per cent. of Welsh people are over 60 and the number is projected to rise to 29 per cent. in 20 years' time. Many of those people will be very elderly and, as we know, elderly people have smaller incomes.

Pensioner incomes in Wales and Scotland are lower than those for the UK as a whole. Let me give some figures for the past three years. The net income per week for pensioner couples is £338 in Wales, £347 in Scotland, £365 in the UK and, interestingly, £445 in south-east England. Single pensioners' net weekly income is £164 in Wales, £170 in Scotland, £171 in the UK as a whole and £189 in outer London. Obviously, we would welcome any steps towards improving pension provision, particularly for the less well-off. I have not even taken account of lifespan issues, which are particularly relevant.

I am glad to say that there has been great progress in reducing poverty in Wales in the past 10 to 15 years, not only in income terms, but through measures such as free bus travel for pensioners and free prescriptions for all. In 1995, a quarter of low-income households in Wales were pensioner households; now it is a fifth. The figure is down from 25 per cent. to 20 per cent., which is welcome. However, 150,000 pensioners in Wales are still in poverty. Significantly, 30,000 of them would be lifted out of poverty if they took up in full the means-tested benefits to which they are entitled. I shall make a general comment, as the Secretary of State for Work and Pensions is also the Secretary of State for Wales: given that the Government are irrevocably wedded to means-tested benefits, I would welcome a vigorous take-up campaign to make sure that pensioners take up the money to which they have a right.

Hon. Members will have heard the Minister for Pensions Reform assert in Question Time that the start date will not slip from 2012. I hope that he will not regret those words at his leisure. I also hope that he will reassure the House that employers will not see the Bill as an opportunity to establish a ceiling, rather than a floor—a point that other hon. Members made, too.

I now turn to my main concern, which is the relationship between existing provisions, particularly means-tested benefits, savings and other pension provisions. That relationship can seem fiercely complicated to many people, and that leads to confusion, badly uninformed decision making and subsequent potential loss of income. The advent of personal accounts may complicate matters in the minds of some people. There must be careful consideration of the relationship between personal accounts and means-tested benefits, not least, as has been said, to make sure that it pays to save.

Many years ago, I was involved in advising claimants. Some hon. Members will remember the infamous "better-off" calculations that we used to do, to determine whether people were better off on unemployment benefits or family credit, as it was then called. The calculations were fairly complicated for benefit advisers, but for ordinary claimants they had the character of one of the lesser branches of mediaeval theology; people just did not understand. I repeat the plea for the wide availability of good-quality information. Advice must be available, and not just from the personal accounts delivery authority. As the Minister will know, Age Concern is pressing for

that, as are other bodies. People will need detailed, clear, face-to-face advice, if that is possible. It is expensive, but we are talking about people's income for the far future. The advice should cover all provision, including savings, and not just personal accounts.

Lastly, I have two points of a more local and domestic nature. I shall take this opportunity to make my traditional demand that all the information and advice services in Wales be made available in Welsh and English, particularly given the linguistic preferences of many of my constituents and the linguistic preferences and abilities of some older people in Wales. I urge the Government to liaise with the Welsh Language Board on those matters at an early stage. Finally and happily, I am sure that the Minister will welcome the announcement at the weekend of the appointment of Ruth Marks as Commissioner for Older People in Wales—the very first such commissioner in the world, as far as I know. The commissioner is appointed specifically to work on the remit of the National Assembly for Wales. However, I hope that the Government will assure us that they in London will not raise artificial barriers, but will work closely with the Assembly and the commissioner on matters to do with older people.

9.24 pm

Harry Cohen (Leyton and Wanstead) (Lab): This is a genuine attempt by the Government to tackle the serious problem of under-saving, too few contributors and insufficient contributions. Some 7 million people have not saved enough for their retirement. Half of them are over 35, and only a sixth of 20 to 24-year-olds are saving for retirement. Only 40 per cent. of people earning between £5,000 and £30,000 a year are saving towards their pension, so there is a serious problem.

In the short time available, I shall make some brief points. First, contributions are too low. Turner said that contributions of 8 per cent. would bring about a 45 per cent. replacement rate—someone's pension level, compared with what they earned—which is a long way from the figure of two-thirds that most people regard as acceptable. I think that the figure will be much lower, because someone who has not saved enough at 30 will not get anywhere near 45 per cent. There will be much less for people who have undergone periods of unemployment. The figure depends on unspecified stock exchange gains and on administrative charges being kept down. That might not happen, so it is likely that employers' contributions will have to be increased. The state may have to target measures on low-paid and older workers. Tax relief of 1 per cent. may not be enough, especially for the low-paid.

Those on low incomes are of most concern to me. They may not benefit as they should—in some cases, not at all—from the personal accounts system. People may be ineligible because they are too poorly paid and have multiple jobs. The way in which the system has been set up is wrong. Individuals who are over the lower limit—perhaps they have two jobs—will not receive money from their employers to match their contributions, which is not reasonable. A great deal has been said about the issue of older women, who have sought entitlement to a higher basic state pension. It is not right that the Government should cut their options and not provide that higher basic state pension. I hope that the Government will make a commitment to return with proposals to help those women increase their pension entitlement.

The relationship with the means test is important. There are two splendid articles by experts in the current edition of *Parliamentary Brief*. May I say to Ministers loud and clear that saving must be worth while for low-paid individuals who contribute to personal accounts? It is not right that they should be caught up in the means-testing problem and end up with nothing. I urge Ministers and the Secretary of State to look at the issue to ensure that they get something. Hopefully, the Bill can be changed in Committee or afterwards. I agree with the point that my hon. Friend the Member for Luton, North (Kelvin Hopkins) made about higher-rate taxpayers. The Bill provides for the overall reform of pensions, and for them to be left out so that they can carry on receiving their £21 billion, or whatever—the figure is in the tens of billions—is not right. The overall reform package should be skewed towards low earners so that, to coin a phrase, we end up with pensions and pension tax relief for the many, rather than the few.

The Bill is a laudable effort, but significant reform was required, not just because of the crisis in savings for retirement but because of the other side of the balance sheet. We are going to raise the state pension age, which will go up to 66 in 2024; to 67, 10 years later; and to 68, 10 years after that. Those changes might not have consensus anyway, but they certainly will not if the other side of the reform package is not generous enough. Again, I urge Ministers on the issue. There are still issues of differences in life expectancy and health inequalities, especially for the lower socio-economic groups, and they must be addressed. I am concerned that the raising of the state pension age will affect the poor the most; one independent organisation said that it would be immoral to force the poorer sections of the population to wait longer for their state pensions just to save those who are richer some tax. As I said, the reform needs to be much more substantial for the socio-economic groups at the bottom of the ladder.

9.30 pm

Mr. Nigel Waterson (Eastbourne) (Con): It is always a pleasure to follow the hon. Member for Leyton and Wanstead (Harry Cohen), who always speaks with total conviction on these matters. This has been a wide-ranging debate and I thank all hon. Members on both sides of the House who have taken part.

As we enter a new year, we see that the Government have learned nothing new. The age of spin is still alive and well. In his press release about the Bill, issued this morning, the Secretary of State seemed to be in total denial about the real and current problems in pensions. In it, he talked about the

"nightmare of a future pensions crisis".

Does he not know that the crisis is here and now, and has been for some time? Does he not realise that savings in this country are at their lowest since the 1960s—a point touched on by the hon. Member for Nottingham, South (Alan Simpson)? Does he not remember that just before Christmas he and his colleagues were finally forced into a humiliating U-turn over the 130,000 pensions victims? I do, however, join my hon. Friend the Member

[Mr. Nigel Waterson]

for Epsom and Ewell (Chris Grayling) in paying tribute to the Secretary of State's role in persuading the forces of darkness in the Government to relent on the issue.

Does the Secretary of State not know that nearly 2 million pensioners are living in poverty and that the worst-off pensioners are getting poorer in real terms? He has talked about restoring the earnings link for the basic state pension, but he still will not tell us when that is going to happen—*[Interruption.]* If the Secretary of State wants to intervene, I shall be happy to give way. He talks about taking action, but his Government have been in power for 10 long years, having presided over the pensions crisis and been responsible in some measure for it.

In his press release, the Secretary of State also holds to the line that personal accounts will come into effect from 2012. Is he really still in a position to make that remark in the light of the comments of the new chief executive of the personal accounts delivery authority on Radio 4? When that point was put to the Minister for Pensions Reform, he was good enough to say that he had told the chief executive in no uncertain fashion that he, the chief executive, would introduce them in 2012. That is the equivalent of the military saying, "Take this objective or do not come back alive." It would be interesting to hear in the Minister's winding-up speech what response he got from the new chief executive.

We shall have more to say in Committee on the role of PADA, the principles that should drive it and the criteria for its success. Simply to increase the number of savers without substantially increasing the overall amount of savings in this country would clearly constitute failure—*[Interruption.]* I welcome a former and distinguished Pensions Minister, now the Minister for Energy, to our debate.

One of our main concerns is about so-called levelling down, which was mentioned by the hon. Member for Aberdeen, South (Miss Begg) and my hon. Friend the Member for Castle Point (Bob Spink). Let me be clear about where we stand on the issue. We do not wish to see anything in this legislation that might give extra encouragement to an employer already making more generous contributions than those envisaged in personal accounts to close an existing scheme. PADA must focus on its target group—predominantly those on low incomes with no or inadequate pension savings. That is a real concern, not one dreamt up by the Opposition.

The Pensions Policy Institute has set out various scenarios in a recent report, rather snappily entitled "Will Personal Accounts increase pensions saving?" One of the models that it comes up with is very sobering, but it considers a range of possible scenarios, the most pessimistic of which could result in only 4 million to 5 million new savers in work-based pension schemes. It notes that there is a lot of uncertainty about how employers will respond to the reforms, and goes on to say:

> "This poses the question of whether the reforms would be considered successful if they did not increase annual total pension contributions but did increase the number of people saving and made the distribution of saving more equal."

Soberingly, under its pessimistic scenario, the overall size of pension saving would shrink, despite a healthy amount of personal accounts, because of the levelling-down effect on existing provision. Ministers need to think long and hard about how we do what we can to ensure that that scenario does not come to pass.

After five years of a rearguard action, the Government have finally agreed that the 130,000 pension victims should get proper compensation. Ministers seem to think that they deserve three cheers for that, but it has taken far too long to face up to doing the decent thing. Let me remind the House that in the meantime some of the victims have died, others have had to work beyond normal retirement age, sometimes with serious medical conditions, and all have faced the prospect of penury.

Mr. Frank Field: Is not there an important distinction to make in charging the Government with failure to act sooner while congratulating the current two Ministers who were successful where previous ones failed?

Mr. Waterson: I am happy to accept that form of words, because it summarises what I have been trying to say and what my hon. Friend the Member for Epsom and Ewell said in opening the debate.

There is nothing about those victims in the Bill as it stands. It could have been in the previous Bill if hon. Members had voted for our lifeboat amendments or had been given the chance to include it by the Government. However, we will consign that to history. What we want to know now is when the relevant amendments to the current Bill will be tabled. Provided that the small print delivers what Ministers have promised, we can assure them that that part of the Bill, at least, will have our enthusiastic support. Prior to last year's election that never was, my party promised that if we won that election we would ensure that payments reached the victims within three months of our taking office. Can the Minister confirm that these payments will be made as soon as possible, and certainly within that time scale?

We welcome the parts of the Bill that tackle deregulation or simplification—they will have our broad support, as we have already made plain. However, the plain fact is that the future of traditional defined benefit schemes is hanging in the balance—a point well made by my hon. Friend the Member for Ryedale (Mr. Greenway). This may be the last chance to remove as many as possible of the disincentives to good employers who want to keep those schemes open in the future. We think, with respect, that Ministers are being too timid, and we shall table amendments that have the support of organisations such as the Association of Consulting Actuaries so that we can take matters further. I hope that Ministers will give those amendments serious and sober consideration.

The main reason why we will not support the Bill in the Lobby tonight is that Ministers are still clearly in total denial about the potentially damaging effects of means-testing—an issue touched on by the right hon. Member for Birkenhead and others. At least the Secretary of State, judging by his press release, now accepts what he calls the "downsides", but how can he say that those downsides

> "far outweigh the small risk of saving and later regretting it"?

I am sorry, but I do not agree with the hon. Member for Broxtowe (Dr. Palmer), who talked about a safety net and means-testing simply being there in case something goes horribly wrong. We are talking about means-testing that is already affecting nearly half of

people as they retire. The Pensions Policy Institute and others have set out some genuine concerns that go to the very heart of these proposals, but the Government are the only organisation in a position to model the likely effects and to come up with detailed proposals to avoid disaster. All Ministers seem to be able to do is come up with bland assertions that it will be all right on the night. They are sitting on their hands and hoping that the problem will go away.

The situation is worse than that. In recent weeks, Ministers have tried to shut down any debate on the issue. They have tried to bully the Opposition and even third parties into silence on this crucial point. It has been put like this: the Tories are letting the side down and making party political points for the sake of it, whereas what matters is the majority of people who should be better off with personal accounts. *[Interruption.]* I have that more or less right, I think, judging by the reaction on the Government Benches. However, that is simply not good enough. If Ministers wish for consensus only on their own terms, they have come to the wrong shop. We are interested in consensus only if our concerns and those of other people are listened to and taken seriously. That point was also taken up by the hon. Member for Inverness and other places, all of which seem to have a distillery—the hon. Member for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander).

If consensus merely delivers ill-thought-out and poorly designed solutions to the pensions crisis, it is a force for ill and not for good. In its usual painstaking way, the Pensions Policy Institute has identified at-risk groups—people who will be no better off and may be worse off if they are auto-enrolled into personal accounts. However, the institute cannot tell us how many people are likely to be affected. The Government could tell us if they wanted to. They have the model, the manpower and the means. However, they seem to be doing nothing. That issue was touched on, I think, by the hon. Member for Birmingham, Northfield (Richard Burden).

Can the Minister for Pensions Reform tell us what modelling, if any, his Department has done, is doing and intends to do on this subject? How many people does he think are likely to be in the at risk groups—thousands, hundreds of thousands or even millions? Surely he has some idea. His answer may be that he and those advising him have not given it much thought, but I must tell him that the issue will not go away. That point was made by my hon. Friend the Member for Beverley and Holderness (Mr. Stuart). The subject will be written about by journalists, raised by financial advisers and used by unscrupulous employers who wish to induce their employees to opt out. I can assure the Minister that the official Opposition will not let it drop—not because we wish to make life gratuitously difficult for Ministers, but because we are genuinely concerned, as are many interested third party organisations, that the problem, if it is not addressed, will undermine the success of personal accounts.

Mr. MacNeil: Will the hon. Gentleman give way?

Mr. Waterson: I am sorry, but I do not have time.

I can tell the Minister that my colleagues and I are already working with independent bodies and the House of Commons Library to try to find the answers to those important questions. We will do that in parallel with the passage of the Bill. The process will no doubt be more laborious and will take longer than if the Department was doing it itself. If it will not, we will. Perhaps there is another more selfish motive for our attitude. We do not wish to inherit the problems in government. We wish to be the ones who implement a system of personal accounts that is designed to succeed and not set up to fail. To misquote Marks and Spencer, that is because there is no plan B.

9.43 pm

The Minister for Pensions Reform (Mr. Mike O'Brien): Let me begin by saying that I will take no lessons from the party that introduced pensions holidays for employers and the 1986 Lawson cap on surpluses that saw a drop in contributions. The Conservative party was responsible for the mis-selling scandal, the inadequate Pensions Act 1995, the so-called minimum funding requirement introduced by the right hon. Member for Richmond, Yorks (Mr. Hague) after the Maxwell scandal, and the 2.7 million pensioners left in poverty, some living on as little as £69 per week. Those who had a private pension had their benefits taken from them, pound for pound—a situation unlike that under this Government, who introduced the savings credit. The Conservative party also removed the earnings link. A little more humility from Conservative Members is therefore necessary.

Having got that off my chest, let me say that the debate has been broadly good. Despite the usual knockabout, there has been a fair amount of consensus. There were strong contributions from my hon. Friends the Members for Broxtowe (Dr. Palmer), for Birmingham, Northfield (Richard Burden), for Grantham and Stamford (Mr. Davies), for Aberdeen, South (Miss Begg), for Nottingham, South (Alan Simpson), for Leyton and Wanstead (Harry Cohen) and for Northampton, North (Ms Keeble), from the hon. Members for East Londonderry (Mr. Campbell) and for Caernarfon (Hywel Williams) and from my right hon. Friend the Member for Birkenhead (Mr. Field). The hon. Member for Northavon (Steve Webb), who is, I suspect, even more of an anorak than I am about pensions, made an especially lively contribution. He appears to be following the great tradition of Gladstonian Liberalism in seeking fallen women, albeit only those who have fallen behind with their national insurance contributions. He deserves much credit for that.

We heard some more critical but considered contributions from the hon. Members for Castle Point (Bob Spink) and for Ryedale (Mr. Greenway), as well as a series of interventions from many others, some of which were more helpful than others. I do not have time to deal with all the points that were made but I hope to be able to tackle many of them in Committee.

One of the key issues in the debate was: will it pay to save? It was raised by Conservative and Liberal Democrat Front Benchers as well as the hon. Member for Ryedale and my hon. Friend the Member for Nottingham, South. It is a genuine and important matter, but the potential solutions are far from easy and often expensive. I am happy to discuss them in detail in Committee. However, the difficulties of resolving the issue should not undermine the need to support the Bill, promote personal responsibility, build confidence in pensions and be fair to the taxpayer in the process.

[Mr. Mike O'Brien]

For most people, the downside of not saving far outweighs the risk of saving and later regretting it. Some people will find that their lives did not turn out in the way they expected. Some people who saved for a pension end up on pension credit.

Mr. MacNeil: Are not we in danger of setting up a monopoly with the personal accounts delivery authority? If contributors find a better product elsewhere, how easy will it be for them to transfer? Will they be stuck with the monopoly that has been established?

Mr. O'Brien: The personal accounts delivery authority is there for development. The hon. Member for Epsom and Ewell (Chris Grayling) was wrong about it. The PADA will not become the organisation that delivers personal accounts. That will be done by the personal accounts board, which is a follow-on organisation. *[Interruption.]* The hon. Member for Na h-Eileanan an Iar (Mr. MacNeil) is signalling—I have no idea what about, so perhaps he had better intervene again.

Mr. MacNeil: Regardless of whether there is to be yet another body, which could be a monopoly behind a monopoly behind a monopoly, what sort of competition will there be to achieve the best return for the investor?

Mr. O'Brien: There will be widespread competition with the private sector—those who currently provide various schemes. We hope that they will continue to do that. The idea of personal accounts is that they will complement rather than compete with current provision. We want the current provision to stay and we expect many people who benefit from automatic enrolment to be automatically enrolled not into personal accounts but into the private pension scheme that the employer is currently running.

Chris Grayling: The Minister obviously did not hear me correctly because I referred to the delivery authority and its successor body. Will he assure the House that there will be a constructive debate in Committee on the amount of prescription that should appear in the Bill about the remit of the two bodies to ensure that there is no mission creep in the years ahead?

Mr. O'Brien: Of course, there will be a debate in Committee and I am sure that we will have a substantial opportunity to consider all the issues. I look forward to that.

Let me deal with one of the hon. Gentleman's key points, which was whether it will pay to save. People will face health and employment problems—the sort of risks that we all face in our daily lives. It is vital that, if those problems arise, and people retire without adequate provision, there is a state safety net for them. Most people should still be encouraged to save, which is what the Pensions Commission recommended and what we are seeking to encourage as part of the process of pension reform. By disproportionately focusing on those people who might get low returns because of health or employment problems, we need to avoid creating a problem by which those who would benefit from saving lose out. We therefore need to be careful about how the debate is developed. We should ensure that those who could benefit substantially from years of employer contributions and investment returns are enabled to do so, and we should not encourage people to gamble on what benefit levels will remain in place for the next 20, 30 or 40 years.

The hon. Member for Epsom and Ewell has been very vocal on the issue, and he has gone to great lengths to try to rewrite Conservative social philosophy. He told the BBC that the state should give an explicit guarantee to those who save, which is an innovative idea. He has asked me to welcome innovative ideas, and I am certainly interested in that idea, which I want to discuss because it seems to undermine the idea of individual responsibility. It would create an administrative nightmare, and it would probably create a nightmare for the hon. Member for Tatton (Mr. Osborne), who would have to find the money to fund it. Where would he find that money?

Let us look at the detail of what the hon. Member for Epsom and Ewell has said. He wants to create a "mechanism that would allow people to retrieve contributions". What does he mean by that? Let us explore the idea. Is he saying that he wants only those in personal accounts "to retrieve contributions", or will that apply to every pension scheme now and in the future? Or is he saying that all private pension schemes should make provision to repay premiums to anyone who gets less than pension credit levels?

Is the hon. Member for Epsom and Ewell saying that pension schemes with automatic enrolment should have to repay the premiums? That is what he seems to be saying. Today, one in six people are automatically enrolled—they work for companies such as Tesco. Some of them will retire, and some of them will be on pension credit. Is he saying that those pension schemes must repay those premiums? Or is he saying that the retrieval mechanism would apply only to personal accounts, in which case would that not give personal accounts a competitive advantage against private schemes by providing a state guarantee? That would be an extraordinary step for the Conservatives to take. I am sure that the pensions industry would not be terribly impressed by those proposals, which would mean that it would have to repay anyone who is on pension credit. If he were in government, he would have to come up with a plan to pay the extra funding for all the people who would have to claim extra pension credit. It is an ill-thought-out proposal.

Chris Grayling: I simply ask the Minister what he is going to do.

Mr. O'Brien: I have set out the various problems arising from the various proposals in a number of speeches. It has been suggested that we should increase trivial commutation, which would be very expensive and likely to lead to some wealthy people using it as a way to avoid taxation. A further option would be to deal with the issue by having a disregard, which has been proposed by the Pensions Policy Institute, but the cost would be enormous at more than £600 million. If it were to apply only to personal accounts, the cost would still be substantial, and applying it across the board to other sorts of pension schemes would be enormously expensive.

We could mess about with the tapers on various benefits. There are various different costings, all of which are substantial, and it would increase means-testing. The various obvious options do not provide the

answers. The hon. Member for Epsom and Ewell has asked me what we are doing about it. I am happy to discuss with him and with others ways in which we can deal with the issue, but coming up with proposals such as he has and suggesting that because there is a problem there is therefore a magic bullet solution is not worthy of him. That is not a constructive approach for the Conservatives to take, and using it as an excuse not to introduce any proposals is not acceptable. I listened with growing incredulity to the comments I heard about—

Danny Alexander: Will the Minister give way?

Mr. O'Brien: Let me just finish dealing with the hon. Member for Epsom and Ewell; I may then deal with the hon. Gentleman.

The hon. Member for Epsom and Ewell and his colleagues kept talking about the Government's models. The Government do have a computer system that forecasts pensioner incomes up to 2050, but it has taken on almost mythic status in the interventions we have heard from the Opposition during the course of the debate. They told us that they cannot come up with any proposals because they do not have access to the computer. Our system is one of a range of models we use to tell us how people might end up in 2050 with regard to pension credit. It does not model behavioural changes arising from policy decisions and, to the best of my knowledge, the Pensions Policy Institute one does not either.

My predecessor, my right hon. Friend the Member for Stalybridge and Hyde (James Purnell), discussed making the Department's models available to the Opposition so that they could model their proposals, and neither party has taken us up on that offer. The Opposition can make their proposals; we are happy to run them through the system. They could see the results and so could we.

Mr. Waterson: I happened to be involved in those discussions, although, in fairness, the hon. and learned Gentleman was not in his current post at the time. The conditions that the Government sought to impose for any access to the Pensim 2 model were so burdensome and outrageous that there was no basis on which any sensible Opposition party could accept them.

Mr. O'Brien: I make the offer, and the Opposition will not accept it. They always come up with excuses. We have said to them constantly, "Come up with your proposals. If you say that there is a problem here and that you are not going to vote against the Bill because of it, what are your proposals for dealing with it?" The Opposition come up with nothing at all. I am happy to have a debate on the issue, but we must be realistic. We should not start scaring people just for the sake of what is basically opportunistic point-scoring. We need an end to that.

Just before Christmas, I met a group of pensioners who were among the 140,000 investors whose private pension schemes had failed, and I was able to tell them that the Government had put together a package that would deliver a just settlement for them. I am grateful for the kind words that have been expressed to me and my right hon. Friend the Secretary of State, but they should also be expressed to the Prime Minister and the Chancellor for bringing forward a settlement to deal with that problem.

The settlement generated a flurry of publicity, but we must not lose sight of the fact that it was part of a larger package of Government proposals that seek to renew confidence and faith in our pensions system—confidence and faith that was rattled by the previous Conservative Government. Today, by contrast, quietly and without controversy, we are carrying out massive social reform of pensions that will benefit tens of millions of people. The Bill is only a part of it. Our reforms address the real issues that face this country: a major demographic change with people living longer; a lack of saving to pay for it; confidence in the pension system; the move away from final salary schemes; and pensioner poverty itself. The Government have recognised those problems and are making one of the biggest changes to pensions in years.

We are reforming for the long term. We have put in place the pensions regulator, the Pension Protection Fund and proposals that address the issue of pensioner poverty. We have lifted more than a million pensioners out of relative poverty. The Bill will be another major reform that will tackle undersaving and give people who work the opportunity to save in a pension scheme. About 60 per cent. of the work force are not saving enough for their retirement. This major Bill will enable many of them to do so, and ensure that people on low and middle incomes are given many of the benefits that were available only to those who were richer.

This is a quietly done, but important and major piece of social reform. It is part of a wider package of reforms that we are undertaking. As part of those reforms, we aim, in the Pensions Act 2007 and other legislation, to renew confidence in Britain's pensions. I look forward to a responsible debate, and to genuine and effective consensus for lasting change. We will keep our eyes on the prize: up to 9 million people saving more for the first time, and £10 billion more being saved. I commend the Bill to the House.

Question put and agreed to.

Bill accordingly read a Second Time.

PENSIONS BILL (PROGRAMME)

Motion made, and Question put forthwith, pursuant to Standing Order No. 83A(7) (Programme motions).

That the following provisions shall apply to the Pensions Bill:

Committal

The Bill shall be committed to a Public Bill Committee.

Proceedings in Public Bill Committee

2. Proceedings in the Public Bill Committee shall (so far as not previously concluded) be brought to a conclusion on Tuesday 26th February 2008.

3. The Public Bill Committee shall have leave to sit twice on the first day on which it meets.

Consideration and Third Reading

4. Proceedings on consideration shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which those proceedings are commenced.

5. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.

6. Standing Order No. 83B (Programming committees) shall not apply to proceedings on consideration and Third Reading.

Other proceedings

7. Any other proceedings on the Bill (including any proceedings on consideration of Lords Amendments or on any further messages from the Lords) may be programmed. *[Ms Diana R. Johnson.]*

Question agreed to.

PENSIONS BILL *[MONEY]*

Queen's recommendation having been signified

Motion made, and Question put forthwith, pursuant to Standing Order No. 52(1)(a) (Money resolutions and ways and means resolutions in connection with bills),

That, for the purposes of any Act resulting from the Pensions Bill, it is expedient to authorise the payment out of money provided by Parliament of

(a) any expenditure incurred by the Secretary of State or a government department in consequence of the Act, and

(b) any increase attributable to the Act in the sums payable out of money so provided under any other enactment. *[Ms Diana R. Johnson.]*

Question agreed to.

PENSIONS BILL *[WAYS AND MEANS]*

Motion made, and Questions put forthwith, pursuant to Standing Order No. 52(1)(a) (Money resolutions and ways and means resolutions in connection with bills),

That, for the purposes of any Act resulting from the Pensions Bill, it is expedient to authorise the payment of sums into the Consolidated Fund. *[Ms Diana R. Johnson.]*

Question agreed to.

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees),

IMMIGRATION

That the draft Immigration (Employment of Adults Subject to Immigration Control) (Maximum Penalty) Order 2007, which was laid before this House on 22nd November, be approved. *[Ms Diana R. Johnson.]*

Question agreed to.

PETITIONS

Post Office Closures (Kettering)

10 pm

Mr. Philip Hollobone (Kettering) (Con): I have the honour of presenting to the House a petition signed by local people in Kettering protesting at the closure of the Hawthorn road post office, which is a busy, popular and profitable branch of Post Office Ltd.

The petition reads as follows:

The Humble Petition of Councillor Larry Henson and 2,748 others of like disposition sheweth

That Post Office Ltd. proposes to close the Hawthorn Road Post Office in Kettering, which is a long-standing, popular and profitable local Post Office branch used by thousands of local people, many of whom are elderly, young mothers with children and those with disabilities, who would find it inconvenient and difficul; to reach any other branch of the Post Office.

Wherefore your Petitioners pray that your Honourable House urges Her Majesty's Department for Business, Enterprise and Regulatory Reform to call upon Post Office Ltd. to reconsider its closure proposals and ensure that the Hawthorn Road Post Office in Kettering remains open and part of the national Post Office network.

And your Petitioners, as in duty bound, will ever pray, etc.

[P000101]

Support for Armed Forces

10.1 pm

Bob Spink (Castle Point) (Con): We have the bravest and the best servicemen and women in the world. That is why there is so much support for them from our constituents. I am extremely proud of the work that our forces have done, including by veterans over many years, to make the world a safer and more stable place. People are particularly concerned about those who are sent to serve their country in the most difficult places, such as Iraq and Afghanistan. The petition is signed by 1,000 people and calls on the Government to ensure that our troops are provided with the correct equipment while they are serving and given a better deal when they return to this country. David Cain of Canvey island, excellent members of the local branches the Royal British Legion and many other constituents are deeply concerned about this issue.

The petition states:

The Petition of Residents of Castle Point and others,

Declares that members of HM Armed Forces in Iraq and Afghanistan are fighting and dying, and that they lack basic equipment to do their job and there is insufficient appreciation and support from the Government for them and their families, particularly when they return from active service, and, in welcoming the provision of limited free postage, feel that the Government should go much further to give help and recognition.

The Petitioners therefore request that the House of Commons urges the Government to adopt more generous policies for serving and returning members of HM Armed Forces, and to give them priority in housing, in recognition of the contribution made by these brave men and women.

And the Petitioners remain, etc.

[P000102]

Flooding (Gloucestershire)

Motion made, and Question proposed, That this House do now adjourn.—*[Steve McCabe.]*

10.3 pm

Mr. Laurence Robertson (Tewkesbury) (Con): I am pleased to have secured my second debate on flooding. I thank you for awarding it to me, Mr. Speaker, and I thank the Minister for remaining behind to reply to it. I know that he has been extremely active on the issue of flooding. I am also glad to see other hon. Members here, including my hon. Friend the Member for Forest of Dean (Mr. Harper).

A number of people have asked me, "If you held a debate on this issue in October, why are you holding another one today?" The reason is quite simple: to keep the issue on the agenda. Two inquiries are under way, one by the Department for Environment, Food and Rural Affairs and one by the Government. However, it is important to keep reminding people that there are many in Tewkesbury—I shall talk about Tewkesbury, but I know that other areas have been affected, too—who continue to suffer from the effects of the flooding, which happened some months ago. Although the emergency passed long ago, the problems remain.

One of the biggest remaining problems is the fact that many people—567, according to an estimate by Tewkesbury borough council—are still displaced from their homes. Many are living in caravans, and throughout Christmas many had to live in cold, cramped conditions on the drives of their homes. Some have been able to use the upper floors of their houses, but it has been a very uncomfortable time for them. While the rest of us may have enjoyed some comforts over Christmas, they have been suffering.

Many people whose homes were devastated are back in them now. It seems to depend on the speed at which loss adjusters and builders have worked. I do not mean to suggest that some builders have been working slowly, but families who know, live near or are related to builders have tended to get the work done much more quickly than those who made arrangements through insurance companies. I make no criticism of the companies concerned—it is just a very slow system—but when they have allocated builders, the process has taken some time. It has been a very uncomfortable period for many of my constituents, and it may be months before those displaced from their homes can return to them.

I pay tribute to those people. I visited as many as I could before Christmas, and their spirit was incredible. Virtually all those who were living in caravans and would be in them over Christmas took the time to wish me a happy Christmas, although their own season had been so disrupted. Old people, young people, people who were ill, people who were healthy, children—a very mixed bag—were concerned enough to wish me a happy Christmas. That says something about the people of Tewkesbury.

Mr. Mark Harper (Forest of Dean) (Con): Thankfully, in my constituency far fewer people—about 41 families—were still in temporary accommodation over Christmas, but does my hon. Friend agree that the best Christmas present we could give all these people is to look carefully at the lessons from the inquiries that are conducted, in order to ensure that this is the last time a significant number of families are prevented from living at home over Christmas and that it never happens to anyone again?

Mr. Robertson: My hon. Friend is right. The main thing that most of my constituents want is for lessons to be learnt. They accept that we live on a floodplain and that we often see water on the fields, but they do not accept that things need be quite as bad as they were. We must learn those lessons.

As people work towards returning to their homes, their great fear is that the floods could come again. In his report, to which I shall return in a moment, Sir Michael Pitt described the fear that existed at the time of the floods. Now there is a different fear: what if it happens again? I do not think we can assume that this was a one-in-150-years flood. We do not know whether it was or not. Heaven forbid, it could happen again next week or next year. In the House we often discuss the problems caused by climate change, but I think we should take account of the fact that the same amount of rain could fall again at any time. We hope that it will not, but we really do not know.

People are living in fear, and although I have tried to establish contact with as many of them as possible—I have placed advertisements in newspapers and written to people—it is difficult to reach everyone. Despite all the activity going on around them, people feel alone. One thing that worries them is insurance for the future. Many face increased premiums, some cannot obtain insurance cover at all, and some are being told by insurance companies "If you want flood cover, there will be a very large excess on your policy". One lady told me—and I think this is fairly typical—that the insurance company had said there would be a £10,000 excess on her buildings insurance and a further £10,000 excess on insurance for furniture and other items. Effectively, that person has no insurance. If it floods again, it will cost her at least £20,000 out of her own pocket. We may be in a position perhaps to criticise people who were not insured last time, but what about now? People cannot get insurance. The Association of British Insurers said:

> "We continue to decline a request for new cover for a property which has recently flooded unless the property has already been reinstated and where we are supplied with details of the flooding, what caused the flood, what the cost of the damage was and—

crucially—

> "what action has been taken to avoid any future event."

Surely that is beyond the control of the householder. It is not the Minister's fault either, but I would like to ask him if he has any idea of what can be done in this respect.

Another problem is that business is down, particularly in the town of Tewkesbury. It has been a bit depressed for a while—more than it ought to be—but businesses are struggling to come to terms with what has happened. There was a tremendous loss of trade at the time, but it has not picked up as we hoped it would. I would welcome any suggestions that the Minister may have, but I want to say publicly that Tewkesbury is open for business. It is working and still open. As I have said, it did not end up like New Orleans sadly ended up. I hope that people will continue to come to Tewkesbury.

[Mr. Laurence Robertson]

One of the problems is identifying who is responsible for which ditch, which drain and which culvert. Is it the Environment Agency, the Highways Agency, British Waterways, the county council, the borough councils or the riparian owner? It is very difficult. Once an organisation accepts responsibility, it then must put the job right, which, of course, costs money.

I wrote to the Minister on 15 November specifying projects that needed completion. I shall return to those in a moment, but on the issues of drains, ditches, sewers and culverts, we have had heavy rain in some parts of the country, which has brought the problems to light. I wonder what state the ditches and drains are in throughout the country. We simply do not know. I am pleased that Sir Michael Pitt's report has highlighted that as an important issue.

We have a problem at Prestbury, where houses where people have lived without flooding for 40 years flooded in June. The culverts were not joined up and a tree fell on another culvert. The tree was listed and the owner did not want it to be felled, so the problems go on. The problem now is that, some months on, the Environment Agency is saying that it wants the whole cost to be reassessed. There will be a further delay in fixing the culverts in an area where 500 homes remain at risk.

There is a problem with the bridge at Bredon road, which was cut off during the floods, causing the town of Tewkesbury to be isolated. The bridge has been repaired, but at low cost. I do not think that it would withstand future flooding. Planning permission has been sought for a further 105 homes further up the road, close to the bridge. Those houses would connect to the main sewers, which might not have the capacity to cope. What are the planning requirements with regard to drains? Who is responsible for the ongoing maintenance? Again, Sir Michael Pitt's report asks those questions.

In Uckington, gardens collapsed into the river Chelt and one person at least is still awaiting answers from the Environment Agency about what can be done to rectify matters.

Mr. David Drew (Stroud) (Lab/Co-op): Does the hon. Gentleman agree that we in Gloucestershire need prioritisation by the Environment Agency in looking at some of the issues that he has addressed and the two or three issues that I have asked the agency to look at? That is the very least that the Minister should take from the debate.

Mr. Robertson: The hon. Gentleman is right, and I would go further as I have before on a number of issues. The Environment Agency, as it is formulated, is not up to the job. It either needs more responsibilities and powers, and perhaps more money, or it deserves to be scrapped. I really do not think that it serves a useful purpose as it stands. I again appeal to the Minister that something be done about it.

We have also had a problem with maps. The flood risk maps did not correspond to the floods we actually had—and Sir Michael Pitt referred to the fact that flood risk maps for surface water did not exist at all. This raises a question: if the maps do not correspond to the actual flooding we are having, should they be used to determine where houses can be built? I want to return to that, although I realise that I do not have as much time in this debate as I had last year, so I shall have to hurry up a bit.

I want services to be protected. It is good that Mythe water treatment works and Walham substation are now protected by Hesco bastions, but they are semi-permanent, and permanent measures are definitely needed. Alternative networked supplies are also needed.

On money, if Tewkesbury borough council wanted, for example, to spend a little more on flood relief, would it be allowed to go over the capping limit? I do not know the answer to that, and I wonder whether the Minister might be able to help. I am pleased that the Government have secured about £100 million from the solidarity fund, but I would like to know how that money will be distributed and used.

Turning to Sir Michael Pitt's interim report, I am meeting him on 23 January and I will raise some of the following issues with him, but it will be useful to run through them briefly now. The report raises a number of good points, particularly with regard to drains, ditches, sewers, surface water and agencies' responsibilities. For example, he says that

"the automatic right to connect surface water drainage of new developments to the sewerage system should be removed".

That is a useful suggestion.

Sir Michael acknowledges, however, that it is an interim report. He says that more information is needed, and in a bid to help in that process I wish to make a couple of comments. Some of the interim suggestions are a little general. There is a lot of talk about strategies, assessments and guidances, and I hope that they can be worked up into more direct proposals for action. I also think that there is too much emphasis on homeowners doing work to protect against floods, which has caused a little offence in Tewkesbury. Sir Michael suggests that instead of being set against the floor, plugs should be mounted higher up on walls. That is fine, but one cannot move cookers right to the ceiling; there are obviously certain limitations on what can be done.

The Department for Environment, Food and Rural Affairs suggests that it would cost between £3,000 and £10,000 to protect each home. People do not have that sort of money to spend. On that point, I understand that the Environment Agency has just taken away the £20,000 donation it makes to the National Flood Forum, which is unfortunate. That group is a charity; it advises people on flooding—and it suggests steps that Sir Michael's report also suggests.

There has been a little too much emphasis on what individuals can do. That is not the main point. There is not enough emphasis at present on what the Government's role should be in preventing house building on or near floodplains. Sir Michael says:

"No new building should be allowed in flood risk areas that is not flood resilient".

To say that such houses must be resilient rather misses the point. There used to be green fields that soaked up water. If they are built on, that water goes elsewhere and causes a problem. Sir Michael was quoted—I do not know how accurately—in the *Gloucestershire Echo* as saying that there is no point in recommending no building in these areas as the Government would not listen. That weakens the recommendation. That is far too weak, and it does not appear to be too impartial or

too independent. The point about where houses are built is the one that people make most frequently. People strongly feel that we should not have more houses on floodplains or even in areas close to floodplains.

To summarise, my recommendations are clear and they are the same as those I made a few months ago. There should be no building on or near floodplains. We need to clear out the ditches and the drains. We need to repair sewers and culverts. We need to create one body that is powerful and that is responsible for all this work and for flood prevention and defences. We need to identify vulnerable people and buildings and to create a list of them, so that they can be helped first should such a situation arise again. We need to protect the water and electricity works and to network the supplies, and we of course need to improve the defences as far as possible.

As I said, Sir Michael's report is an interim one and I hope that we can move it on to become an even stronger report. I hope, too, that the Government will take account of the recommendations in it and of the recommendations that those of us who have to live in these areas—who have the pleasure of living in these areas, but who have suffered recently—will make.

10.20 pm

The Minister for Local Government (John Healey): I start by congratulating the hon. Member for Tewkesbury (Mr. Robertson) on securing this debate and on his determination, as he said tonight, to keep this matter on the agenda. He is absolutely right to do so, because although he is right to say that the flood waters have long gone in the areas affected by the summer floods, many of the households, businesses and communities that have experienced problems in trying to get back to normal still have not done so. As Minister responsible for co-ordinating Government support for the recovery efforts, one of my principal tasks is to make sure that we give local councils leading those recovery efforts and providing that support the help and back-up that they need.

The hon. Gentleman said that he wanted to make sure that the Government are aware of the continuing problems that people face and the continuing pressure that councils are dealing with through this recovery period. I pay tribute to him—he has done that consistently since July, as has the hon. Member for Forest of Dean (Mr. Harper), who has now left the Chamber, and my hon. Friend the Member for Stroud (Mr. Drew). They have been consistent not just in their participation in the tele-conferences that I and my colleague Ministers ran throughout the summer recess, but in their attendance of meetings held by Ministers. As the hon. Member for Tewkesbury said, he had a similar debate in October. Essentially, such efforts have ensured that Ministers have information first hand, direct from Members of this House, about the pressures that people are under, the challenges that they face and the support that councils and communities are rightly looking for the Government to offer.

The hon. Gentleman said that in future we might need to be prepared for events such as those that occurred in the summer happening more often. During that summer, we were certainly faced with severe, prolonged and unprecedented levels of rainfall that in many areas simply overwhelmed the drainage systems, flood defences and rivers. That rainfall resulted in severe damage to many properties. We estimate that during the two episodes of flooding in June and July, some 48,000 homes were flooded. Not just the gardens, outhouses or garages were flooded; there was water in 48,000 properties. Of course, the June flooding was mainly in South Yorkshire and Humberside, although there were pockets of flooding in the hon. Gentleman's county of Gloucestershire.

Let me give the House an indication of the scale and severity of that rainfall. On 20 July, when the rainfall occurred that caused the problems in the hon. Gentleman's constituency, Gloucester received in one day one and a half times the average rainfall for the whole of July. Upstream at Worcester on the River Severn and at Evesham on the River Avon, the equivalent of two months' rain fell in just one day. In Gloucestershire, approximately 4,000 homes and more than 500 businesses were flooded. Many other households and businesses were of course affected by the flooding of the Mythe water treatment works, which meant that some 350,000 people in the county went without water for some time. I pay tribute to the heroic efforts of the emergency services and local councils in protecting Walham. As I saw for myself when I paid a visit on 24 July, we came very close, had that sub-station been knocked out, to seeing a power failure not just in Gloucestershire, but potentially in large parts of south Wales as well.

The hon. Gentleman spoke of the strength of community spirit and the generosity shown in the way that neighbours were looking out for each other—they continue to do so—and I reinforce that point, because that has been my experience. On 24 July, when I first visited Tewkesbury, I went to the town centre and was met by Police Inspector Brian Murnaghan, who was overseeing the distribution of bottled water. Sports centre staff were helping to distribute the water, and people such as the constituent whom the hon. Gentleman nominated for the local heroes reception were making sure that their housebound elderly neighbours got the water that they needed. Inspector Murnaghan was finishing off a 10-hour duty overseeing that operation in Tewkesbury town centre, and in the course of our conversation he told me that his home had also been flooded out.

The mayor of Tewkesbury, Councillor Phil Awford, gave up a good deal of his time to show me around Tewkesbury. He is a renowned and rightly respected campaigner as part of the National Flood Forum, but he said to me on that day, "Truth be told, nothing could have protected us from the scale of the rainfall that we faced in Gloucestershire at that time."

My aim as the Minister responsible for the flood recovery is to ensure that we co-ordinate and put in place the central Government effort to support the local recovery efforts. Along with fellow Ministers, I have tried to ensure that despite the fact that the flood waters have gone—the problems have not—constituencies such as those of the hon. Gentleman and my hon. Friend the Member for Stroud are not forgotten. Indeed, 22 ministerial visits have been made to Gloucestershire since the summer, not least those made by the Under-Secretary of State for Communities and Local Government, my hon. Friend the Member for Gloucester (Mr. Dhanda), who has played a great part in that programme. It is important that Ministers make such visits and it is important that

[John Healey]

Ministers at the centre of Government understand the challenges that are still being faced.

I am glad that the funding so far to Gloucestershire stands at about £15 million—there will be more to come. The hon. Gentleman's area, Tewkesbury, has benefited greatly and has made good use of the flood recovery grant that we were able to put in place. We await any Bellwin application that his authority may wish to make. I visited Tewkesbury just before Christmas, on 17 December, when I met the chief executive and other leading figures of the town council. May I tell the hon. Gentleman that what happens in the future and what happens with planning applications was a concern raised by local representatives? I gave an undertaking then, which has been followed up by officials in my Department, that Government office officials and planning experts will set up a meeting in Tewkesbury—they have already written to Major Wilson, the town clerk, to get that under way—so that representatives from the local community and the council can discuss directly the sort of points that he is concerned about for the long term.

The hon. Gentleman mentioned the first successful application that the UK has made to the European solidarity fund. I had a meeting in Brussels with Commissioner Hubner on 31 October, and she has since persuaded the European Commission to agree to proposals that mean that we should receive additional aid to contribute to the costs of dealing with the flood recovery in Britain. We are working through the terms on which that money can be spent with the Commission, and I hope before long to be able to settle that matter. It will probably be some time before Easter when we finally receive that money—that is the sort of time scale and pace at which the Commission's programme operates; nevertheless, that is an additional resource from the special fund set up to help countries such as our own, which have been hit by serious national events like these.

The hon. Gentleman rightly raised the issue of those who are still not back in their home. One of the most distressing aspects of the flooding has been the impact on families and households. Based on the work of local authorities in Gloucestershire, we estimate that about 1,250 households are still not fully back in their homes. Around 250 of those are staying in caravan accommodation. When I visited the hon. Gentleman's constituency on 17 December, I met Mrs. Julie Irwin. Her family, including three children, are able to sleep in their house, but are otherwise living in a caravan. The oven in the caravan is too small for the Christmas turkey, which is an example of the stresses, many of which are hidden, on such families, who are still struggling. I pay tribute to Mrs. Irwin for the way in which she has coped, and to her son, who suggested to Gloucestershire county council that children from families who are not back in their home should be entitled to free school meals. The council has now put that suggestion into practice.

That visit was one of the reasons why I was pleased to be able to announce just before Christmas that I would make available an extra £1 million to the small number of authorities that have a large number of households that are still not back in their own home. We are consulting with local authorities about how to distribute those funds, and I hope to make an announcement shortly. That decision followed an important meeting that I had with the local authorities and the insurers, in which the authorities undertook to improve communications with those households not back in their own home and to assess the needs of those living in caravans better to understand the pressures of the onset of winter. For my part, I undertook to step up the advice available from the Government to deal with homelessness problems, and I have now made the extra money available.

On the question of the insurers, my hon. Friend the Minister for the Environment was in his place on the Front Bench when the hon. Gentleman made the point about the lady from his constituency who faced prohibitive premiums. We would be interested in the details because we are keen to hold the ABI to the reassurances that it has given that no areas have been blacklisted for insurance, that existing cover has not been withdrawn in any area, and that there is no evidence of policy renewals being refused.

The hon. Gentleman is right to draw attention to the need to learn lessons. The first report by the Pitt review was important and we have accepted the 15 urgent recommendations. There will be consultation on those and others over the next three months. It is clear that we need to improve Government emergency procedures; to improve surface water management; and to review the role of fire and rescue services during floods. We will do that.

The local reviews, such as those led by—

The motion having been made after Ten o'clock, and the debate having continued for half an hour, MR. SPEAKER *adjourned the House without Question put, pursuant to the Standing Order.*

Adjourned at Twenty-seven minutes to Eleven o'clock.

House of Commons

Tuesday 8 January 2008

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

PRIVATE BUSINESS

BOURNEMOUTH BOROUGH COUNCIL BILL [*LORDS*]
Order for Second Reading read.
To be read a Second time on Tuesday 15 January.

MANCHESTER CITY COUNCIL BILL [*LORDS*]
Order for Second Reading read.
To be read a Second time on Tuesday 15 January.

Oral Answers to Questions

FOREIGN AND COMMONWEALTH OFFICE

The Secretary of State was asked—

Diplomatic Service (Closures)

1. **Mark Pritchard** (The Wrekin) (Con): How many UK embassies and diplomatic missions were closed in 2007. [175891]

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): No UK embassies closed in 2007. Two diplomatic missions were closed: the high commission office in Kingstown, St. Vincent and the Grenadines, and the British consulate in Nagoya, Japan.

We continue to manage the Foreign and Commonwealth Office's overseas network to reflect changing demands and challenges. We will ensure that our resources are aligned with our priorities and that the UK has a cost-effective and flexible network of overseas representation around the world.

Mark Pritchard: Since 1997, when the Government came to power, more than 35 embassies, high commissions and sovereign posts have been closed. Given the Chinese scramble for Africa, is it right that out of 53 African countries, 23 do not have any British diplomatic representation at all?

David Miliband: It may help the House if I give it the actual facts, rather than the partial presentation given by the hon. Gentleman. In 1997, the UK Government had 242 overseas posts. In 2007, there were 261. In the past 10 years, the number of overseas posts has increased by 19 by any calculation.

In respect of the situation in Africa, I think that the hon. Gentleman will agree that a measure of a country's commitment to Africa or its engagement is not the number of posts but the effectiveness of its activities, including its funding. By no stretch of the imagination is it possible to argue that the UK's influence in Africa is lower today than it was 10 years ago. In fact, it is massively enhanced. There has been cross-party agreement about the activities of the Government on this issue over the past 10 years.

Mr. Mark Hendrick (Preston) (Lab/Co-op): How does my right hon. Friend determine the relationship between the Government's Foreign Office priorities and the resources at their disposal in deciding which diplomatic missions to keep open?

David Miliband: The most important criterion is that the Foreign Office's network is aligned to the shape of the modern world rather than the world as it was after 1945. There has already been a 20 or 25 per cent. reduction in the number of personnel deployed in Europe, which in part reflects the amount of extra business done in UKRep—the UK Permanent Representation to the European Union—in Brussels and the multilateral engagement that we have. I see that continuing, with the shifting of more of our diplomats—UK staff and locally engaged staff—towards the middle east and south Asia, where, by any stretch of the imagination, we need more representations to meet all the national interests that we have at the moment. That seems to me to be the alignment of people and priorities that we should be seeking.

James Duddridge (Rochford and Southend, East) (Con): What consideration has the Secretary of State given to accrediting Department for International Development staff in countries where there is no Foreign Office support, particularly in Africa, in countries such as Lesotho and Swaziland, where there are excellent DFID staff?

David Miliband: Of course, in most of Africa DFID and FCO staff work side by side. Many of the problems that DFID focuses on are complementary to the work on conflict prevention or good governance that is at the heart of the FCO's work. On the accreditation of staff—I do not know whether the hon. Gentleman means that technically—DFID staff, like Foreign Office staff, are there to represent the whole UK. They do that extremely effectively.

Ann Clwyd (Cynon Valley) (Lab): As my right hon. Friend knows, my particular concern is East Timor, and the closure of the embassy there in 2006 and the removal of our remaining staff in 2007. East Timor is a country that is emerging out of considerable conflict and it needs a lot of help. I know that there is an ambassador in Jakarta and that the intention is that the ambassador and his staff should visit East Timor. However, given the continuing concern in East Timor, can my right hon. Friend tell me how often the ambassador has been there since the closure of the embassy?

David Miliband: My right hon. Friend has anticipated some of my answer. I do not have to hand the number of times that the ambassador in Jakarta and his staff have visited East Timor, but I shall be very happy to provide her with that information.

Mr. Keith Simpson (Mid-Norfolk) (Con): The Foreign Secretary has been somewhat creative with his figures in respect of embassies, high commissions and consulates. He says that their numbers reflect how the world is changing, so I presume that the closure of the Foreign and Commonwealth Office language school and the withdrawal of the FCO's contribution to the cost of maintaining defence attachés are also connected with that. Do not the figures given by my hon. Friend the Member for The Wrekin (Mark Pritchard) have more to do with financial cuts imposed by the Treasury than with any changes in the nature of the world? After all, the Select Committee on Foreign Affairs has said that the Foreign Office budget will see a reduction of 5.1 per cent. per annum across the board and that that will jeopardise its work. Can the right hon. Gentleman tell us how many more embassies, high commissions and consulates have been identified for closure over the next two years to pay for those cuts?

David Miliband: It is very odd to define increased spending as cuts. The increased spending over the next period will be used in the areas of greatest need. Moreover, it is right that we do not use defence attachés for non-defence work, as they are specialists and should work on defence matters. The hon. Gentleman accuses me of creative accounting, or at least creative number work, but he may be interested to know that Germany has 226 posts, the US 262 and France 275. The UK holds a diplomatic network of outstandingly qualified individuals who work closely with DFID and British Council staffs. They provide a network that, in times of crisis, has shown itself to be more than adequate for the country's needs. I am sure that he will seek to criticise the Government about many things, but I believe that we should all be proud of the nature of our global network and its deployment around the world.

Environmental Protection (Lisbon Treaty)

2. **Kerry McCarthy** (Bristol, East) (Lab): What discussions he has had with the Secretary of State for Environment, Food and Rural Affairs on the effect of the provisions to the treaty of Lisbon on the ability of EU member states to agree effective policies on environmental protection. [175892]

The Minister for Europe (Mr. Jim Murphy): Tackling climate change is recognised as a specific objective of EU policy for the first time in the Lisbon treaty. The treaty also includes welcome proposals to liberalise energy markets and promote energy efficiency.

Kerry McCarthy: I thank my hon. Friend for that response. I very much welcome the fact that tackling climate change is now a specific EU policy objective and that we have the necessary legal framework for it, but does he agree that we also need greater international co-operation to meet EU-wide targets on climate change? What progress is being made on that front?

Mr. Murphy: My hon. Friend is right. She takes a keen interest in these matters, and will know that article 2 of the Lisbon treaty states that the EU will

"contribute to...the sustainable development of the earth".

That is a remarkable change in the EU's posture. We are making real progress on reducing carbon emissions: we have set a target for reductions totalling 20 per cent. by 2020, and have also established a number of demonstration plants for carbon capture and storage. Progress must also be made through other organisations, such as the G8, the World Bank and the UN, but the EU is a crucial component in any international climate change strategy.

Mr. John Redwood (Wokingham) (Con): If the EU is making such progress, why is it that several EU countries will not meet their Kyoto targets, and why are carbon emissions going up in Britain?

Mr. Murphy: The UK is the first and so far the only country to have set binding targets for reducing carbon emissions. We are leading the way in Europe and throughout the world, but carbon emissions can be reduced only through international co-operation. We cannot set up a patriotic front against climate change, as such change does not recognise the national boundaries and borders that the right hon. Gentleman seems to believe in. In fact, I understand that he opposes the binding targets on carbon emissions.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): How effective has the UK been, either alone or with our European colleagues, in talking to the Japanese about their disgraceful behaviour in taking whales?

Mr. Murphy: We were talking about national borders, and now we have moved on to whales; I assume that we are now talking about the animals and not the Principality. We continue to raise the question of Japan's whaling practices, and its capture and killing of whales. I shall bring my hon. Friend's question to the attention of our colleagues in the Department for Environment, Food and Rural Affairs. That Department leads on the specific question of whaling, as Japan is not likely to be part of Europe in the foreseeable future.

Mr. Oliver Heald (North-East Hertfordshire) (Con): How was it that the EU emissions trading system ended up issuing permissions to pollute at 6 per cent. higher than the current level of pollution? What is going to be done about a situation in which Britain set tough targets and ended up having to buy 22 million tonnes of carbon and other similar countries such as Germany and France issued so many permits that they were selling them? What will Lisbon do about that?

Mr. Murphy: I hope that the hon. Gentleman does not mind my saying so, but the basic premise of his assertion is absolutely correct. The problem in the past was that there was not enough international co-operation and countries set their own targets in a way that did not fit international priorities or the scale of the problem. Over the next 30 years, if we continue at the current pace, international and world energy demand will increase by a remarkable 50 per cent. That is clearly unsustainable, which is why there is a real need for internationally agreed binding targets of the type that the United Kingdom was first in the world to agree to.

British Council (Russia)

3. **Ben Chapman** (Wirral, South) (Lab): If he will make a statement on the future of the British Council's offices in St Petersburg. [175893]

5. **Ms Gisela Stuart** (Birmingham, Edgbaston) (Lab): If he will make a statement on the operation of the British Council in Russia. [175895]

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): On 12 December the Russian authorities announced that they planned to shut down the British Council offices in St. Petersburg and Yekaterinburg on 1 January 2008. I made it clear in my written ministerial statement of 13 December that the Russian Government's threat against the British Council was illegal. It is therefore the intention of the British Council to remain open and operational in St. Petersburg and Yekaterinburg.

Ben Chapman: While I applaud the Government's decision and recognise of course that it is in times of political difficulty that the British Council's independent and continuing role in bilateral education and cultural links becomes particularly important, is not the key question how we avoid the council's work becoming a pawn in the foreign affairs game and ensure that people on all sides recognise the importance of its continuity?

David Miliband: My hon. Friend makes an important point. The independence of the British Council is asserted on both sides of the House. Certainly it is not a political football from our point of view, and our message to the Russian Government is that they should not use the British Council as a political football. I hope that that can be a united message, because 1.25 million Russians benefited from the activities of the British Council last year, and that must be in both our countries' interests.

Ms Stuart: Given that it is the British Government's view that the British Council's operations are legal in the Russian context and comply with tax laws, international conventions and the agreement reached with the Russians, and given that the actions of the Russian Government appear to be illegal, what practical help can the British Government give the staff at the offices of the British Council still based in Russia so that they can continue their operation?

David Miliband: My hon. Friend raises an important point. The first thing to say is that, while a threat was issued on 12 December, it has not yet been carried out. Our first priority is to send a clear message to the Russians that this is illegal and there is nothing to be gained by them—in fact, there is everything to be lost, in terms of services for Russian people and of the reputation of Russia around the world—in carrying out this threat. Certainly, my conversations with European and other G8 colleagues suggest that there is unanimous incomprehension at the proposal of the Russian Government to crack down on the British Council. Our duty of care to our staff is obviously something that we take seriously and the offices are in the first instance a matter for British Council management. I assure my hon. Friend that both at official level in Russia and at ministerial level, we take the duty of care to both sets of staff extremely seriously.

Michael Fabricant (Lichfield) (Con): The Foreign Secretary may be aware that the news agency TASS, the newspaper *Izvestia* and *The Moscow News*, the English newspaper, have said that the British Council performs activities not in accordance with what it ought to be doing. They have suggested, for example, that it is an agent of the Secret Intelligence Service and that it interferes in the politics of Russia. The Foreign Secretary will know that that is nonsense. How can he reassure the House and, more important, President Putin, that it is not the case?

David Miliband: The best way, of course, is to agree with the hon. Gentleman. I am sure that my agreement with him will have a profound resonance. We can at least both say that there is absolutely no foundation to those allegations. The legality of the British Council activity seems to me to be clear. It may be worth reading into the record that the British Council's activities are fully compliant with not just international law, but Russian law. Its presence and its activities are specifically endorsed by a 1994 cultural centres agreement signed by Russia. I give him my absolute assurance on the independence and legality of the British Council's work.

Mr. Mark Francois (Rayleigh) (Con): We share the Government's view that Russia's action is wholly unacceptable, so can the Foreign Secretary explain why, although the Prime Minister said at the last EU summit that its conclusions would "reflect" the "anger" that EU leaders felt about the matter, it was not even mentioned by the time that the summit concluded? Do we not now have the worst of all worlds: a Prime Minister who blatantly gave in to European leaders last month, but who managed to offend them into the bargain so that we do not get their help when we request it in turn?

David Miliband: It is frankly pathetic for the hon. Gentleman to try to turn the issue into an anti-European diatribe, when the European Union presidency has issued a statement denouncing any Russian action. I am sorry that he or his researchers have not been able to find—*[Interruption.]* No, I am sorry; he says that I am wrong, but I will do the research for him; I will send him the European presidency statement, which shows a united European view on the issue. I thought that he confined his Europhobia to issues to do with the European Union, but it seems not.

Chris Bryant (Rhondda) (Lab): Is not the really worrying thing about the Russian ban on the British Council outside Moscow the fact that it is far from the first time that the Russians have tried to undermine the work of the British Council in Russia, and that it is not the only non-governmental organisation in Russia that has been systematically undermined by its Government in the past few years? Is it not important that we continue to be robust, not least now that Mr. Lugovoi has been elected a member of the Duma? The issue is part of a smokescreen to try to hide the fact that one of his colleagues in the Duma said the other day:

"The deserved punishment reached the traitor. I am sure his terrible death will be a warning...that in Russia...treason is not to be forgiven. I would recommend to citizen Berezovsky to avoid any food at the commemoration"

Mr. Speaker: Order. That is far too long.

David Miliband: I am sorry that hon. Members interrupted my hon. Friend—[HON. MEMBERS: "It was Mr. Speaker."] Mr. Speaker is always correct in his interruptions, but Opposition Members are not. My hon. Friend has spent a lot of time on the issue. He is, of course, absolutely right. The shocking quotation that he read out should indeed be denounced. I will just pick up two of the points that he made. First, let us not yet talk about Russian actions. There have been threats, but there have not yet been actions against the British Council outside Moscow, and we should continue to urge the Russian Government not to take any actions. Secondly, we need to continue to give the Russian Government the clear message that we will continue to take the Lugovoi issue seriously; the request for his extradition remains in force, and it remains a commitment of ours to see justice done in this country. At the same time, we are determined to work with Russia on a range of international and bilateral issues. We must continue to make that twin-track message clear.

Human Rights (China)

4. **Norman Baker** (Lewes) (LD): What steps he is taking to encourage the Chinese government to adhere to pledges it has made in respect of human rights and press freedom, with particular reference to occupied Tibet. [175894]

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Meg Munn): We encourage the Chinese Government to fulfil their human rights obligations across China, including in Tibet. My right hon. Friend the Foreign Secretary raised the issue of human rights with the Chinese Foreign Minister in December. My right hon. Friend the Minister for the Olympics and for London raised the issue of media freedom in November. We will raise our concerns on Tibet at the next round of the UK-China human rights dialogue in Beijing later this month.

Norman Baker: The Chinese have promised media freedom for foreign journalists in China, but have restricted it even more in occupied Tibet. They promised to give the Red Cross access to prisons in China, but exempted Tibet. They promised religious freedom, but effectively have martial law in monasteries. Is not the reality that the Chinese sign lots of bits of paper about Tibet, but do absolutely nothing about it?

Meg Munn: We take seriously the range of human rights issues that the hon. Gentleman raised. I know that he has a long record in relation to Tibet and has rightly highlighted the matter on many occasions. We pursue human rights in three ways—through high-level lobbying, through UK-China and EU-China dialogues, and through project work on the ground, including on issues such as the judiciary, torture, the death penalty and minority rights.

Mr. Jim McGovern (Dundee, West) (Lab): It is heartening that China has made pledges to uphold human rights. However, it is difficult to equate such pledges with China's continuing offer of no-strings aid, which has emboldened some unsavoury Governments and allowed them to ignore calls for reform. Can the Minister assure the House that the Government will continue to do all in their power to encourage China to conditionalise the aid that it gives to some of the most despotic regimes in the world, such as the regime in Sudan?

Meg Munn: My hon. Friend raises an important point. Our engagement with China always focuses on human rights issues. The Prime Minister is to visit shortly and will continue our dialogue and continue to press on these matters.

Sir Malcolm Rifkind (Kensington and Chelsea) (Con): What is the difference between the Chinese Government's respect for human rights in Tibet and the Serbian Government's respect for human rights in Kosovo that justifies a very different policy by Her Majesty's Government?

Meg Munn: We take seriously the issues in Tibet and we raise these matters continually at the regular dialogues. This will be the 16th round of dialogues between the UK and China on Tibet, and on this occasion the delegations will make a visit to Tibet to study the situation on the ground.

Women's Rights (Basra)

6. **Dr. Evan Harris** (Oxford, West and Abingdon) (LD): What assessment he has made of the safety of women in Basra province who do not adhere to Islamic dress and behaviour codes. [175896]

The Minister for the Middle East (Dr. Kim Howells): The Government condemn all violence against women and are committed to supporting women's rights in Iraq. We have heard accounts of extremist militias murdering women who allegedly have not conformed to the dress codes that their killers consider appropriate for females. We are supporting groups and individuals working to improve the situation of women in Basra. These include many committed and courageous female professionals and politicians. We support the Basra chief of police's personal pledge to improve security for women in the city.

Dr. Harris: I thank the Minister for that thoughtful response. Can he assure us that the Government in Basra province are as committed as the House believes they should be to equal rights for all citizens and to protecting some of the most vulnerable from action by militias or by the police or state authorities? Does he share my concern that we may have left in Iraq a situation where dressing un-Islamically, or comitting apostasy or blasphemy, are punishable physically, and that in that respect the situation is worse than when we went to war there?

Dr. Howells: I raised the matter this morning with General Mohan, who is the head of the operations centre in Basra. He reminded me that Basra had once been the most cosmopolitan of cities in the Gulf, and he was confident that it could be returned to that position. He made it clear to me that he was worried about some of the activities of what he called Iranian

agents in stirring up feeling there in favour of a much more rigorous application of the more austere aspects of some Islamist sects. The hon. Gentleman is right. We must keep a close eye on the situation and keep reminding the Government in Baghdad that they must do everything possible to protect women in that city and in every other city in Iraq.

Mrs. Ann Cryer (Keighley) (Lab): Will my hon. Friend comment on the historic background to the sort of treatment that we are hearing about in Basra province? Does it go back to the period of Saddam Hussein or beyond that? Does he agree that the Koranic advice on Islamic dress is simply that men and women should dress modestly—that is, they should be careful and not expose too much of their body? However, it says nothing about the burqa or the niqab.

Dr. Howells: It is important that we remember that in the last years of Saddam Hussein's rule, he had six women murdered in Basra. Their bodies lay in the main street for six days and no one was allowed to touch them because he wanted to teach Basrawis a lesson about the way that they behaved in public. It was a brutal regime and it has been a brutal history. My hon. Friend, who knows a great deal about the subject, is right about dress codes. One has only to visit the middle east to witness how differently dress codes are interpreted across the region. It is a mystery to those of us who go there and ask, "If the dress code is interpreted in that way in one country, why should it be so strictly interpreted in another?" I hope that our dialogue with countries in the middle east will help them understand the concern that we feel at the fact that human beings are treated in that way as a consequence of their mode of dress.

Mr. David Lidington (Aylesbury) (Con): The Minister will have seen today's comments by Sir Hilary Synnott, the former head of the British administration in southern Iraq. Sir Hilary said that the problems there are due, at least in large part, to the fact that the efforts of our troops were let down by a failure to co-ordinate and deliver effective civilian work on reconstruction. Can the Minister assure us now that the Government have learned and are acting on that lesson from Basra, before we repeat the experience that has occurred in Afghanistan?

Dr. Howells: I was surprised to read Sir Hilary's statement, because in fact there have been some very substantial achievements in and around Basra; one has only to think, for example, of some of the projects run by the Army down there. There are huge new date plantations, employing 4,000 people. When our rebuilding of parts of the electricity and water infrastructure finishes very soon, there will be additional electricity and drinking water for the first time for 1 million people.

There have been achievements. However, the hon. Gentleman is right to raise the issue of the lack of preparedness after the invasion in respect of understanding what was required in rebuilding the country and offering people services that made their lives different from how they had been during the days of Saddam Hussein.

Ms Patricia Hewitt (Leicester, West) (Lab): My hon. Friend will recall that immediately after the fall of Saddam Hussein, the British Government took steps to ensure that Iraqi women from all the different communities in Iraq were able to come together and have a strong voice in the shaping of the new constitution and the election of the new Parliament. Can he assure me that the Government will continue to support a strong voice for Iraqi women—both directly, through the efforts of his Department, and indirectly, through the work of the Muslim Women's Network, organised by the Women's National Commission?

Dr. Howells: Yes, indeed; my right hon. Friend is right to remind us of that. It is difficult to see how Iraq can move forward if the rights of women are not enhanced and protected. However, I am confident that they will be. Besides anything else, there are now some powerful and vocal female members of the Iraqi Parliament—they will make a difference, if no one else will.

Western Balkans

7. **Mr. Anthony Steen** (Totnes) (Con): What recent steps have been taken by the Drugs and International Crime Department in co-operation with the border authorities of states of the western Balkans to reduce illegal immigration and trafficking of people. [175897]

The Minister for the Middle East (Dr. Kim Howells): Through its Drugs and International Crime Department, the Foreign and Commonwealth Office contributed about £1.5 million in 2005 to 2007 for capacity building of law enforcement in the Balkans, including awareness-raising projects aimed at potential victims in Romania and Bulgaria. We have helped fund three projects in Serbia, three in Albania, two in Macedonia and one in Bosnia. I have met the Interior Ministers of Romania, Bulgaria and Albania to discuss how best to tackle crimes such as illegal immigration, drugs and human trafficking through those countries.

Mr. Steen: As one of the principal objectives of the Drugs and International Crime Department is the dismantling of trafficking groups, and as British taxpayers paid tens of millions of pounds for that department, will the Minister say how many trafficking groups have been dismantled in the western Balkans in each of the past five years? How much money has been taken from the traffickers and put into the British taxpayers' purse and how much money has been given to the victims of trafficking in the western Balkans as a result of the dismantling of such groups? Has any of the money—

Mr. Speaker: Order. The hon. Gentleman is pushing his luck.

Dr. Howells: I will certainly try to supply the hon. Gentleman with the figures that he asks for. I commend the work that he has done and recognise that in forming an all-party group in this House he has drawn attention to an extremely serious crime. He understands, and I hope that he will keep telling people, that trying to break up those routes and those gangs is very difficult and becoming more difficult,

because they are often financed by additional smuggling of drugs, whether Afghan-based heroin or the cocaine that is increasingly coming through that route into western Europe. It is a big job. There are people doing some very brave things in the western Balkans in trying to break up those gangs. I will try to get the figures that the hon. Gentleman asked for, because I do not know them offhand.

Mr. Crispin Blunt (Reigate) (Con): The Council of Europe convention on human trafficking comes into force next month, yet we are still to ratify it. The Government say that some legislative changes are required. Will they tell us what those changes are, and publish a timetable for them so that we can get on and help the victims of trafficking?

Dr. Howells: The hon. Gentleman is right to attract our attention to this. Implementing the convention is a key part of the comprehensive United Kingdom action plan on tackling human trafficking. Some of the other signatories to the convention have legal systems that allow or require ratification before implementation; ours does not. We intend to implement the measures, in effect, before formal ratification. As the hon. Gentleman hinted, the complexity of some of the issues to be resolved, including the likelihood of secondary and primary legislation and the need fully to consult stakeholders, means that ratification will take time. We want to ratify as soon as possible, but we believe that getting the arrangements right so that they work on the ground is much more important than political posturing.

South Africa

8. **Ms Sally Keeble** (Northampton, North) (Lab): What assessment he has made of recent political developments in South Africa. [175898]

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Meg Munn): Recent events in South Africa show that the country continues to develop and strengthen its democracy. South Africa is, and will remain, an important partner for the United Kingdom on a range of key bilateral, regional and wider international issues.

Ms Keeble: What assessment has my hon. Friend or her Department made of the impact of the change of leadership of the African National Congress on the Government in South Africa? Is she concerned that our strategic allies face political uncertainties, or pressures, not only in southern Africa but more spectacularly in east Africa?

Meg Munn: My hon. Friend raises an issue concerning internal matters in the African National Congress. As far as the United Kingdom Government are concerned, South Africa is a key partner. President Mbeki is due to remain in office until the next South African elections, and we will continue to work closely with him and his team throughout this period.

Mr. Gregory Campbell (East Londonderry) (DUP): Given the continuing catastrophe in Zimbabwe, what pressure are Her Majesty's Government bringing to bear, through the South African Government, to bring to an end the totally unacceptable activity that continues in Zimbabwe?

Meg Munn: The UK Government consider the role of South Africa to be very important in seeking to address issues in Zimbabwe, and we believe that regional action is likely to be the most effective. We continue to back President Mbeki's mediation role through the South African Development Community initiative. Deadlines have been missed, which is unfortunate, but we are told that negotiations are entering their final stages, and we will continue to talk to South Africa about this.

Sir Nicholas Winterton (Macclesfield) (Con): Following up the question from my hon. Friend the Member for East Londonderry (Mr. Campbell), what recent political developments give the Minister confidence that Thabo Mbeki and the South African Government will put increased pressure on Mugabe to return Zimbabwe to democracy, and perhaps also suggest that the elections for the presidency a little later this year should be monitored and supervised internationally?

Meg Munn: As I said, we have been told that the final stages of negotiations under the SADC initiative are under way, but I am afraid that there are no new signs of optimism in relation to the process. The hon. Gentleman is right to raise the issue of elections; we would want those elections to be moderated and supervised internationally.

Colombia

9. **Kelvin Hopkins** (Luton, North) (Lab): What assessment he has made of the observance of human rights by the Government of Colombia. [175899]

The Minister for the Middle East (Dr. Kim Howells): The Colombian Government have stated many times their commitment to improving human rights, and progress is being made. However, as I discovered on my visit a few weeks ago, too many Colombians live in fear of violence, murder and kidnapping. Illegal armed groups are mainly responsible, but reports of soldiers and policemen committing abuses are a continuing concern. That is why we are helping the Government of Colombia, and civil society, to protect and promote the rights of all Colombians, which is a priority for this Government.

Kelvin Hopkins: I thank my hon. Friend for his answer. According to Amnesty International, Colombia is one of the most dangerous places in the world for trade unionists to live and work. More than 2,200 were killed between 1991 and 2006, and security forces and Government-backed paramilitaries were thought to be behind many of those deaths. Will my hon. Friend consider withdrawing support for the Colombian security services until they give absolute guarantees that the rights of trade unionists will be protected and observed?

Dr. Howells: No, we will not withdraw our support, because we are trying to convince people in Colombia that human rights are an important consideration. We are working with the authorities and non-governmental organisations there, and we are certainly working with

the Colombian TUC. In fact, I met the president of the Colombian TUC on my visit just before Christmas, and he was convinced that the work we are doing is very valuable. We will continue to take part in efforts to ensure that Colombian trade unionists are given the protection that they deserve. They have been kidnapped and killed by all manner of groups, including FARC, which sometimes considers them to be getting in the way of good drug business in the south of the country. FARC kills trade unionists, just as right-wing militias would.

John Bercow (Buckingham) (Con): In addition to suffering quite the most savage and egregious violence of the sort to which the hon. Member for Luton, North (Kelvin Hopkins) referred, the Minister of State will also be aware that substantial numbers of Colombian trade unionists have been imprisoned—in some cases for very lengthy periods—without being charged with any offence, and therefore without the opportunity to defend themselves in a proper trial. I feel sure that the Minister of State has remonstrated in the strongest terms; perhaps he can give the House details of how he has done so.

Dr. Howells: Yes indeed. During my last visit, I raised that matter with Vice-President Santos and the Defence Minister. It is not a great advert for any democracy—and I believe that Colombia is a fast-developing democracy, and a good example to Latin America. Everyone must be given a fair trial there, especially trade unionists, who have been very brave in standing up for the rights of ordinary people in some of the most dangerous areas in the world.

Mr. Tom Clarke (Coatbridge, Chryston and Bellshill) (Lab): Is my hon. Friend aware that some of us who visited Colombia a couple of years ago would very much endorse what he and other hon. Members have said about the role of the trade union movement? Those involved were some of the bravest people we met. Will he therefore continue the dialogue with the international trade union movement? Will he remember, too, that some of the Churches were hugely influential in carrying out marvellous work, and that they too should be encouraged?

Dr. Howells: Yes indeed; that is an important point. Such things will help Colombia to be part of a wider international dialogue. There is some very good work going on there, and my right hon. Friend mentioned some of the agencies involved. There are many others too, involved with small activities that people are undertaking. Let us also remember that five or six years ago the country was on the verge of being a failed state, run by gangsters. The biggest cartel of gangsters today is made up of those posing as revolutionaries—FARC. It is the biggest drug cartel in South America, and certainly in the western world. It will use any form of repression, such as torture or kidnapping, and it will hold people for a very long time in order to further its own commercial ends.

Council of Ministers

11. **Mr. Charles Walker** (Broxbourne) (Con): If he will make a statement on the agenda of the Slovenian presidency of the Council of Ministers. [175901]

The Minister for Europe (Mr. Jim Murphy): Slovenia took on the European Union presidency on 1 January, and we congratulate it on being the first of the 2004 new member states to do so. We welcome its strong focus on the Lisbon jobs and growth agenda, economic reform, climate change and further EU enlargement.

Mr. Walker: I, too, welcome the presidency of Slovenia, one of the EU's smallest nations. What measures will we, as a sovereign Government, take to ensure that Slovenia does not fall under the undue influence of our friends across the channel, such as France? What will the Government do to protect our national interests during this important period?

Mr. Murphy: It is difficult to answer such an unusual question, which is bizarre and absurd in equal measure. Slovenia is a proud and newly independent member state, which has an ambitious agenda for the rotating presidency. Let me stumble towards an answer to the hon. Gentleman's question: we are providing logistical support and secondees to the Slovenian Government, and I visited Ljubljana recently. It is vital for the Slovenian presidency to be a success. Together, we have celebrated the independence of the nations that were freed from the tyranny of communism and are now proud members of an alliance of democracies.

Sir Stuart Bell (Middlesbrough) (Lab): When you called me, Mr. Speaker, I almost said, "Merci".

May I confirm that the first thing that the Slovenian Parliament will do is ratify the Lisbon treaty, in accordance with the Slovenian presidency? Will not the hon. Member for Broxbourne (Mr. Walker) be happy when our Parliament, too, ratifies the Lisbon treaty?

Mr. Murphy: My hon. Friend is right. We will take a similar approach to the treaty to that which previous Governments took to other European treaties, including Amsterdam, Nice, Maastricht and the Single European Act. We have an established constitutional principle in the United Kingdom: the Palace of Westminster—the House of Commons and the House of Lords—gives its agreement to such European treaties.

Topical Questions

T1. [175840] **Mr. Kevin Barron** (Rother Valley) (Lab): If he will make a statement on his departmental responsibilities.

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): I briefed the House yesterday on the situation in Pakistan and Kenya and the steps that the Government are taking to help those countries on the path to democracy and development. I can confirm that President Kufuor of Ghana is on his way to Nairobi, and we will do all that we can to assist him.

In 2008, the Foreign Office will focus its policy work on four matters: countering terrorism and weapons proliferation; promoting a low carbon, high growth global economy; preventing and resolving conflict; and developing effective international institutions—most critically, the United Nations and the European Union.

With your permission, Mr. Speaker, I should also like to mention two events in Lebanon earlier today. I am sure that the House will want to condemn strongly the rocket attacks overnight from southern Lebanon on Israel. Secondly, I can confirm reports of an explosion in Rmeileh, 30 km south of Beirut, in which two UN peacekeepers have been injured but, fortunately, not killed. We are seeking more details, but I am sure that the House will join me in deploring any attacks on UN peacekeepers.

Mr. Barron: In my right hon. Friend's statement on Pakistan yesterday, he said that it was crucial that the delayed elections be seen to be free and fair. He also said that, if invited, the Commonwealth could play a positive role in monitoring such elections. Has such an invitation been extended at this stage? What actions are the Government taking to ensure that the Commonwealth is prepared if such an invitation comes along?

David Miliband: My right hon. Friend raises an important point. I have spoken to the Commonwealth secretary-general, who confirmed that approaches have been made to the Pakistan Government to make it clear that the Commonwealth would like to have monitors there. I spoke to Pakistan's acting Foreign Minister last Friday to re-emphasise our belief that Commonwealth monitors could play a constructive role in not only Pakistan's election but its eventual re-entry to the Commonwealth.

Mr. William Hague (Richmond, Yorks) (Con): Across the House, we are united in deploring the rocket attacks against Israel and any attacks on UN peacekeepers, as the Foreign Secretary said, and also in intensifying the pressure on Iran to suspend its nuclear enrichment programme and return to negotiations. The Foreign Secretary gave a welcome assurance in November that he had agreed with the other members of the Security Council that a new UN resolution, imposing sanctions on Iran, would quickly be introduced unless Javier Solana reported a positive outcome to his discussions. Mr. Solana reported no such positive outcome, yet no UN resolution has been agreed so far as we know. Will the Foreign Secretary assure the House that it is postponed rather than abandoned?

David Miliband: Yes, although I would not want to use the word "postponed", or associate myself with it at all. The six members of the E3 plus 3 made it clear that if there were no positive outcome from the work of Javier Solana and the work of the International Atomic Energy Agency, which is pursuing important issues relating to previous Iranian activities in respect of uranium enrichment, there would be a new Security Council resolution. I can confirm to the right hon. Gentleman that intensive work is going on among all six Governments, designed to take forward a resolution on a unanimous basis. I can also say that yesterday I met the secretary-general of the IAEA, Dr. el-Baradei, and emphasised the importance of his work and the urgency of taking it forward in respect of critical issues to do with contamination that remain to be answered by the Government of Iran.

Mr. Hague: The Foreign Secretary also assured us in November that the Government would press for further EU sanctions against Iran, to be agreed before the end of the year—that is, before the end of 2007. The Minister for the Middle East told the House in October that the Government were "very confident" that EU sanctions against Iran would be tightened. We welcomed that, but again, no such additional action has yet been taken. Is it not vital that it is taken, if Iran is not to conclude that the world does not have the will to uphold the non-proliferation treaty?

David Miliband: It is vital that that action is taken forward. The right hon. Gentleman will know that, in an unprecedented statement, European leaders at the European Council in December agreed the text of a very strong statement in respect of this issue, which made clear the readiness of the EU to move forward. Obviously the EU track and the UN track are complementary, but I assure him that there are intensive discussions taking place on an EU basis, as well as on the UN track.

T5. [175844] **Nigel Griffiths** (Edinburgh, South) (Lab): Will the Foreign Secretary report to the House on what has happened in Basra since our forces handed over provincial control in December?

David Miliband: My hon. Friend raises an important and timely point, given the visit to London today of General Mohan, the commander of Iraqi security forces in Basra. I met General Mohan this morning, as did my hon. Friend the Minister for the Middle East, and the Secretary of State for Defence is meeting him this afternoon. General Mohan told me that although the security situation of course remains difficult—some of that was discussed earlier this afternoon—he is confident that Iraqi security forces have the capacity to take their work forward. I very much hope that the unity that he called for—on security issues, economic reconstruction and political reconciliation—can bring unity across the House on how we move forward on the issue of Iraq, even though I understand that there will never be unity on the original decision five years ago.

T3. [175842] **Mr. Andrew Mackay** (Bracknell) (Con): As last July the Prime Minister rightly described the Darfur crisis as one of the great humanitarian disasters of our generation, and as the joint African Union and United Nations force was supposed to be 19,000 strong on 31 December—that is, last week—but is only 9,000 strong on the ground, and comprises mainly African Union troops, what are the Government doing to put the matter right?

David Miliband: The right hon. Gentleman has long made important contributions on this issue, and he is right to highlight the discrepancy between the agreed intended size of the AU-UN force and its current size. I spoke to the UN Secretary-General over the Christmas and new year break, because of the difficulties in Pakistan, and was able to register the importance of the issue. The mission in New York is also taking it forward. I hope that the right hon. Gentleman will also agree that, in parallel to the work to ensure that the force, with the right equipment, is on the ground in Darfur, we must pursue the work to bolster the comprehensive peace agreement, which has brought three years of peace between north and south, but needs to be taken forward further. I hope that the political track, as well as the military track, can be taken forward in 2008.

T7. [175846] **Mr. Siôn Simon** (Birmingham, Erdington) (Lab): Assuming that the Minister can give us no further information about the worrying rocket attacks from southern Lebanon into Israel overnight, can he say what he thinks might be the impact of President Bush's visit tomorrow—his first in all these years as US President?

The Minister for the Middle East (Dr. Kim Howells): I hope that my hon. Friend will accept that these rocket attacks are very worrying. Two rockets came from Lebanon into Israel. We do not know who fired them: we suspect that elements of Fatah al-Islam, the group that caused the devastation in the refugee camp in the north of Tripoli, may be involved, but we have had no confirmation of that. My hon. Friend asks what difference the visit will make. I very much hope that it will continue to focus the attention of the world on the need for far more work to be put in on the middle east peace process, which has been a desultory process for far too long. The intensity that we witnessed in the run-up to Annapolis and since is to be welcomed. With luck, and particularly with the energy of the Americans, we hope to start to see some real achievements.

Mr. Edward Davey (Kingston and Surbiton) (LD): Further to his answer to the right hon. Member for Bracknell (Mr. Mackay), is the Foreign Secretary aware that the UN Secretary-General Ban Ki-moon warned yesterday that UNAMID still does not have enough helicopters to carry out its peace-keeping mission in Darfur? While I recognise that our own armed forces are in need of more helicopters, particularly in Afghanistan, what is the British Government doing to ensure that UNAMID has the 24 helicopters that it was promised? The people of Darfur have waited long enough. When will the Government, with our EU and NATO allies, provide those life-saving helicopters?

David Miliband: I again welcome the hon. Gentleman to his post, and to his first Foreign Affairs questions. He rightly raises a detailed point about helicopters. Of course, the pressure on helicopter numbers is reflected not just in Afghanistan but in Chad, where an important French drive is taking place. The hon. Gentleman asked how we were taking discussions about this forward, and I can assure him that in NATO, in the EU and at the UN, strong diplomatic representations are being made at the political and official level. He referred to the calls already being made on British forces, and he will know that although it is easy to talk about deploying one or two helicopters, to do that requires significant numbers of staff in support. It is a complex matter, but I strongly share the hon. Gentleman's sense of urgency about the situation, and I acknowledge the need to ensure that countries with forces at their disposal send them to the areas where they are most needed.

T8. [175847] **Mr. Ronnie Campbell** (Blyth Valley) (Lab): What further assessment has my right hon. Friend made of the Bali agreement, particularly of aspects that would benefit the people of the UK?

David Miliband: My hon. Friend raises an important point. This is the first time that the House has had a chance to discuss the matter since the very important Bali conference, where my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs and the Minister for the Environment played a critical role in the last hours of the negotiations in securing an agreement. It is not a final global deal on climate change, but it includes for the first time commitments for all countries to be engaged in emissions reduction. Secondly, it specifies 25 per cent. to 40 per cent. cuts in emissions by the developed nations that were signatories to Kyoto by 2020. I think that that provides a basis for serious negotiations over the next two years. Perhaps the greatest thing achieved in Bali was the setting of a deadline for those negotiations, of December 2009—the last date by which we need an agreement if there is not to be a gap when the current Kyoto commitments lapse in 2012.

T4. [175843] **Simon Hughes** (North Southwark and Bermondsey) (LD): Ministers will know that since 1 January this year, Sri Lanka has seen the death of one member of parliament, the death of a military commander of the Tamil Tigers and of other Tamils, and, in the last 24 hours, the death of the Minister responsible for nation building. Given that the Sri Lanka Government have announced that they will terminate the ceasefire agreement next Wednesday, what are Her Majesty's Government doing to try to bring both sides together again to facilitate a long-term and secure settlement for Sri Lanka so that all its peoples can live in peace?

Dr. Howells: I share the hon. Gentleman's concern about the deteriorating situation in Sri Lanka. We have been trying for a long time to help the Norwegians, who have been attempting to broker peace and have done sterling work there. Indeed, my right hon. Friend the Member for Torfaen (Mr. Murphy), a former Secretary of State for Northern Ireland, has been out to Sri Lanka to try to build bridges between the communities on the basis of his experience of what happened in Northern Ireland—but it is a very difficult process. I think that the most distressing feature is how the Government have won some military battles, but then become less enthusiastic about reconciliation and involving everyone who lives on that troubled island in a more inclusive way. We will continue to work with the Government, however, to emphasise that reconciliation must take place. There must be talks; otherwise the killing will continue. A Minister died yesterday, and we have seen—

Mr. Speaker: Order. I must stop the Minister there.

T6. [175845] **Mr. Philip Hollobone** (Kettering) (Con): Does the Foreign Secretary believe that it would benefit the international community if the Republic of Ireland became a member of the Commonwealth, and are Her Majesty's Government involved in any co-ordinated efforts within the Commonwealth to extend an invitation to the Republic so to do?

The Minister for Europe (Mr. Jim Murphy): There is a series of important reforms of the operation of the Commonwealth, which Her Majesty's Government strongly support—but it is largely for other countries to seek membership. It is not for the United Kingdom to extend invitations to other countries at our behest or

suggestion. It would be for Ireland to initiate such an application, and it has not done so, nor does it appear to wish to submit such an application, now or at any point in the near future.

T9. [175848] **Kelvin Hopkins** (Luton, North) (Lab): Will my right hon. Friend seek meetings with Senator Barack Obama to discuss how he might lead America to a more peaceful world, in contrast to the present incumbent of the Oval Office?

David Miliband: We will seek meetings with all presidential candidates from the United States, to help lead America to move forward in a productive fashion.

T10. [175849] **Mr. Andrew Robathan** (Blaby) (Con): I am sure the Foreign Secretary agrees that trust plays a vital part in any discussions that he has with other Foreign Ministers, but in 2005 he, and indeed all Labour Members, stood for election on a manifesto commitment relating to the constitutional treaty which stated:

"We will put it to the British people in a referendum".

Given that all other Foreign Ministers in the European Union consider the new EU treaty to be a constitution in all but name, how can they ever have any faith in anything that the Foreign Secretary says—or were he and the Prime Minister deliberately misleading the British people?

David Miliband: Twenty-six of the 27 leaders of the European Union clearly do not believe that the treaty is the same as a constitution, because they do not propose to hold a referendum.

Mr. Robathan: They've said it!

David Miliband: Despite what the hon. Gentleman says, only Ireland, which is required constitutionally to hold a referendum, is going to do so—and what the 27 have actually said is that the constitutional treaty has been abandoned. That is the truth of what they have said.

Ann McKechin (Glasgow, North) (Lab): Last month the Secretary of State for International Development said that the humanitarian crisis in Gaza was

"getting worse by the day".

Essential medicines have run out, fuel supplies have been cut, and supplies of clean water have been severely restricted. When will the United Kingdom Government remind the Israeli Government that that form of collective punishment is a clear breach of the Geneva convention, and insist that they live up to their duties with regard to humanitarian care?

David Miliband: My hon. Friend has raised an important point. I assure her that we cover the issue of Gaza in all conversations with the Israeli Government. Since the declaration of Gaza as a hostile territory on 30 October we have continued to raise the humanitarian situation there, most recently at the NATO Foreign Ministers' joint meeting with middle eastern countries. As my hon. Friend will know, on 4 January there was a further tightening of the situation. It remains critical and deserves the attention of the Government, and I assure my hon. Friend that it is receiving it.

Umbilical Cord Blood (Donation)

3.33 pm

Mr. David Burrowes (Enfield, Southgate) (Con): I beg to move,

That leave be given to bring in a Bill to promote the donation of cord blood from women after giving birth; and for connected purposes.

Given that I have six children, I should be declaring an interest in the subject of the Bill. My constituency is adjacent to Barnet general hospital, one of only four NHS hospitals that collect umbilical cord blood. That would seem to be a good reason for developing an interest, but we have not donated umbilical cord blood despite six opportunities to do so at a nearby hospital. Like most parents throughout the United Kingdom, we were not informed of the value of cord blood or the possibility of collection. Until recently I did not consider the umbilical cord, once clamped after birth, as anything more than a waste product. The first purpose of the Bill, and of my speech, is to encourage parents and the wider public to be more informed about the value and benefits of umbilical cord blood.

Hon. Members may be ignorant, as I was, of the nature of cord blood. The baby's blood in the cord contains different types of cell, including stem cells. Cord blood has been used for the last 20 years for blood transplantation. It has treated patients with leukaemia, sickle-cell diseases, immune deficiencies and other diseases: there have been 85 treatments to date.

There are possible treatments in the pipeline beyond blood therapy. Trials for the use of cord blood in brain injury in children are under way and cord blood is being developed for many other therapies, including diabetes and liver therapy. Treatment for leukaemia highlights the particular value of cord blood transplants, which can be used as an alternative to bone marrow transplants. Such cord blood transplants are less complicated, with fewer delays, and more readily available, as they can be stored and frozen for many years. Significantly, it is easier to find a match from stem cells than from bone marrow.

Umbilical cord blood collection leads to increased access to transplantation, particularly for patients from ethnic minorities. The reality is that umbilical cord blood, which is thrown away routinely after birth, has a life-saving value. Becki Josiah contacted me after her daughter Billie died from leukaemia in April 2006. She was ill for two years and awaiting a bone marrow transplant. A major difficulty for the Josiah family was their daughter's mixed-race background. As Mrs. Josiah said to me,

"Mixed-race individuals have a much lower chance of receiving a match in bone marrow donations and cord blood donation gives them another vital chance at a cure."

The Bill attempts to increase the chances of a cure for families such as the Josiah's.

Mrs. Josiah has also highlighted the limitations on donation. She recently had another baby and wanted to donate her newborn baby's cord blood to help cure a child with leukaemia, like her daughter. However, her family does not live near one of the four NHS hospitals with facilities to accept her donation. As she said, it was not possible for her blood to

"go to another family to help spare them the agony of losing someone they love."

Successful treatment is possible for one's own blood, a sibling's or that of an unrelated patient. We must find a way of enabling more patients to access this source of treatment, and my Bill takes some steps in that direction.

My interest in umbilical cord blood arose when as a member of the Joint Committee I scrutinised the draft Human Tissue and Embryos Bill. Our remit was focused on the Government's approach, which is to ensure that the UK is at the forefront of scientific development in embryonic stem cell research. A majority of public money supports embryonic research compared with other stem cell sources. The House will no doubt have the opportunity soon, with the Human Fertilisation and Embryology Bill, to debate whether it is wise to move into the realms of interspecies research to deal with the limited number of embryonic stem cell lines.

As well as the political hurdles, there are ethical and biological hurdles in the way of the Government marching us up to the top of the hill of embryonic research. It is therefore timely to consider an alternative hill of stem cell research. The terrain is the same: wanting the UK to be at the forefront of bringing stem cell therapies and regenerative medicine to the clinic in order to relieve suffering and reduce health care costs. With the help of this Bill, the focus would be on core blood stem cell therapy, which already results in treatment of diseases. Research in the field holds out an exciting future; notably Professor Colin McGuckin has led a team in Newcastle to be the first in the world to characterise human embryonic stem cells from umbilical cord blood.

The question that the Bill raises is why only 150 cord blood transplants out of 8,000 worldwide have been carried out in the UK. Why are we routinely disregarding the proven life-saving value of umbilical cord blood but legislating and investing predominantly in the unproven and ethically challenging route of embryonic research? Given that we will in the foreseeable future depend on non-embryonic stem cell therapies, why are we putting literally most of our eggs in one basket?

There are supporters of the Bill who are not necessarily opposed to embryo research but recognise the value of umbilical cord blood and its availability. The Bill would make it a universal requirement for doctors to inform pregnant women of the benefits of collection and storage of cord blood. The Royal College of Obstetricians and Gynaecologists advises that if there is a known genetic condition in a family—already a child with leukaemia or a blood-related disorder—a clinician may recommend that parents bank their babies' cord blood. My Bill would presume that collection takes place in such circumstances unless parents opt out or medical reasons prevent it. If nothing is done in this area, some private banks will simply exploit families' fears.

The practical problem facing any future extension of donation of cord blood is the limited number of NHS maternity units equipped for collection and storage in a safe environment. The NHS cord blood bank at Edgware restricts its collections to Barnet general, Northwick Park, Luton and Dunstable and Watford hospitals, which are the only dedicated units in England. The collection sites do not form a planned

[Mr. David Burrowes]

approach to collection of cord blood and we are currently missing—or, more to the point, wasting—the opportunity presented by umbilical cord blood.

The Bill seeks to promote the collection of cord blood from specific shortage groups, particularly ethnic minority groups and mixed-race families. The UK Thalassaemia Society, which has its base in Southgate in my constituency, recognises that point in its support of my Bill, as does the Leukaemia Society in the United Kingdom. They have emphasised to me the difficulties for leukaemia patients of Cypriot origin in finding appropriate bone marrow matches and support the proposed extension of cord blood donation.

The purposes of the Bill are not wholly dependent on legislation. The Anthony Nolan Trust, which also supports the Bill's aim to promote the benefits of cord blood collection, is setting up the first charitable cord blood bank in the UK and plans to promote opportunities for more cord donation. The hope is that six maternity units will facilitate collection. The aim is to harvest 12,500 cords within five years for clinical and research use.

The Bill seeks to raise our sights higher, given the value now of cord blood's treating 85 different diseases. It also seeks to rebalance the debate on stem cell therapy, which can often be more led by media proxy and hype than the ability realistically to treat patients. The Bill supports an ethical and convenient alternative to embryonic sources of stem cells. It also supports parents who are waiting desperately for treatment for their children with diseases such as leukaemia.

I leave the last words to Becki Josiah. She says:

"I find it obscene that I could go into Selfridges tomorrow and buy a jar of face cream containing placenta but I cannot find anyone willing to collect and store the precious resource that is cord blood".

and asks whether anything can be done to help her.

I commend the Bill to the House.

Question put and agreed to.

Bill ordered to be brought in by Mr. David Burrowes, Geraldine Smith, Simon Hughes, Robert Key, Mr. Julian Brazier, Mr. Stephen Crabb, Mr. Andrew Dismore, Bob Spink, Michael Fabricant, Jim Dobbin, Andrew Selous and Mrs. Nadine Dorries.

Umbilical Cord Blood (Donation)

Mr. David Burrowes accordingly presented a Bill to promote the donation of cord blood from women after giving birth; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Friday 17 October, and to be printed [Bill 50].

Opposition Day

[5th allotted day]

Network Rail

Mr. Speaker: We come now to the first debate on the Opposition motions. I inform the House that I have selected the amendment in the name of the Prime Minister.

3.44 pm

Mrs. Theresa Villiers (Chipping Barnet) (Con): I beg to move,

That this House is deeply concerned by the track work over-runs by Network Rail on the West Coast Main Line and at Liverpool Street station over the Christmas and New Year period; believes that the disruption caused to passengers was unacceptable and that Network Rail failed to plan properly for the successful completion of works on time; further notes that Network Rail was created by the present Government and believes that these recent incidents illustrate that the organisation is insufficiently accountable to its customers; and calls on the Government to take steps to ensure that Network Rail is made more accountable to the travelling public so that efficiency is improved and a much better quality of service is provided to passengers in the future.

As if non-stop gloomy economic news and the return to work after the Christmas break were not enough to depress people last week, thousands of travellers had rail chaos to contend with as well: a truly miserable new year greeting from this Government and Network Rail, the organisation that Labour created to maintain and run the tracks on our railways—a creation process in which the Prime Minister and his closest Treasury advisers were heavily involved. A key national route—60,000 passengers a day use the extensive stretches of the west coast main line—was seriously disrupted when upgrade works around Rugby ran four days over time. Many people were forced on to lengthy bus journeys and were subject to hours of delay.

Liverpool Street station, which is used daily by 100,000 passengers, was completely closed on the first working day after the new year, when a bridge project overran, and services remained disrupted for another two days. That level of disruption damages our economic competitiveness, and causes misery for passengers and inconvenience for those who are running freight on our railways. It is simply not acceptable, it should not have happened and it need not have happened had there been sensible planning. The fact that it occurred on a day when fares increased by as much as 14.5 per cent. in some areas compounded the anger and dissatisfaction felt by so many passengers, who rightly believed that they were not getting value for money.

Mr. Brian H. Donohoe (Central Ayrshire) (Lab): The hon. Lady may not have been in the House when Robert Adley, the ex-Member for Christchurch, commented that the privatisation of the railway network was like the "poll tax on wheels". Many Transport Select Committee reports have made it clear that everything we are facing is down to fragmentation. In these circumstances, why are the Opposition suggesting that the answer to the problems over the Christmas period, which affected people north of the border who were travelling through Rugby as well as those south of the border, is further fragmentation? Why is the hon. Lady advocating that?

Mrs. Villiers: Where I agree with the hon. Gentleman is on his statement that the disruptions impacted negatively on people north of the border as well as on those south of it—the Opposition are deeply concerned about that. On the rest of his contribution, I must tell him that this Government have to start answering for their own record on the railway network.

Ms Katy Clark (North Ayrshire and Arran) (Lab) *rose—*

Mrs. Villiers: They have been in charge of our rail network for the past 10 years, so I would welcome an explanation from the hon. Lady.

Ms Clark: Does the hon. Lady accept that there has been a huge improvement in service since Labour took power? Indeed, since the creation of Network Rail there has been a 28 per cent. decrease in delays.

Mrs. Villiers: It is certainly true that some progress in the rail industry has been made, a significant amount of which results from privatisation. It would not have been possible to achieve that progress without the enterprise introduced by the private sector train operating companies.

Andrew Miller (Ellesmere Port and Neston) (Lab): As a regular traveller on the west coast main line, I am particularly interested in the project to which the hon. Lady refers. Will she put this debate into perspective by telling us the scale of the project that was undertaken during this winter break? How many person hours were put in to the work that she is challenging?

Mrs. Villiers: It was clearly a huge project, but there is no excuse for the disruption that caused misery to so many people.

Labour created Network Rail and Labour must carry the can for its failure. To all intents and purposes, it is a nationalised industry—more or less everyone accepts that, except the Government and the management of Network Rail. No matter how many somersaults they do to try to keep Network Rail's debts off the Government balance sheets, they are simply in denial if they think that Network Rail is not effectively an agency of government. May I draw the House's attention to something said by the former Leader of the House, the right hon. Member for Blackburn (Mr. Straw)? He explicitly referred to the fact that the Government

"brought Network Rail into public ownership". [*Official Report*, 1 February 2007; Vol. 456, c. 363.]

Bob Russell (Colchester) (LD): I am a regular user of the railway from Colchester to London Liverpool Street, and I have a lot of sympathy with the points that the hon. Lady is making because I have constituents who were similarly affected. Does she accept that the fragmentation of the railway industry has not helped the situation?

Mrs. Villiers: The serious problem that is revealed, as I shall explore in my speech, is that Network Rail is not sufficiently accountable to passengers and customers.

Mr. Henry Bellingham (North-West Norfolk) (Con): Further to the point made by the hon. Member for Colchester (Bob Russell), is my hon. Friend aware that many of my constituents experienced huge disruption from the overrun of the engineering works at Liverpool Street? It is not acceptable for Network Rail consistently to blame contractors: it has to take responsibility for overruns that inconvenience the public.

Mrs. Villiers: I agree entirely with my hon. Friend, as I will explore later in my speech.

Mr. John Redwood (Wokingham) (Con): Does my hon. Friend agree that if Labour really believed that any split in the old British Rail monopoly was wrong, it should have nationalised the whole thing years ago and proved that that was better? Of course, it is not better, which is why Labour has not done it. The railway moved from decline to growth when we privatised it.

Mrs. Villiers: The reality is that Ministers now have more control over our railways than they did in the days of British Rail. They take more detailed decisions on a range of issues, such as timetabling and rolling stock, than Ministers have ever considered in the past. In Network Rail, they took the decision to create an organisation that is not properly accountable to anyone—to shareholders, passengers, customers or the regulator—and they must take responsibility for the consequences of that decision.

Albert Owen (Ynys Môn) (Lab): My constituents in Wales were seriously affected by the overrun of engineering works in Rugby, but their main concern is that the lessons are learnt for the future. They welcome the upgrade of the line and the additional services that they are now getting, but what they want—sensibly—is for the regulator to look into the problems and the lessons to be learnt, so that we can have even faster and more frequent trains to north-west Wales.

Mrs. Villiers: Absolutely lessons must be learned for the future, and it is sad that Network Rail has not always learned lessons from similar incidents in the past. The simple fact is that Network Rail's senior management was incompetent in failing to plan properly to get the work finished on time. I emphasise that it is senior management that has been found wanting, because the Opposition recognise the hard work and difficult job done by so many dedicated Network Rail staff, whose morale must have plummeted in recent weeks.

Ministers were invisible as the crisis on the rail network deepened. Network Rail's failure to communicate effectively either with passengers or with the people responsible for running the trains was inexcusable. It is one thing to overrun on a possession, but the impact is far worse if one gives only short notice that that will happen. There seemed to be a blithe assumption that if a train company were given a few days' notice, its passengers could switch their plans and travel on a different day. But we are talking about new year's eve. If one is going to a new year's eve party, there is not a lot of point in getting a train on 4 January.

At Liverpool Street, One Railway, the people responsible for running the trains in and out of the station and for getting passengers from A to B, first learned of the

[Mrs. Villiers]

work overrun at about 1 am on 2 January, about four hours before the station was due to reopen and trains to start running. By then, it was simply too late to get any information to customers before they turned up at stations across East Anglia, not unreasonably expecting to be able to take a train into work. That is an extreme example of Network Rail's damaging tendency not to co-operate closely enough with train operating companies, or even keep them informed of what is going on. That approach is hindering efficiency in the railways and increasing fragmentation.

Mr. Mark Prisk (Hertford and Stortford) (Con): My hon. Friend makes a powerful point about the failure of Network Rail management to learn their lessons. I received a letter today from Iain Coucher in response to my correspondence. He says that, while there have been similar problems in the past,

"It is obvious now that we attempted to do too much work, in too short a period".

The Government always make the argument that lessons will be learnt, changes will be made in the future and that things will be better at some stage. However, under the current Government, we have been constantly required to wait for that to happen. When does my hon. Friend think that the Government will learn the lessons?

Mrs. Villiers: I do not think that the Government will ever learn the lessons. Not only have they asked us to wait, they have asked the taxpayer to pay more and they have asked the fare payer to pay more for substandard services.

Passenger groups were not consulted by Network Rail in advance of the Liverpool Street fiasco either. Brian Cooke of London TravelWatch said:

"The situation at Liverpool Street is a thorough disgrace."

Many passengers have voiced their frustration and some are even threatening strike action. Natalie Evans of the British Chambers of Commerce said:

"Today's rail problems, coupled with an inflation busting increase in fares, are simply not good enough."

Tony Collins of Virgin Trains said that

"our customers expect and deserve better."

Passenger Focus said that the approach taken by Network Rail broke

"every golden rule on how to treat passengers".

Anthony Smith of Passenger Focus said:

"This is unbelievable. Thousands of passengers have booked or planned New Year travel in good faith. We feel very let down and want re-assurances that the huge amount of engineering work planned"—

for 2008—

"will not run into similar problems."

Sir Nicholas Winterton (Macclesfield) (Con): Is it not likely that the outcome of the whole sad saga will be that the regulator will fine Network Rail? Is that not nonsense, because Network Rail will merely pay with taxpayers' money? Would it not be far better to say that Network Rail should not make any bonus payments to its management, who have shown gross incompetence?

Mrs. Villiers: My hon. Friend anticipates what I was about to say. We must remember that the problems were not caused by storms, snowfalls or sudden natural disasters, but simply by poor planning and project management at Network Rail and, indirectly, by the Government's failure to put adequate systems in place to ensure that Network Rail is properly accountable for its performance.

Mr. David Drew (Stroud) (Lab/Co-op): Will the hon. Lady give way?

Mrs. Villiers: No. I want to make some progress.

It is no answer for Network Rail to blame its contractors, as my hon. Friend the Member for North-West Norfolk (Mr. Bellingham) remarked. The regulator recently concluded that Network Rail had breached its licence by failing

"adequately to evaluate and mitigate the risks associated with the project, and to manage its contractor in line with best practice."

Network Rail

"failed to consider and plan for the possibility of an extended overrun of the commissioning works, and the consequential effect on passengers."

The regulator was talking not about Rugby in January 2008 but about Portsmouth in early 2007 after signalling work overruns caused huge disruption to passengers over several months. At the time, the Office of Rail Regulation made it plain:

"Even though its contractor carrying out the work may be at fault for the delays in completing the work on time, ORR considers that Network Rail should have managed its contractor more effectively and is responsible."

It seems that few lessons have been learnt from Portsmouth.

Dr. Stephen Ladyman (South Thanet) (Lab): There is a word that the hon. Lady is studiously avoiding using: Railtrack. I agree that what Network Rail did over the new year was unacceptable and that lessons need to be learnt. However, is she seriously suggesting that that railway disruption compares in any way with the financial and personal tragedies that Railtrack, which was set up by a Conservative Government, visited on the railways?

Mrs. Villiers: I am saying that there was major disruption that should not have happened. We should be debating this Government's performance in running our rail network.

Even if Network Rail can heap some of the blame for Rugby on Bechtel, what is its excuse for Liverpool Street? If Bechtel is at fault, will the Minister tell us what penalties the contract will impose? If the contract does not provide for penalties, why does it not? Is that not a basic element of good procurement practice, particularly when timely completion of the works is so crucial in getting the railway back up and running and allowing people to get to work in the morning?

Mr. Mark Francois (Rayleigh) (Con): I thank my hon. Friend for her courtesy in giving way again. What happened at Liverpool Street was clearly unacceptable, but unfortunately it was by no means a one-off. I have had meetings with Network Rail officials about the propensity that engineering works at weekends have to

overrun so that when the track is handed back on Monday delays back up in the system. That is highly inconvenient for my constituents. Does my hon. Friend agree that maintaining the track is a core part of what Network Rail exists to do? It has to do better or the public will lose all confidence in its ability.

Mrs. Villiers: My hon. Friend is absolutely right, as ever. Network Rail needs to get a grip and seriously raise its game. Its performance is not acceptable.

Another key error committed by Network Rail was its failure to tackle the situation effectively when things started to go wrong. The problems did not come out of the blue. Possessions are planned 18 months in advance. As early as 6 December there were clear warning signs that serious problems were occurring at Rugby when there was surely still time to remedy the situation. One question that the Secretary of State has to answer today has to do with when she was first warned about the potential overrun, and when she started to take action to sort the problem out.

As my hon. Friend the Member for Macclesfield (Sir Nicholas Winterton) noted earlier, merely imposing fines on Network Rail would not be an adequate response, as the taxpayer would pick up the bill for them anyway. As former rail regulator Tom Winsor has pointed out, the Government have removed

"the most potent instrument of...accountability—the ability of the regulator to inflict financial pain if the company's management commits serious sins".

While taxpayers and passengers pay the price of failure at Network Rail, its managers still receive their high salaries and bonuses. It was confirmed in November that the £286,000 in bonuses suspended after the Grayrigg accident had been paid out to Network Rail's four senior managers, despite the serious failures that the accident revealed. Network Rail's annual report disclosed a further £362,000 of longer-term performance incentives. Last year, the pay of Network Rail's non-executive directors rose by 18 per cent. It looks as though the pay restraint that the Prime Minister has been grandstanding about does not apply to some of Labour's friends at Network Rail.

It was, of course, a matter of huge irony that, on the very day that Virgin took out advertisements in the national press to warn passengers about the expected disruption, those same national newspapers carried news of the knighthood that the Government had awarded to the chairman of Network Rail for his services to transport.

The fundamental problem that the House must address is that Network Rail's management is not accountable to anyone. We believe that that must change. The people who in theory are supposed to hold Network Rail to account are its members, but the Network Rail board decides who most of them are. It is therefore no wonder that that check has been derided as toothless and ineffectual.

Reform is needed to put in place a more effective way to penalise failure by Network Rail's management, and to ensure that they are forced to listen to the regulator and their customers. Getting that right is of critical importance if we are to have the high-quality rail network that our economy needs. There are many reasons for that, but I shall outline just three.

First, the Grayrigg accident shows that failures at Network Rail can have tragic consequences. The report into the crash revealed a catalogue of errors.

Ian Lucas (Wrexham) (Lab): I have been listening to the hon. Lady carefully. The motion refers to the accountability of Network Rail, but I am struggling to understand what her party would do with the organisation. Would it abolish Network Rail? If not, what steps would it take to render Network Rail more accountable? She has said nothing about that so far.

Mrs. Villiers: The hon. Gentleman has a treat in store as, in due course, we will publish the results of our rail review. We will explain then how we intend to tackle the problem, but this debate is about what the Government are going to do about it. They are in office, and they must deal with it.

Mrs. Gwyneth Dunwoody (Crewe and Nantwich) (Lab): I am sure that the hon. Lady does not want to mislead the House, but she seemed to suggest that the Network Rail board chooses its members. She will know that anyone working in the rail industry is able to make nominations to the board, and that that includes the freight companies. The Network Rail board does not choose its members—far from it. A perfectly straightforward machinery exists for that, and she must know about it.

Mrs. Villiers: My understanding is that the board has the final say over the public members appointed, but not over the industry members. According to the latest information, industry members make up about 24 per cent. of the board's membership, with public members accounting for 76 per cent. I certainly meant to say that the board has a veto over the majority of members, and it was an error on my part if I did not make that clear. However, I am willing to be corrected.

Mrs. Dunwoody: The hon. Lady also knows that board members are selected by an independent body. The divide is very clear. I am sure that she does not want to mislead people by suggesting that Network Rail has a veto, as it does not.

Mrs. Villiers: My understanding is that there is an independent element in proposing public members, but that the Network Rail board ultimately can say yes or no to any nomination. However, I shall be happy to check my facts to ensure that I have presented the situation correctly.

The second reason why it is vital to ensure that Network Rail is accountable is that it does not give high enough priority to passenger concerns. That must surely be a key reason why it has been so exasperatingly slow to deliver capacity enhancement—measures such as longer platforms or short-rail extensions into ports and industrial estates. As Network Rail's own business plan confirms, overcrowding is not confined any longer to busy London commuter routes. It is spread across Britain and is a serious problem, even on many off-peak trains. Passenger numbers on commuter services into Birmingham, Bristol, Leeds, Manchester and Glasgow far exceed capacity on many trains. Capacity expansion is vital to tackle growing overcrowding problems, but a recurring complaint from stakeholders is that Network Rail management are simply not concerned enough about growing the railway.

[Mrs. Villiers]

The third reason why we must tackle the problem of lack of accountability is that Network Rail's management are insufficiently focused on keeping costs under control. This is a body that has directly received £10.3 billion of taxpayers' money at today's prices since 2002 and will get another £3.05 billion this financial year. That does not even include the further taxpayer subsidy that it receives indirectly via payments from the train operating companies. At present the reality is that neither the taxpayer nor the fare payer is getting value for money.

Bob Russell: The hon. Lady is very successfully setting out a case against Network Rail. Where is the evidence that the separation of Network Rail from the operating companies is to the benefit of rail passengers? If we had an integrated rail service, surely the problems that she is outlining would not happen.

Mrs. Villiers: Things would certainly be more positive if there were more co-operation between the management of track and train. As I have stated, that is one of the weaknesses displayed by Network Rail senior management.

The disruption around Birmingham coincided with the day that the cost of an annual season ticket to Euston rose from £7,260 to £7,608. It is no wonder London TravelWatch described new year fare rises as a bitter pill. Passengers are being asked to pay more and more, often for grossly overcrowded trains and disrupted services. The reality is that fare payers are picking up the bill for Network Rail's failure to get a grip on costs.

So this afternoon the Secretary of State has many questions to answer, not least of which is what is the total cost of this fiasco to the taxpayer. How much have the extra engineers who were needed for the overrun works cost? Will the money paid in fines—we surely expect some of those—be recycled and spent on rail or is it lost to the rail network? What discussions has the Secretary of State had with the Office of Rail Regulation on how to improve the performance of Network Rail? What did she do to respond to the problems revealed at Portsmouth, so many of which were repeated on this latest occasion? What discussions has she had with passenger groups and train companies about getting better performance from Network Rail? Above all, what guarantees can she give us that lessons will be learnt from the current fiasco and that steps will be taken to prevent its being repeated?

With major projects planned for Reading, Birmingham New Street, Thameslink, and the east coast main line, not to mention the remaining stages of the west coast main line upgrade, and with work scheduled for more or less every bank holiday up to December, I am afraid that there could be a great deal more disruption in store for passengers. Some projects, such as signalling work at the Glasgow Shields junction, are still overrunning from the new year break. Is the Secretary of State confident that the upgrade of the west coast main line will be completed on schedule in December this year?

Mr. Drew: Will the hon. Lady give way?

Mrs. Villiers: No. I shall conclude. The hon. Gentleman will get his chance in a minute.

The disruption over the new year was a monumental foul-up. What a contrast with the hope and excitement at the launch of High Speed 1 last month. The incident illustrates how vital the railways are for our economy, our quality of life and our country. The underlying problem is that when they created Network Rail the Government failed to put in place effective means to ensure that it was answerable for its actions. When it provides poor services, too often it gets away with it with impunity. The taxpayer deserves better from Network Rail; its staff deserve better; but, above all, passengers deserve better.

4.9 pm

The Secretary of State for Transport (Ruth Kelly): I beg to move, To leave out from "House" to the end of the Question, and to add instead thereof:

"applauds the Government for taking decisive action to correct the flaws of rail privatisation; welcomes the fact that the railway is carrying 40 per cent. more passengers and 47 per cent. more freight than in 1997 with improving punctuality and safety standards and record investment in infrastructure; and looks forward to seeing the results of the investigation by the Office of Rail Regulation into Network Rail's performance, following the unacceptable engineering overruns experienced by passengers during Christmas and the New Year."

I start by commending the hon. Member for Chipping Barnet (Mrs. Villiers) for her bravery in raising the issue of the performance of our railways in the first Opposition day debate of the year. I say "bravery" because, first, although she spoke for just over 20 minutes, she failed to make a single concrete proposal on how to improve rail services. Also, there was yet another abject failure to commit to matching Labour's investment plans for the next seven years. Secondly, it was bravery given her party's track record on rail, which was defined by years of under-investment, declining passenger numbers, closure of lines, and of course a botched privatisation. I recognise the compliment that she paid the Government when she accepted that performance had improved on the railways in the past 10 years. However, people will be incredulous that she puts the improvement down to the privatisation that took place under the Tory Government. Sometimes I think that she lives on another planet.

Mrs. Villiers: Is the Secretary of State saying that she will re-nationalise the rest of the rail industry?

Ruth Kelly: Indeed not, and I beg the hon. Lady to wait for the rest of my speech. Before I tackle head-on the issues that she raised, I, too, welcome the hon. Member for Lewes (Norman Baker) to his place on the Front Bench. I look forward to his contribution, both to today's debate and to other transport debates in the coming months. I know what a keen interest he has taken in rail, and in championing the concerns of his constituents.

Over Christmas and the new year period, there were serious, unacceptable delays on key sections of the rail network, including at Rugby and at Liverpool Street station. I regret the impact that they had on thousands of passengers. The chief executive of Network Rail has

rightly apologised. He told me that he intends to learn all the lessons from the engineering works delays, to minimise the risk of unforeseen overruns in future.

Andrew Miller: I agree with his question. I have with the hon. Member for Chipping Barnet (Mrs. Villiers), but she said that it was my right hon. Friend's job to answer it. The project was huge, and there were unacceptable overruns, but will my right hon. Friend try to put the matter in perspective? I travelled down the west coast main line on Monday and saw the massive changes that have occurred. How many people-hours were put into the project over the weekend? If the scale of the work is made clear, it will help the debate.

Ruth Kelly: I thank my hon. Friend for his question. I travelled on the west coast main line only a few days ago and I, too, experienced a comfortable, reliable journey, which took two and a quarter hours from London to Manchester. The performance of the rail network has improved so considerably that I am delighted to tell the House that I can now use that route regularly, whereas after the Hatfield incident, when it was clear how chaotic a state the railways were in, some of us, including me, had to switch to the air for a period. My hon. Friend rightly says that the scale of the works was enormous. I can tell the House that in any 24-hour period, the equivalent of 5,000 people were working full-time to upgrade and renew our railways.

Mrs. Villiers: If Network Rail could not cope with the scale of that work, how will it cope with all the other projects that are proposed for the rail industry in the next few years?

Ruth Kelly: The point I am making is that it is important that the full lessons are learned from the episode. The failures call into question whether the processes put in place by Network Rail to manage engineering works over the Christmas and new year period were adequate. I can tell the House today that the rail regulator has announced that he is extending his investigation in view of the concerns expressed by Network Rail's customers and funders.

Mr. Donohoe: Is my right hon. Friend aware of problems north of the border? I am sure that her colleague the Under-Secretary of State for Transport, the hon. Member for Glasgow, South (Mr. Harris), who has responsibility for railways, is. I am thinking particularly of the problems on the line between Glasgow and Paisley. Although that section of the railway is not her responsibility, does the problem not show that the idea of further fragmentation in the railway network is nonsense and should not be supported?

Ruth Kelly: I entirely agree. As I intend to amplify later in my speech, the idea that accountability or lack of accountability for the rail structure is a cause or potential cause of the engineering overruns is ludicrous. Those are separate questions that need to be addressed separately.

It is right that I set out to the House the scope of the investigation. The rail regulator's investigation will focus on the engineering overrun at Rugby, the engineering overrun at Liverpool Street, the impact that those have had on passengers, train operators and freight operators, and the robustness of Network Rail's plans for the remaining work to enhance the west coast main line. In particular, the regulator will examine whether there are any systemic failings underlying these events. The interim report, which will be published, should be produced by the end of February. I hope that all Members of the House will agree that we should not pre-empt its findings.

Sir Nicholas Winterton: Will the right hon. Lady deal with the question that I put to the Opposition spokesman, my hon. Friend the Member for Chipping Barnet (Mrs. Villiers)? It seems ridiculous that, by way of a fine for the incompetence of management, we should deprive Network Rail of money that would be spent on the infrastructure. Everyone admits that the problem is the incompetence of the management. Is it not better to penalise the top management by refusing them bonuses for the next three years to ensure that they produce the efficient management that is so necessary for Network Rail?

Ruth Kelly: I understand the genuine concerns expressed by the hon. Gentleman, and I, like him, sympathise with all the passengers who suffered disruption on the network over the Christmas and new year period. It is easy to say in the House that fines are no incentive for Network Rail. It is incumbent on any Member who suggests that fines do not provide the necessary incentive to say how any other model would provide an improved incentive for Network Rail.

Mrs. Villiers: So does the Secretary of State think that the senior management of Network Rail should be paid their full bonuses or not?

Ruth Kelly: Certainly, if the results of the investigation by the Office of Rail Regulation suggest that Network Rail is in breach of its licence, has been in breach of its licence or is likely to be in breach of its licence in future, that would need to be taken into account in setting bonus payments, as the contractual management incentive plan, as I understand it, sets out clearly.

Those matters are not for Ministers, however; they are for the remuneration committee of Network Rail. That management incentive plan is clearly in force and recognises those issues. It is not right for Ministers or for the hon. Lady to pre-empt the findings of the Office of Rail Regulation's report, which will focus on determining whether there were genuinely unforeseeable reasons that led to the delays or whether there was a failure of management. We should await its conclusion.

Mrs. Villiers: I am grateful to the Secretary of State; she is generous in giving way. When her colleague the Secretary of State for Justice boasts about bringing Network Rail into public ownership, the right hon. Lady cannot evade responsibility for the way in which Network Rail is run.

Ruth Kelly: I am astounded by the fact that the hon. Lady is claiming that we have a public ownership structure for Network Rail, when she is not aware, as my hon. Friend the Member for Crewe and Nantwich (Mrs. Dunwoody) set out to the House, what the accountability of Network Rail is. She should know that it is a private not-for-profit company which is responsible to its board.

Mr. Jim Cunningham (Coventry, South) (Lab): I welcome the investigation, particularly into what happened at Rugby. What angers the public is the arbitrary way that that was handled by Network Rail—for example, people being bussed from Coventry or Birmingham to Northampton. That caused a great deal of public anger and it is important that we find the causes of the problems. It is worth while remembering that the previous Government broke up the railways. There were 100 different companies and it was a total mess. The system was a mess in 2000—we remember some of the accidents and disasters. Something had to be done. We should bear that in mind when the Opposition criticise us.

Ruth Kelly: I completely agree. The hon. Member for Chipping Barnet should not be proud of the record of her party when it was in government.

Mr. Redwood *rose*—

Joan Walley (Stoke-on-Trent, North) (Lab) *rose*—

Ruth Kelly: I shall give way to my hon. Friend and then to the right hon. Gentleman.

Joan Walley: Our problems stem from the fragmentation that happened during all the years of Tory privatisation—*[Interruption.]* I am glad to see that the Liberal Democrats agree.

The announcement that the Office of Rail Regulation will investigate the issue is important and welcome. Will my right hon. Friend give a little more detail of the extent to which the rail regulator will specifically consider what happened in respect of the west coast main line, and how much the remit of the regulator's inquiry will cover the wider issues—

Mr. Speaker: Order. Please have a seat. Interventions should be brief and consideration should be given to Back Benchers who have put their names down to speak. Speeches should not be made during interventions.

Ruth Kelly: My hon. Friend is correct to raise those issues. This morning, I asked the rail regulator about his inquiry's terms of reference. He made it clear that he would broaden his investigation to consider not only upgrading and engineering work on the west coast main line, but whether there was proven evidence of a systemic problem that needed to be addressed in the management of engineering works. It will also address the point, made by the hon. Member for Chipping Barnet, whether full lessons have been learned from previous episodes, including that at Portsmouth.

Mr. Redwood *rose*—

Mr. Prisk *rose*—

Ruth Kelly: I said that I would give way to the right hon. Member for Wokingham (Mr. Redwood).

Mr. Redwood: Is the Secretary of State not aware that last year the taxpayer gave the company 90 per cent. of its total operating costs? It is entirely a creature of the Government. It is her duty to discipline the management and make it efficient.

Ruth Kelly: I think I might know what the right hon. Gentleman's solution is: to revert to a situation in which, rather than being accountable to a membership board, Network Rail is more concerned with paying dividends to private shareholders, and [1] in which Government investment, far from increasing—as it is, by £10 billion over the next five-year period—returns to a level of chronic under-investment. I would not agree with that solution, and nor would many members of the public.

It is important that we put the episodes of Christmas and the new year into context. Today, we have the fastest-growing railway in Europe.

Ms Katy Clark: While we are still on the issue of the investigations, I should say that my hon. Friend the Member for Central Ayrshire (Mr. Donohoe) has already raised the delays between Glasgow and Paisley at Shields Junction. I understand that the delays involve a number of private companies and raise issues, again, about the fragmentation of the railways. Can that matter also be looked into?

Ruth Kelly: I can confirm that the rail regulator has told me that he will also take into consideration the engineering overruns at Shields Junction.

Mr. Prisk: Will the Secretary of State give way on that point?

Ruth Kelly: Yes, but I must then make progress.

Mr. Prisk: The Secretary of State is very generous. She rightly links the issue of management performance with bonuses. As I said earlier, Mr. Coucher, the chief executive, said:

"we attempted to do too much work, in too short a period"

He accepts that he made a mistake. Given those circumstances, does the Secretary of State think that he should receive his bonus? Yes or no?

Ruth Kelly: I have made two points absolutely clear. First, bonus setting is not for the Government; it is not my role as Secretary of State for Transport to set the bonuses of Network Rail's management. However, I sympathise with those who, understandably, feel angry about the delays and overruns in the Christmas and new year period.

Secondly, bonuses are set by Network Rail's remuneration committee, which is chaired by an independent non-executive director and acts according to a management incentive plan that takes into account whether a licence has been breached or is likely to be breached in future. The rail regulator is examining that issue and his interim findings will be published at the end of February. I hope that, at that point, everyone will be clear about whether there was a breach of the Network Rail licence.

As I was saying, today we have the fastest-growing railway in Europe. When the Conservatives were in power, the railways were faced with the problem of managing decline; now, for the first time since the war, we are planning for growth. Why? First, the stability of our economy has enabled this Government to double spending on our railways over the past 10 years; and secondly, we took the tough decisions required to clear

1. *[Official Report, 23 January 2008; Vol. 470, c. 15MC.]*

up the mess left after privatisation, when the state of the track had deteriorated dramatically, confidence was shattered, and costs had spiralled out of control. The Railways Act 2005 put in place a new structure that has, for once, got a grip on costs and is delivering significant improvements in performance. For the first time in 50 years, we have a stable structure for our railways on a secure financial footing, with firm, costed plans that should enable us to double the size of the railways over the next 30 years.

Norman Baker (Lewes) (LD): I wonder whether the Secretary of State agrees with her colleague, the Minister with responsibility for railways, who said:

"'Delivering a Sustainable Railway'...does not identify a need to re-open lines to deliver additional capacity." —[*Official Report*, 18 December 2007; Vol. 469, c. 1444W.]

How does she square that with the massive growth that she is predicting?

Ruth Kelly: I would be surprised if the hon. Gentleman were not aware that we have firm, costed plans that are delivering within the 2009 to 2014 period. In those costed plans, we have said that there will be no line closures and that we will monitor the growth in passenger numbers over that period; if passenger numbers grow faster than expected, we will, in the following period, think about whether additional railway capacity is needed, including whether to open new lines. When we come to the second control period, from 2014 onwards, I retain an open mind on whether we need, for example, to reopen a disused rail line between London and Birmingham, whether we should have a high-speed rail link that links London to Birmingham, or even beyond to Manchester and so forth, or indeed whether other modes of transport, such as roads, should be encouraged. It is right that we take a fundamental look at these issues in the light of what is happening with the growth in passenger numbers and of a proper diagnosis of the problems. We are going through that process at the moment to prepare ourselves early for decisions that will be taken in several years' time.

Under Railtrack, the cost of the west coast main line modernisation programme had soared from £2.4 billion to £14 billion, with no end of the work in sight. Network Rail was able to get a grip on costs, no longer underwritten by blank cheques from the Government. Its work was endorsed not only by the Public Accounts Committee, with which the hon. Member for Chipping Barnet should be familiar, but by the National Audit Office. We are seeing steady improvements in overall performance, reliability and safety. We have delivered the channel tunnel rail link on time and on budget. It is precisely because we have regained control of spending that I was, in July, able to set out the resources that we intend to devote to the railways over the next seven years and the further improvements that we expect the industry to deliver.

The hon. Member for Chipping Barnet questioned whether Network Rail was indeed making efficiency gains. I can tell her that in this current five-year control period, Network Rail is on track to deliver efficiency gains of more than 30 per cent.—a record that Railtrack was never able to match. I would be interested to know whether she would commit to match the £10 billion investment that we intend to make between 2009 and 2014.

Dr. Ladyman: We have heard Opposition Members suggest that the fare payer should not have to put any more into the railways, whereas previously they have suggested that taxpayers should not pay more. Does my right hon. Friend, who is an economist of some renown, know where the third source of money that they propose to get is to be found?

Ruth Kelly: My hon. Friend makes an excellent point. Indeed, I am still not clear about the fares policy of the hon. Member for Chipping Barnet. If she disagrees with what passengers are being asked to pay, would she and her party expect the taxpayer to pay more instead, or would they rather cut services and investment? If so, which of the projects that we have announced would they like to cut? I remind the hon. Lady that rather than people being priced off the railways, passenger numbers are at record levels, with 370 million more passenger journeys every year than in 1997—a figure that is increasing year by year.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): As we are talking of passengers, is the Minister confident that the public were given the right transport alternatives between Christmas and new year, and indeed after new year, by the rail travel companies?

Ruth Kelly: That is one of the issues we need to consider. Indeed, the Office of Rail Regulation will examine the impact that that disruption had on passengers. There are clear arrangements in place under which compensation can be paid to train operating companies and, under the passenger's charter, to passengers, if they have been incorrectly sold tickets or subjected to severe disruption. I would expect those measures to be enforced.

The hon. Member for Chipping Barnet quoted the price of a season ticket to Birmingham. I must say that I have not checked the price of such a season ticket, but the hon. Lady's contribution on fares would have slightly more credibility if she were able to get some of her sums right. I had the opportunity to read an article that she wrote recently in the *Yorkshire Post*. In it she bemoaned the fact that a walk-on-and-go saver return from Leeds to London would go up from £149.60 to about £156.78, and that a walk-on-and-go open return for the same journey was going to rise from £370 to about £400. I am afraid that the hon. Lady may need some remedial maths lessons because she arbitrarily doubled the cost of the actual fare. It is no wonder she was removed from her job shadowing the Treasury, and no wonder that she is labouring under the false impression that people are being priced off the railways.

Mrs. Villiers: The Secretary of State may think fare rises are a laughing matter, but many families do not. Fare rises under this Government are putting real pressure on many family budgets. The Opposition are seriously concerned about that; I would hope that she is as well.

Ruth Kelly: I, too, agree that it is important that we have correct and reasonable fare increases for individual journeys. That is why we have capped regulated fares at 1 per cent. above the rate of inflation for individual franchises over the period in question. If the hon. Lady took the trouble to investigate the average cost per kilometre, or per mile, which I know

[Ruth Kelly]

my hon. Friend the Member for Crewe and Nantwich prefers, she would find that the average cost per mile of travelling by rail is pretty much exactly the same now as it was in 1997.

The hon. Lady makes the reasonable point that we need to simplify the structure, and make it easier for people like her to understand what the appropriate rail fare is. I am committed to making sure that that happens in the future.

Mr. Roger Gale (North Thanet) (Con): The right hon. Lady seems to make light of the fare increases. Constituents travelling from east Kent to London are paying infinitely more for a worse service with bad timekeeping. May I invite her to join me on an early morning train from Thanet to London? I will endeavour to guarantee her personal safety.

Ruth Kelly: I have no need to join the hon. Gentleman on his commuter journey. However, I can tell the House that I am committed to more capacity on our railways, to ensuring that the necessary investment goes in and to protecting passengers from rail fare increases through a cap on regulated fares in order that they cannot rise, per franchise, by more than 1 per cent. above inflation. May I remind the hon. Gentleman that 80 per cent. of all fares are either regulated or on a discounted ticket?

Mrs. Dunwoody: Would my right hon. Friend repeat the question that she asked? If the money is not to come from the taxpayer or from the fare box, where will it come from? That is the point that the House has to address. Massive investment in rail can come only from the taxpayer and it is time that we all accepted that.

Ruth Kelly: I certainly accept my hon. Friend's point. It is right that the Opposition should wake up to the fact that there are only two real sources of funding for the railways: the taxpayer or the fare payer. If the hon. Member for Chipping Barnet is proposing that fares should be held down, and that the taxpayer subsidy should be reduced, only one interpretation can follow, which is that she and her party are committed to slashing investment in the railways.

Norman Baker: I agree with the point about funding, and we have identified ways of raising funds from public money, which I will set out. However, I say to the Secretary of State that the truth of the matter on fares is that since her Government have been in power, rail fares have gone up by 6 per cent. in real terms, and bus fares by 8 per cent. in real terms—this information is from a parliamentary answer—while the cost of motoring has gone down by 10 per cent. That is a long-term trend that has actually slowed under this Government, but we have to recognise that rail and bus fares are going up while motoring costs are going down, which is contrary to what is necessary to tackle climate change.

Ruth Kelly: Regulated fares have not risen in real terms since 1997. There have been some increases, especially in open first-class and premium fares, but 80 per cent. of people travel on a regulated or, indeed, discounted ticket.

Mr. MacNeil *rose—*

Ruth Kelly: If the hon. Gentleman will forgive me, I must make progress.

It is essential to invest the extra £10 billion to which we are committed in the period from 2009 to 2014, and to ensure that the 1,300 new carriages and the longer platforms are provided and that the major station and network upgrades at Reading and Birmingham New Street and the renovations at the 150 stations that are due to be renovated happen.

Mr. John Leech (Manchester, Withington) (LD): Will the Secretary of State give way?

Ruth Kelly: No, I must now finish my comments.

We are not complacent. Recent events clearly show that Network Rail has much more work to do. Once we are in possession of the rail regulator's conclusions and the results of Network Rail's investigations, we will be in a position to determine what, if any, steps need to be taken to prevent a recurrence. I greatly regret the difficulties that passengers experienced in the past couple of weeks, but I ask hon. Members not to lose sight of the enormous improvements that we have made to our railway.

Unlike the Conservative party, the Government have learned the lessons from Railtrack, as we were forced to pick up the tab for the Conservative party's failure. The Government took the tough decisions and are making the sustained investment necessary to improve the railway. We can be trusted with its future.

4.36 pm

Norman Baker (Lewes) (LD): I thank the Secretary of State for her courteous welcome to me in my position on the Front Bench.

I do not need to rehearse the impact on passengers of the fiasco over Christmas and the new year because both other Front Benchers adequately set that out. However, the late notice given to the train operating companies has not been mentioned. The companies that operate from Liverpool Street were made aware only at midnight that there would be no trains the following day. With the best will in the world, it is difficult for a train company to arrange for alternative transport on buses and coaches when it is given almost no notice of Network Rail's failure to complete engineering works. The way in which Network Rail did not integrate with the train operating companies needs to be factored into the Office of Rail Regulation investigation.

No one has mentioned the impact on freight traffic of the overrun of engineering works. If we want to increase freight on the railways—the Government seek to do that—we must bear it in mind that predictability and guaranteed delivery times are as important for freight traffic as they are for passengers. Perhaps the Secretary of State knows that freight customers had to be told that depots at Daventry were effectively isolated by the west coast main line works and their overrun. That is especially bad for supermarkets, which rely on freight movement being on time 24/7. The impact on freight therefore also needs to be taken into account.

If Network Rail's failures were to continue—I certainly hope that they do not—that would lead to freight going back on the roads and perhaps to the Secretary of State returning to the air to get from the Manchester area to London. That would be a retrograde step. It is important that the ORR investigation takes all those matters into account and ensures that a remedy is found. The public at large and the freight operators are entitled to a railway that is safe, clean, fairly priced, cost efficient and predictable. We are getting there in some respects, but not on overrunning engineering works.

The hon. Member for Chipping Barnet (Mrs. Villiers) referred to an episode at Portsmouth. If she had wanted to do so, she could have gone back to Paddington in 2003 when the mainline station remained closed during the rush hour because of overruns. There are several instances of overruns in recent years. On each occasion, they have led to significant disruption for individuals and, indeed, the economy. Individuals who contacted me in the past few days include self-employed people who lost much money as a consequence of an overrun. Had they known a couple of days earlier, they could at least have planned an alternative way of getting from A to B, which they could not do, because of the late notice given by Network Rail.

We need to move towards a seven-day railway. The number of engineering works, whether they overrun or not, has been increasing in frequency over recent years. It used to be the case 15 years ago that engineering works were the exception rather than the rule. Now hardly a weekend goes by when there are not significant engineering works up and down the network.

Dr. Ladyman: Could that have anything to do with the fact that 15 years ago there was a Tory Government who were not investing in those engineering works?

Norman Baker: It is certainly the case that Railtrack's failure to deal with engineering properly has made a huge catch-up necessary. The Conservative spokesperson mentioned the words "rail" and "track" quite a lot, but seemed to avoid mentioning Railtrack at all, even though it is quite an easy word to say.

Mr. Redwood: Does the hon. Gentleman not admit that if the Government had come to an agreement with Railtrack, we would have a much cheaper and more efficient solution than the bodged nationalisation that those on the Government Benches have brought forward?

Norman Baker: No, I do not agree with that. To be fair, some elements of privatisation worked better than others. As a matter of fact, train operating companies have been reasonably successful. However, the creation of Railtrack was a complete fiasco, with the setting up of a body that naturally wanted to prioritise money for shareholders in a monopoly situation. The way it did so was to spend as little as possible on maintaining the network. I welcomed the creation of Network Rail, which was a Lib-Dem proposal—one of the ones that the Government nicked, dare I say, along with many others, including independence for the Bank of England and so on. Nevertheless, Network Rail is a much better solution and we are happy that it was created.

Let us move towards a seven-day railway. Some of the engineering works, whether they overrun or not, are frankly unnecessary. I have been in dealings with Network Rail—I mentioned this in an oral question to the Under-Secretary of State for Transport, the hon. Member for Glasgow, South (Mr. Harris), in December—about the works that took place over one weekend last Easter between Lewes and Three Bridges and between Brighton and Three Bridges. The whole network, comprising two branches, was shut for two days. There is no way that Network Rail could have been working on that entire stretch for two days. There are places such as Haywards Heath where it is perfectly possible to turn trains round. What Network Rail does is purely an administrative convenience. It gets a possession order for as long as possible, in order to ensure that works do not overrun if at all possible, and in the meantime passengers are sent long distances by bus, when it is quite possible for works to be planned more adequately, making that alternative unnecessary.

It is also the case—I want the Office of Rail Regulation to look into this—that some of the rules that apply to possessions are archaic. It is time we examined whether there are excessive rules governing how works are carried out on the railway. I am conscious that safety must be the first priority for the rail network, but—

Mr. Drew: Will the hon. Gentleman give way?

Norman Baker: I will just finish this point and then I will allow the hon. Gentleman to come in, particularly as he was not allowed to do so earlier.

Other countries in Europe allow single-line working where there are double tracks, whereas Network Rail rules insist that the whole track is taken out of service. Other countries allow temporary points to be installed, with a 20 mph cross-over, but Network Rail does not allow that. A great deal of traffic that is taken off the railways for engineering work could move if some of those archaic rules were abandoned.

Mr. Drew: I was trying to be helpful to the hon. Member for Chipping Barnet (Mrs. Villiers) earlier, as I will now show. Does the hon. Gentleman agree that one problem that has not been discussed, but should be, is the acute shortage of railway engineers in this country? A number of my friends are railway engineers and sometimes they despair. The problem obviously relates to the previous Government, but my Government have not really done enough to deal with it. Much of the reason for our problems, along with the acute contractualisation in the industry, which causes its own difficulties, is to do with the fact that, on occasion, there are insufficient railway engineers to conduct a proper safety case.

Norman Baker: That is true. Network Rail told me that one of the problems was the number of people qualified to reinstate overhead electrification lines. There are simply not enough people able to do that. Network Rail should have identified the problem and perhaps allowed a longer period for that work; nevertheless, it is an issue. For a long period of time when Railtrack was in operation, the required investment was not being made and the maintenance was not being done, and sadly some of the skills were lost. They have to be rebuilt for the industry.

[Norman Baker]

What should be done with Network Rail? Clearly there has been a failure. I accept the Secretary of State's view that we should not prejudge what the ORR decides—I shall not make a comment about bonuses—but the enforcement powers available to it seem to be less than useful on occasion. They are not applied fully or are applied only rarely by the ORR because the public money provided by taxpayers simply gets circulated around. That does not achieve very much. A fine imposed on Network Rail may well make newspaper headlines, but it will make no practical difference to how it operates; in any case, the targets set by the ORR are out of date and need tightening.

Bob Russell: Network Rail is receiving quite a bashing this afternoon—and quite rightly, so far as London Liverpool Street is concerned, a station which directly affects my constituents. However, is my hon. Friend surprised that the Government, in attempting to give a balanced response to the motion, have not pointed out that of the 35 major projects undertaken by Network Rail over Christmas and the new year, 33 were successful?

Norman Baker: I am surprised that the Secretary of State did not make that point but, having said that, I think that my hon. Friend's point provides little comfort to those who were caught up in the two episodes—at Rugby and at Liverpool Street—that were rather spectacular failures. However, if my hon. Friend wants to remind passengers caught at Liverpool Street that something went right in Glasgow, we will have to see how that works out.

Bob Russell *indicated dissent.*

Norman Baker: More needs to be done about Network Rail and I would like the Secretary of State to look further into her noble Friend Lord Berkeley's suggestion in the other place that foundation trust status might be appropriate for Network Rail—similar to what the Department of Health is considering for hospitals. The idea is that hospitals can get interested people—as many as 10,000—to sign up to being on a lower-tier board and that those people can then act as the body that elects a much smaller board to control the hospital. In this case, that arrangement could be applied to Network Rail, with the bonus that Network Rail would not then control who was elected—a point to which the hon. Member for Chipping Barnet referred. It would also bring to an end the current Heath-Robinson arrangements.

Mrs. Villiers: On the structure of Network Rail and following the earlier exchange with the hon. Member for Crewe and Nantwich (Mrs. Dunwoody), I have looked at Network's Rail's website on the procedure for the selection and appointment of board members. Paragraph 28 says that public members are appointed by the board on the recommendation of a membership selection panel and later in the document it makes it clear that Network Rail's articles of association require a majority of members to be public members. Thus, the board has a veto over the majority of members—*[Interruption.]*

Norman Baker: That is a matter for the hon. Member for Crewe and Nantwich (Mrs. Dunwoody) rather than for me. She is welcome to intervene at some stage to make her point. It is interesting that the Conservative spokeswoman clarifies a point for the Government rather than for her own party's policies, which, as was mentioned earlier, are not at all clear. Having listened to the opening speech from the Conservatives, I have to say that their policy seems like a destination board on which it is not quite clear at which stations the trains will be stopping. Perhaps we will hear more detail when reviews or reports are discussed at some distant point in the future. What is perfectly clear is that it is inconceivable and inconsistent to argue on the one hand that the Government should do more to bring Network Rail under control while on the other to argue for a Railtrack-type solution, which moves things more into the private sector. With respect, the Conservatives need to sort out which of those directions they choose to follow rather than trying to argue for both sides of the case at the same time. I would ask the Secretary of State, however, to look further into Lord Berkeley's suggestions about foundation status.

Sir Nicholas Winterton: Is the hon. Gentleman as interested as I am in one issue? I believe that the Secretary of State said in respect of last year—or was it for the year ahead—that 30 per cent. cost savings were expected. She talked about percentage figures, so is the hon. Gentleman as interested as I am about what that means financially and what will actually happen to that money?

Norman Baker: I will take that as a rhetorical question, not least because I cannot provide the answer. It is a valid question, however, and I hope that the Minister will respond to it in his summing up.

Dr. Ladyman: Somewhat surprisingly, the hon. Gentleman is making rather a good speech and I agree with quite a lot of it. I also believe that there is something to be said for Lord Berkeley's suggestion to give Network Rail foundation trust status at some point in the future, but how large would the board have to be to provide the sort of accountability that the hon. Gentleman is looking for?

Norman Baker: This is a tentative proposal and there will be many people with different answers to the hon. Gentleman's question, but I think that while at least 10,000 people would be needed to own the network, no more than 30 or 40 would be required to perform day-to-day management duties on a board of this nature. However, I am open to suggestions.

Mrs. Villiers: How many people? Forty?

Norman Baker: Up to 40. There are currently more than 100, but the number needs to be reduced. What we need to recognise is that the present arrangement does not work, and this is an interesting idea which may provide an alternative. If there are other alternatives let us hear them, but the status quo clearly does not provide accountability, and in that respect the Conservative motion is right. In fact, having read the motion I think I agree with it, and I have come here to recommend to my colleagues that we support it. The

hon. Member for Chipping Barnet has done her best to persuade me not to support it, but I think that, on balance, I will stay with her when it comes to the vote, because it criticises Network Rail in a way that I believe is right.

A wider problem, on which I intervened in the Secretary of State's speech, is the capacity of the network. Although "Delivering a Sustainable Railway" makes many useful points and the Government have been moving in the right direction on rail in recent years, I think that they have flunked in one key respect: they have not grasped the nettle and acknowledged that network capacity needs to be increased far more than the White Paper suggests. By sorting out Gatwick airport and providing a bit of signalling here and a couple of extra lines around a station there, the Government have bought five or 10 years and nearly 15 per cent. extra capacity. The trouble—or the benefit, if you like—is that, as the amendment says, the railway is carrying 40 per cent. more passenger traffic since 1997, and the volume is increasing every year. Even if all the improvements identified by the Government were brought onstream in sufficient time, they would not cure the problem within five or 10 years.

The Secretary of State says that decisions can be made in a number of years' time, in phase 2 or whatever she calls it, but that will be too late. The lead-in periods for major infrastructure projects such as reopening lines or building a high-speed line are such that even if the Secretary of State or her successor decides in 2012 or 2015 to go ahead with a major scheme, it will be another 10 years before it is introduced. In the meantime, it will be impossible to meet the demands caused by overcrowding. The Government ought to anticipate the decisions that will be needed now, rather than waiting for overcrowding to become even more chronic.

Mr. Leech: Does my hon. Friend agree that the £10 billion investment proposed by the Government is far less than is required to make such massive improvements in the railway industry?

Norman Baker: The Minister seems keen for an answer to that question, and, unlike the Conservatives, I will give him one. We have a future public transport fund consisting of an extra £6.5 billion, which recognises that money can come from a climate change charge on internal flights, from the auctioning of landing slots and from the introduction of a transport development levy on heavy goods vehicles. We know how we will pay for improvements that are above and beyond what the Government propose. The Government's scheme has been costed, but I do not think it goes far enough; our scheme has been costed, and goes further. I shall leave the economic analysis there, in the context of the three parties.

We all need to grasp the importance of growing the network, and, as the hon. Member for Crewe and Nantwich has said, that must involve public money in one way or another. There is no alternative; we cannot PFI it. Even now, however, the Government are reluctant to acknowledge that the network must grow. There is still a mindset that holds that money spent on roads is investment and money spent on rail is subsidy, which is why it is still easy to get roads built in this country—although the Government have cut the programme significantly—but not so easy to get railway lines reopened or stations opened. The hurdles for rail projects are still far higher than those for road projects. If we are to take climate change seriously, let alone congestion on the network, we must change the mindset in the Department for Transport and in the House more generally.

For 20 years—here I am making a local point—I have argued for the reopening of the Lewes-Uckfield railway line. It is a no-brainer in economic, social and environmental terms. Network Rail is on board, as are all local councils led by all parties and MPs representing all three parties. The Government, however, are largely being weak and unsupportive. Ministers have offered warm words in support, but there has been no action from the Government. I do not wish to be over-harsh but that is the reality.

Mrs. Villiers: I asked a parliamentary question about this matter and it was clear that the Government had no plans to re-open the line.

Norman Baker: They have no plans to put any money in. They would be very happy if someone else did all the work and found the funds. That is not the approach they take to roads, but it is the one they take to railways. That alternative mindset needs to be changed within the Department. I happen to think that the Under-Secretary of State for Transport, the hon. Member for Glasgow, South, who has responsibility for railways, is quite good, and I hope that he has influence within the Department.

There are problems at Birmingham New Street, where the apparent solution is to deal with the passenger waiting area rather than with the fact that the station needs more track and greater capacity. That is no proper solution, but there is not even a solution of that nature at Manchester Piccadilly. Major bottlenecks around the country are simply not being dealt with under the Government's plans.

According to a Department for Transport assumption—this was in *The Times*, so it must be true—in 2025, oil will be $50 a barrel. That is the Department's official estimate on which it is basing its policy. I think it is wrong on that and that the price will be rather more than that; indeed, it is rather more than that now. As a consequence, electric-based transport, including rail, will become more financially attractive than petrol-based transport. The Department needs to reassess and amend its assumptions for oil prices. If it does, it may reach a different decision on what its future transport policies should be.

The Department's current policies mean that the famous Mottram-Tintwhistle bypass—

Sir Nicholas Winterton: Where is it?

Norman Baker: The Peak District national park.

Sir Nicholas Winterton: Well done.

Norman Baker: At the same time as that bypass is proceeding, the Woodhead tunnel, which could be used for freight transport, is being used by National Grid to install power lines. Such are the sort of unconnected arrangements that operate in this country.

[Norman Baker]

The Government have identified a number of issues in the rail industry that need to be dealt with and I accept that there are some good plans in the departmental paper. They do not go far enough, particularly in recognising the need to grow the network, but at least they are costed. Any serious party needs to have serious proposals that are properly costed. We certainly do.

4.57 pm

Ms Katy Clark (North Ayrshire and Arran) (Lab): Clearly, the subject of today's debate is topical and important, because we should be giving extensive consideration to the structure of the railway at this time. The track record of the Conservative party in government was such that it is unlikely that anyone will listen to proposals that might come from it. We understand that the Conservatives might propose horizontal fragmentation of the railways, involving a merger of the train operating companies and Network Rail, but at this stage we do not know.

We do know that, over the past 10 years, we have seen massive investment in the railways in this country, resulting in huge improvements in passenger services. That does not mean that no criticism can be made of the current position or that no improvements need to be made, but it is grudging of the Opposition not to recognise that improvement.

Network Rail was created in 2004 as a not-for-dividend company. Since then, it has been largely successful, and we have seen improvements in the service provided and a decrease in delays. We have to recognise that if we are to see significant investment in the railways over the coming years—and, perhaps, investment beyond that currently proposed—passengers will occasionally be inconvenienced by engineering work. However, we shall have to get on top of the issues that have arisen over the past few weeks and do everything possible to ensure that passenger inconvenience is minimised.

We know that Network Rail has been largely successful in the work it has done. Delays caused by infrastructure have fallen significantly since its creation—and by 28 per cent. since 2004, when it took control. It is far too simplistic simply to rubbish Network Rail.

Some of the problems of the past few weeks have been discussed. My hon. Friend the Member for Central Ayrshire (Mr. Donohoe) and I have raised issues that have affected our constituents, such as the problems at Shields junction between Glasgow and Paisley. I was pleased that the Minister confirmed that those specific problems will be looked at and that any lessons that need to be learned for the future will be learned.

I understand that a number of private contractors have been involved in remodelling and signalling work at Shields junction. Many Labour Members are concerned about the problems that arise when many different organisations and companies are involved in such operations. No matter how good the planning, the more operators and private companies that are involved, the more likely it is that there will be communication problems and different interests between different organisations.

That is not a new issue. The Transport Committee has looked at it in great detail. In a 2004 report it recommended the introduction of a new public sector railway agency

"given all the powers required to manage the entire rail system."

The report said, effectively, that the fragmentation of the railways was continuing to cause problems. One issue that we need to look at in the light of the events of recent weeks is whether the fragmentation of the railways and the number of different organisations involved has been a factor in making inconvenience to passengers far greater than it should have been and in causing overruns. I hope that the investigations promised by the Government will look thoroughly into those issues and reach conclusions.

Mr. Redwood: What earthly difference would it have made if Network Rail had owned the trains as well as the track? It was its mistake, and it would still have been as bad.

Ms Clark: As the right hon. Gentleman will be aware, delays have reduced significantly since Network Rail took over those responsibilities, which contrasts starkly with the period when his party was in power. We need to look at fragmentation and at whether, particularly in a period when there will be huge change in the railways as significant investment is made over the coming years, the structures that exist and the levels of co-operation are such that they will ensure that the work can be carried out with the least possible inconvenience to the public.

Labour Members would like to see further significant increases in railway capacity. There has already been a more than 40 per cent. increase in those using the railways. Clearly, such increases will come about only as a result of significant further investment in infrastructure and rolling stock, so this is a timely debate. The current set-up, whereby renewal work for the significant upgrading of the railways is undertaken by a wide range of private contractors, is not likely to ensure that the work is carried out in a way that provides either best value for the taxpayer or the best possible service to the public.

Stephen Hammond (Wimbledon) (Con): I am listening carefully to the hon. Lady, and I think that I follow the line she is taking. Has she read the derailment report on Waterloo, where services were taken in-house? Exactly the problems that she is outlining were recognised by the rail accident investigation branch as being a major contributory factor, although the work was carried out in-house. Thus, there is no guarantee that taking things in-house will necessarily prove to be the answer that she seeks to the problems.

Ms Clark: I agree that simply taking things in-house will not necessarily mean that any problems are addressed. I am making the point that the railways' fragmentation, as undertaken by his party, as much as their privatisation, has caused so many of their problems. Although I support public ownership of the railways, one of the major issues that we need to address is the impact of fragmentation.

The point that I have been attempting to develop is that we must move back to a unified railway system. We have heard about the significant amount of engineering work over the festive season. That is a quieter part of the year, and decisions have been taken to carry out work during such times and at weekends. If such significant work is to take place, there will be inconvenience, and we must ensure that our structures enable that work to take place.

Norman Baker: Does the hon. Lady accept that although the Christmas and new year period was quieter in terms of numbers, it is the time when people who are not regular customers use the railways? Their experience of the railways was therefore a terrible one, and the business will not grow if people who use the railways once a year experience such things.

Ms Clark: I agree. As someone who used the railways over the past few weeks, I am aware of what the hon. Gentleman describes. People will take a number of factors into account when using the railways, one of which is fares. We must accept that engineering work will need to be carried out at some point, that whenever it takes place it will cause some form of inconvenience to passengers and that this is about trying to ensure that inconvenience is minimised.

I hope that the House will agree that the railways will provide an important part of our transport future. Compared with many other forms of transport they are very environmentally friendly, and we must invest more in technologies to ensure that they become even more carbon friendly. We must do far more to invest to make rail the preferred mode of domestic traffic within Britain, because the reality is that not only are the railways often a slower and, as the hon. Member for Lewes (Norman Baker) has said, on occasion, although not always, more unreliable mode of transport, they are often a more expensive one. Indeed, it is often cheaper to get a package flight to the Caribbean than to get a first-class flexible ticket to Scotland.

Passengers will take a range of factors into account when considering whether to choose railways as their mode of transport. We must consider whether the structure of the railways is the most effective way of ensuring that passengers receive the best possible service, and I hope that the House can unite around that. I am grateful to the Secretary of State for her undertaking to investigate the events of the past few weeks, and I hope that the Opposition will consider the outcome of the investigations as carefully as they have considered the problems.

5.10 pm

Jeremy Wright (Rugby and Kenilworth) (Con): It is almost always a pleasure to hear the name of my constituency on the national media, but that was not the case over the Christmas and new year period. All the adjectives that hon. Members have used to describe what happened during that period are justified and I shall not repeat them all.

What occurred was obviously unacceptable. It was a chronic failure of management and, to be fair to Network Rail, it has accepted that. We do not need to argue about whether what went wrong over Christmas and new year was or was not a bad failure of management by Network Rail: it admits that. The question is in what way it failed and whether we can ensure that it does not fail again.

I agree with the hon. Member for Ellesmere Port and Neston (Andrew Miller), who is sadly no longer in his place, that the project was very big, and it is inevitable that things go wrong in such projects. However, it is not inevitable that things should go wrong to such an extent, nor that it should take so long to put them right. That is what we need to focus on when we discuss what happened.

I also agree with the hon. Members for Stroud (Mr. Drew) and for Lewes (Norman Baker) that the explanation that Network Rail has given is, in large part, that it simply did not have enough skilled labour to get the job done, not just around Rugby but elsewhere on the network. I understand that, and it is a reasonable point to make, but we have to ask at what point that became apparent to Network Rail, and therefore when it should have decided to do something about it. When we consider what we definitely know, it is apparent that Network Rail management knew—certainly by 21 December, and probably a long time before—that there would be significant problems in the area around Rugby. However, it is not apparent what, if anything, management decided to do about it. Those are the relevant questions not only for the regulator to address when the inquiry begins, but ultimately for the Government and the Secretary of State to address.

On 21 December, when Network Rail realised that the engineering work around Rugby was due to run into new year's eve, what did it do? What action did it take? What did it do when it realised that the work would overrun beyond new year's eve? The management has given me and others the explanation that when they talked to the limited supply of skilled engineers and electricians who had the knowledge and expertise to deal with the overhead lines—which is what needed to be done—they all said that they had made other plans for the new year celebrations. One can understand that to an extent, although it should have been anticipated. However, the line did not reopen until 4 January. What went on in the Network Rail management offices that meant that they did not make adequate provision to ensure that the line opened almost immediately after the new year? One has to wonder whether managers made a clear calculation that the works would inevitably overrun by more than was acceptable and that the company would be fined, but that it would be easier and cheaper to pay the fine than to do what was necessary to get the work done on time. That is what the Office of the Rail Regulator will investigate, and we all—especially the residents of Rugby—look forward to the conclusions of that investigation. It seems to me that we have to ask such questions.

Another question that should fairly be asked of Network Rail is about the information that it gave to the train operating companies. Virgin Trains suffered hugely as a result of the overrun and was not given adequate information at adequate times. After the first announcement of the engineering overrun, the Virgin Trains website said that although people could not travel on new year's eve and new year's day, for which the company was sorry, their tickets would be valid on Wednesday and Thursday. It quickly became apparent

[Jeremy Wright]

that rail travel on Wednesday and Thursday was not going to happen, either. That made Virgin Trains look foolish. The company would have made that announcement based on information that it was given by Network Rail. If that information was wrong, we need to understand why it was wrong and why Network Rail did not give out accurate information about when it realistically expected the line to reopen.

I have said that normally it is a pleasure to hear about my constituency in the national media or anywhere else, because it is an attractive place to visit. I am sorry to say that no Member of this House—or anyone else—has been able to do so effectively for a long time. My interest as the Member of Parliament for Rugby is not only in the level of disruption in and around Rugby and its effect on Rugby's reputation, but in what the disruption and its consequences mean for the people whom I represent. One of the problems that the level of disruption throws up is that those who live in Rugby or travel from Rugby station see an awful lot of down sides in the disruption caused by the upgrading of the west coast main line. They cannot rely, as perhaps others elsewhere in the country can, on the hopeful prospect that one day it will all be wonderful and that they will be able to get up and down the country easily and much more quickly. For those who live in or travel from Rugby, that is not necessarily the case.

The Under-Secretary of State for Transport, the hon. Member for Glasgow, South (Mr. Harris), knows my points, because I have made them to him before. He will be relieved to hear that I shall not go through all the detail again. He understands my case. The problem is that the overruns in engineering work and disruption affect people in Rugby as much, if not more so, as everyone else. However, those people do not have the prospect of a better service when it is all done.

The 2009 timetable shows that not only will there arguably be a less good service down to London and back at peak times, but the services from Rugby to the north-west and Scotland—hon. Members have mentioned them in particular—will be noticeably worse. There is a tension, if not a conflict, that we must resolve. If we are to develop a fast rail line, as the west coast main line will be, of course it is right that there will be a tension between getting people from one end to the other as quickly as possible while simultaneously stopping the train at all the places where people wish to get on and off. I understand that. However, it does not seem that it can possibly be right that the improvements to the west coast main line could so effectively bypass the people of Rugby, who have suffered so much in making them happen.

We have seen all the work on the track and the new station being put up, but there is little point in those improvements for those who live in or travel from Rugby if all they achieve is the quicker passage of other people through their town. People in Rugby want to be able to get on the train at Rugby and to go to the places to which they want to go.

Sir Nicholas Winterton: I am taken by the moderation of the tone of my hon. Friend's speech. I entirely share his views on the point that local services will be less frequent because long distance services will be faster. Macclesfield station suffers from that, as the Under-Secretary knows full well. I shall meet the managing director of Arriva, the company that has taken over from Virgin Cross Country, and that will be one matter that I shall raise. Why should people from Scotland get to London more quickly when people from Macclesfield cannot travel to Birmingham or Manchester so frequently?

Jeremy Wright: I agree, and I was about to say that one of the most important things about access to Rugby is that it means that people are able to enjoy the town and everything that it has to offer. That is especially true for passengers from the north-west, and I look forward to my hon. Friend travelling to Rugby regularly when he and I have succeeded in persuading the Minister that there should be a better stopping service on the west coast main line.

I understand the conflict facing the Minister. He does not have an easy task, but the problem is that those who have suffered the most from the terrible debacle on the west coast main line over the past few days are likely to benefit the least when the work is finished. That will cause greater resentment and make it more difficult to attract people onto the railways. The hon. Member for Lewes was right to say that people will put up with a bit of inconvenience once in a while when they understand that a big project has to be carried out, but that they will not do so over and over again. They will not put up with inadequate information, or with being told one thing one day and something else the next.

If such episodes become more frequent, people will revert to the sort of behaviour that we do not want them to adopt—they will get back into their cars and drive, instead of taking the train. It will then be much more difficult to persuade them to leave their cars behind and try the railway again when the work is done and the service is as fantastic as we all hope that it will be.

Many legitimate questions have been raised in the debate about the terrible incidents over the turn of the year. We all accept that the project was a big one, but we have to understand why Network Rail's management failed so badly. We need to know what went wrong, and to make sure that we can look people in the eye when we tell them, "Use the railways, they are a good way to get around."

At the moment, I do not think that I can look my constituents in the eye and say that. I do not imagine that the hon. Member for Lewes or my hon. Friend the Member for Macclesfield can do so either. Those of us with constituencies along the west coast main line are all in the same position, because a terrible mess has been made of improving the rail system so that people can get around the country.

Even when the disruption is over, people along the west coast main line will not see an improvement in their rail service. They may see a shiny track, and they may even glimpse a train passing through their stations at 125 mph, but that is not what they are looking for. That is why the answers to the questions that have been posed this afternoon matter.

I hope that the response from the Office of Rail Regulation will answer those questions. The Government must take on board the points made—very fairly—by Opposition Members in this debate about the structure of Network Rail. However, I hope that the Minister will also look at how the rail network as a whole is structured, and at how it can be made to operate for the benefit of people up and down the country over the next few years.

5.22 pm

Nia Griffith (Llanelli) (Lab): I very much welcome this debate. Many hon. Members have a lot to say about what is happening on the railways, and those of us who believe firmly that the rail service can make an enormous contribution to the fight against climate change want to ensure that it is as good as it can possibly be. Rail travel can be extremely quick, and it is much safer than road travel. It has a significant role to play in helping to combat climate change. The Climate Change Bill will set the challenging target of reducing carbon emissions by at least 60 per cent. by 2050, and greater use of the railways will be vital if we are to achieve that.

However, there is a genuine problem with the services offered on Sundays. I fully understand that our rail networks need to be maintained and upgraded, and I support that. I also appreciate why much of that work has to take place on Sundays, but I want to question our attitudes to Sunday services. Under this Government, there have been considerable improvements in the frequency of some trains and in the quality of rolling stock, but in many parts of the country the attitude to the provision of Sunday services remains very outdated. In those areas, the approach seems to be that train services exist only to transport workers five days a week, in a world where annual holidays last from Saturday to Saturday and football matches are only ever played on Saturday afternoons. However, the world has changed—as anyone who has been to an airport or shopping centre on a Sunday will know.

People want to travel on Sundays. They may want to have a family day out at the seaside or attend a sporting event or go shopping, but they invariably find that they cannot make the necessary return journey by train on a Sunday. Anyone going away for a weekend, or a student coming home from university for a weekend, will want to travel on a Sunday, but railway services are very restricted. For example, the earliest that people can leave Llanelli on a Sunday is 11 am, which means that they cannot get very far. They cannot get to the seaside until after lunchtime, and if they want to come to London they will not get here until late afternoon if they are lucky and have not been delayed too many times by various transfers on to buses and other delaying tactics that seem to beset the railways on a Sunday.

I have often found that Sunday services are crowded, especially during the evening when people are trying to get back from weekends away. Many people are completely put off travelling on a Sunday by the lack of trains, the lack of choice of routes, overcrowding or because they really cannot face the unpredictable delays and the inconvenience of struggling with heavy luggage in and out of stations and on and off replacement bus services.

We had exactly the same problem on Boxing day. Many of us witnessed traffic jams on Boxing day—a day that is now popular for sporting events and that many families can enjoy out together. If we want to encourage people to leave their cars at home and to go by train we need services that they can use. Likewise, many people who go away to visit friends or relatives at Christmas have no option but to use their cars, because they simply cannot get back on Boxing day ready to go to work on 27 December. Effectively, if people want to use the train to go away at Christmas, they have to be able to leave relatively early on Christmas eve, stay away for at least three nights and come back on 27 December. In many other countries there is a much more comprehensive service on Sundays and Boxing day. That is what we need here. Travel is an important part of people's leisure activity and we need a much better service on Sundays, with more frequent trains and far less disruption to services.

I would like a much more organised approach from Network Rail to the maintenance and upgrading of our railways. It seems to be very inflexible in the way it works. As other hon. Members have said, it seems to take out an entire track or area for weeks and months at a time. Perhaps 200 miles of track seems to be affected. Instead, it could take the work bit by bit and say that from one station to another might be closed for a month, and then the next one and the next one. It has taken out the entire line from Llanelli to Newport. It can be immensely inconvenient to go from one tiny station to the next by bus.

The other problem is that once Network Rail has fixed its dates it is incapable of changing them. We had a poignant example last year. A big match was taking place in Cardiff and many people would have liked to take the train to it. Although there were weeks of notice, Network Rail was inflexible and unwilling to change its arrangements, so it was impossible for anyone to use the railway on that day. Many people who would have enjoyed relaxing on the train and arriving in Cardiff without the fuss of finding somewhere to park had to drive down the motorway with so many others and wait in traffic jams and queues to get into the city. There is a lot to be said for keeping a close eye on what Network Rail is doing and I implore the Minister to require strong answers about recent events during the recess and to look to the future at exactly what Network Rail can do to guarantee that its work will be much less disruptive.

On a more positive note, I welcome the Government's proposals for simplifying the fare structure. I look forward to the implementation of a ticketing system that will ensure that passengers are sold the best available tickets for a journey. I understand that that will be in place by the autumn. It is very much needed, because the present system leaves people confused, especially if they are travelling from one area of the country to another. There seem to be so many different types of tickets and operating procedures.

We are all concerned about what happened during the recess, but there is a tremendous future for the railways and I would very much like to see that we get the problems sorted out so that people can have confidence in our service and we get more people out of their cars and on to the railways.

5.29 pm

Mr. John Redwood (Wokingham) (Con): We saw a sorry performance from the Government Front Bencher this afternoon. There was a complete lack of analysis of what really went wrong, and a complete absence of remedies to make sure that, in future, money is not wasted and there are not so many delays. There was no real understanding of the structure that the Government created in their new Network Rail company, and there was no real, sincere apology to all the people whose travel arrangements, local stations and rail tracks were disrupted over the Christmas and new year period.

The Government are backed by Labour Members who seem to believe in a couple of myths in ideological baggage left over from the old socialist period. One of them is the proposition that a nationalised monopoly railway, taking us back to the golden age of British Rail, would be a lot better, and the other is the proposition that fragmentation was the cause of the recent delays and problems. I shall consider those two myths before providing a bit of analysis on what is wrong with Network Rail, how it could be put right in the short term, and how it could be made a lot better through fundamental structural change in the medium or longer term.

Let us deal first with the myths. We are invited to believe that the nationalised monopoly between 1947 and 1993 was a paragon of virtue, which never delayed people, produced extremely good services, and delivered a much better railway for less money. Those of us who have read the history books, and some of those who are old enough to have lived through that period, will know that the reality was very different. Between 1947 and 1993, the nationalised monopoly was in continuous decline. I am not making a party political point. It did not matter whether there were a Labour, Conservative or Labour-Liberal coalition Government; the system did not work.

Over that long period, there was a continuous trend: a fall in the proportion of our freight carried by rail and of passenger journeys by rail. People voted with their feet and their pocket books for the flexibility of road travel. Hauliers came into the market and took the freight business. Indeed, the nationalised monopoly railway stopped competing for most freight business, because it decided that it would not do single-wagon marshalling at all. It decided that it was interested in rail freight business only if it involved complete train loads, and if there were a reasonable number of trains a day, or a week. There were only a few people in the country with enough business to get an offer from the railways to run rail freight.

It was not surprising, therefore, that there was a big decline in rail freight and passenger movements. The decline was accelerated by the gross financial mismanagement that characterised the nationalised railway under all Governments over a long period. During the period in question, huge subsidies had to be put into the railway. Despite those large subsidies, fares rose in real terms year after year, which put people off using the railways. Those on low income were deprived of any realistic chance of access to the railway, because rail travel became prohibitively expensive. It was a double whammy: the system was bad for the taxpayer, who had to subsidise it, and bad for the fare payer, because fares kept rising in real terms.

From time to time, under Treasury pressure, the railway was forced to cut services and to make closures. Sometimes there were a lot of closures all in one go, as in the case of the notorious Beeching cuts. More often, there was a dribble of closures, year after year, as and when Governments thought that they could get away with it. The nationalised monopoly always presented Governments of all persuasions with exactly the same cruel choices: "Pay up, or we close lines"; "Pay up, or we close services"; and "Pay up, Minister, or we will pick on your line for particularly bad treatment." That was the brutal political reality that characterised the rows between the nationalised monopoly and Labour or Conservative Governments.

I find it surprising that after all these years of allegedly new Labour, the Labour party has not moved on in its thinking and realised that that was not a particularly good model. It was not even a good model for the people who worked for the railway. The nationalised monopoly kept sacking people, because as it retreated, made cuts and reduced services, it had to take cost out, although the costs still grew unrealistically. An awful lot of people were therefore made redundant into the bargain.

I think that Ministers understand those points, because we are 11 years into a Labour Government and there is absolutely no sign that they wish to recreate a nationalised monopoly. One cheer for that. We have some common ground, and some agreement. I do not expect any Minister to leap to his or her feet this evening and suggest that the record of the nationalised monopoly under Labour Governments was particularly fine. Ministers know that what I say about fares, service quality, delays, reliability and redundancies is all too true of the nationalised railway monopoly. Those on the Front Bench have at last realised that there needs to be a different model, and that a nationalised monopoly is not run by the Government but runs the Government, bosses the Government around and does not deliver for all the money that is put in.

However, many Labour Back Benchers seem to think, fondly, that there was a golden age of nationalised monopoly and, fondly, are misled into believing that their Government might one day recreate that nationalised monopoly. I should like to assure Labour Members that I do not believe that there is any chance of the present Labour Government recreating the nationalised monopoly of their dreams. The Government could not afford to nationalise the train companies, and they know that it would be a disaster trying to run the railways as they were in the 1970s and 1940s under Labour Governments and in the 1960s and 1980s under Conservative Governments. It was the failure of the nationalised monopoly that drove the Conservative Government into fundamental change, which ushered in a new era for the railways.

As someone who was involved in the decision for railway privatisation but who did not recommend the scheme that was chosen, I have no need to defend that scheme. The decision to introduce some element of private capital and some element of competitive choice and challenge did enough to transform the railways. We need turn no further than to the right hon. Member for Kingston upon Hull, East (Mr. Prescott), who has

praised the way in which the privatised railway post-1993 moved from retreat and decline to an era of growth and development.

Ministers regularly use figures for the 1993 to 2007 period and, of course, they like using figures for the 1997 to 2007 period, when they can claim more of the credit. Whichever period one chooses, it presents a very different picture from the previous 40 years. It is a picture of growth in passenger travel and in freight transportation. Many of the present problems of the railways are the kind that one wants in a business. They are the problems of too much pressure of demand—more people wishing to use the railways and more people frustrated that better use cannot be made of those fabulous routes across the country and into the centres of our leading towns and cities, which are at present in the monopoly custodianship of Network Rail, the subject of the debate this evening. We seem to have some agreement that privatisation kicked off something that was rather good.

The Parliamentary Under-Secretary of State for Transport (Mr. Tom Harris): In spite of myself, I am enjoying the right hon. Gentleman's contribution. It is good to know that we do not have to wait for the publication of his memoirs to see that he disagreed with his Cabinet colleagues on the nature of the privatisation of the railways in 1993. Before he goes on to the consequences of that privatisation, would he mind sharing with the House his specific reservation with regard to the financial structure of Railtrack, the rolling stock companies and the passenger franchising system?

Mr. Redwood: My problem with the structure that we chose and with the Government's structure is that I think we left too big a monopoly element in the track. The evil is monopoly—it is not public ownership so much as monopoly. As all the economic textbooks rightly tell us, monopoly does in the customer. It always charges too much and delivers too little. It always looks after the interests of the owners and the senior managers. It does not look after the interests of the customers or even of the more junior employees, who do most of the work. So it is a nasty system, and even public ownership does not tame monopoly sufficiently to get rid its evil consequences.

At the time, I favoured splitting the railway into regional rail companies, which would allow competitive challenge over time, because they would have to re-bid for franchises; so it was not a perpetual monopoly for them. At the same time, it would allow others to come in and build new track or suggest new services, so that there was some element of contestability where the tracks could, in certain circumstances, be used as a common carrier and would not necessarily remain the monopoly preserve of the regional company. The basic structure was to go back to regional companies.

Although I do not think it necessary, reconnecting track and train can make sense. I was a strong opponent of the London underground system developed by the Government, because I thought that splitting track and train in confined tunnels was particularly foolish. I proposed the pro-competitive solution of splitting things into competing companies that owned track and train entire with their own lines; I think that that would still be a better answer, given that the system has gone bankrupt in one major company and is obviously struggling.

Mr. Harris: I am grateful to the right hon. Gentleman for giving way once more. Would he like to share his thoughts on the fact that European legislation prevents the ownership of trains and tracks together?

Mr. Redwood: I am not an expert lawyer on that issue; nor am I any kind of lawyer. However, my understanding and reading of the situation is that European legislation does not prevent that. That legislation requires more competitive challenge than a nationalised monopoly would allow, so I find myself in the curious position of supporting the thrust of those European regulations and that legislation, because competitive challenge is a good thing.

I turn to the second myth that I want to dismiss before going into the future, where the Minister wants to tempt me. That is the myth, which we have heard throughout this debate, that the particular problems of the constituents of my hon. Friend the Member for Rugby and Kenilworth (Jeremy Wright) and others were caused by fragmentation. That is complete nonsense. If Network Rail had been British Rail recreated, owning the trains that could not run, that would have made absolutely no difference to its mistake over the engineering works at Rugby and Liverpool Street. The same people would still have made the same miscalculation of failing to deliver enough engineers to sort out the complicated project within the deadline.

I am afraid that Labour Members who think that fragmentation caused the problems during the Christmas and new year are simply wrong. The problems were caused by Network Rail's gross management miscalculation, and would have happened whether there had been fragmentation or not.

Jeremy Wright: I agree entirely with my right hon. Friend. Does he accept that if Network Rail's management themselves say that there has been a management failure, there is no need for the Government to look for any other explanation?

Mr. Redwood: I agree, and I hope that the Government will not waste money on that. If Network Rail were a business reporting to me, the problem would be so obvious and would be sorted out with a timely and lively exchange with the senior management. I shall come to that when I discuss what power the Government have over that particular creature.

First, however, I should like to dismiss the fragmentation argument. If we compare the rail industry, which has all the problems that we have described—not growing quickly enough, fares too high, inadequate service for many people—with the aviation industry, a successful public transport industry in this country, the contrast is telling. The aviation industry is completely fragmented; on the Labour analysis, it should not work at all—it should be delaying passengers, putting fares up and doing all the bad things that the Labour Members I mentioned seem to expect.

The aviation industry is totally fragmented: there are competing public and private owners of airports, there is a privatised company dealing with air traffic services and a range of competing companies deals with luggage, other services and the retail offer at airports. Furthermore, competing companies own the planes and fly people around.

[Mr. Redwood]

Aviation is more complicated to control. If there is a mess on the railways, all the signals can be put on red and problems can be sorted out. However, if a mess is made at an airport, a load of planes will stack up without much fuel and things cannot suddenly stop for a couple of hours so that problems can be sorted out. There would be a real disaster on our hands—the aviation system is much more complicated, working in three dimensions with limited runway space for landings. An awful lot of people would be at risk as they flew above the airport without much fuel in their planes.

The system shows that if we trust competition—what the Labour Members I mentioned would call "fragmentation"—we get much lower fares, much faster growth and much better passenger satisfaction. There is a much better range of offerings at a typical airport than at a typical train station. Airports usually offer a more pleasurable experience, except when the Government intervene on the security side. Aviation attracts a lot more people and delivers far more.

The Government's problem is that aviation is a runaway success. They do not like that, as they do not think it green enough and it uses a competitive challenge model. Railways, which they think a greener way to travel, are not a sufficient success. Whether railways are greener is arguable; that depends on how many people are travelling and how old the train is, although they could well be greener in some cases. The Government have problems with the rail industry because a lot of monopoly is still left in it.

Let me turn to the main focus of the debate, which is Network Rail. Ministers would lead us to believe that this business is an independent private sector company—that it just happens to have a different structure from all other private sector companies, that it just happens to be set up by the Government, that it just so happens that the Government own all the shares, and that it just so happens that the Government give it the bulk of its revenue. Ministers must be living in cloud cuckoo land. It is a Government creature—they can do anything they like with it. They can come to this House today or tomorrow and change its whole structure, and nobody will object because all the people on the board, the membership list and so forth are creatures of this Government, put there for some strange purpose—presumably to try to pretend that its borrowings are not properly public sector borrowings but are in some mysterious way private sector borrowings. Of course, they are as public as any borrowings could be, because they all have a Government guarantee. The only reason that Network Rail has been trading without qualified accounts and having access to banks is that it gets a guarantee from the taxpayer.

The company's financial structure is remarkable. It is a rather tiny company, as its net assets are only £6.3 billion. After all the billions of expenditure and with potentially billions in assets—or so one would have thought, given all these fabulous routes—the company's net asset value is £6.3 billion. To put it in context, that is just two years' worth of the revenue subsidy that the Government tip into the business. However, the business has more than £18 billion of net borrowings, or net debt, because it has a Government guarantee routing private sector money into it.

Even more remarkable is the revenue account. Last year, 90 per cent. of the operating costs were paid for by a revenue grant. Those who confuse investment and revenue subsidy complicate the debate to no little extent. Yes, the business needs investment, and yes, it is making investment, but it survives only because a colossally high proportion of its operating costs are being paid by a revenue subsidy. That does not happen to the competing road haulage or road passenger industries in the way that the Liberal Democrats imply; they seem to have mistaken investment money for revenue subsidy money.

This business is not efficient or well run, and it is not in robust financial health. It is there entirely because the Government support it with revenue and with guarantees on capital account. Its management do not seem able to make their business more efficient or, despite endless fare increases, to be able to do enough to grow the business so that the revenue strand from the fare payer overtakes that from the Government and becomes the dominant influence in the way one assumes that Ministers would like, given that they too must be rather worried about its huge dependence on revenue subsidy.

We are also led to believe that Railtrack failed because it did not invest enough. If the Minister looks at the figures, he will see that there was a quantum leap upwards in the amount of investment going into the railways after privatisation compared with pre-privatisation performance under Labour, Labour-Liberal and Conservative Governments at the time of the nationalised industry. In the last two years of its existence, before it was so rudely terminated by the Government, Railtrack had invested £5 billion, and then £5.3 billion in successive years. That shows that it was making a substantial commitment to the improvement of the railways, bearing in mind the fact that in the last couple of years of the nationalised industry the investment level had been about £2 billion. The privatised industry managed to invest at two and a half times the level achieved by the nationalised industry in its dying years. If Members wanted to rush to their feet—although they do not seem to be—to say that that was because there was a Conservative Government, I should say that the investment record under Labour and Labour-Liberal Governments was equally gloomy. There was not a sudden big reduction in railway investment when the Conservatives came to office in 1979.

Quite a lot of the railway investment under nationalisation was ill-judged. It went on glamour projects and on switching traction methods—particularly electrification, where the benefits are somewhat arguable—rather than being concentrated on better types of train, such as lighter or better braking trains, that could be used more frequently on the network, which must be the answer.

I now wish to be a little more creative and say what should happen from here. First, we all want the management of Network Rail to be made accountable for the egregious errors that we all agree have occurred in recent weeks. Those are not new errors, as my hon. Friend the Member for Chipping Barnet (Mrs. Villiers) pointed out. It did not learn the lessons from previous mistakes when engineering works had similarly overrun. As my hon. Friend the Member for Rugby and Kenilworth pointed out, they were eminently foreseeable errors. Those involved

had to undertake a survey of quantities. They needed to know how many man and woman hours of good engineering skill they needed, and to understand the complexity of the task ahead of them. The main thing that management should do in such a situation is break the job up into manageable units of work, and create a contingency for things going wrong—people not turning up on new year's day because they may be preoccupied, a bit hungover or whatever. Instead, they crammed too much into a limited time, and on two separate occasions they had to come to industry and the travelling public to say, "We've overshot. We can't actually manage it."

Some Labour Members seem to think that it is a sufficient excuse to say, "Oh well, some of this work entailed private contractors, which again shows that fragmentation was wrong, but it was a mistake to use private contractors." It was the call of Network Rail, the Government's own creature, whether to use private contractors or to hire the staff in-house so that they were permanently on its books. That is a matter for Network Rail; I do not have an ideological bias on that. Sometimes it is better to have one's own people in-house, and sometimes it is a good idea to use private contractors. People need to form a judgment based on how often they use them, how much they cost and how competitive the consultants and contractors are.

We pay very large salaries to Network Rail senior executives so that they can decide such matters for us. Ministers should be supervising that process. If senior managers cannot make such judgment calls sensibly—if they get the balance between in-house staff and private contractors wrong, if they get the bills of quantities wrong or if they cannot work out how long a given type of engineering will take—they simply are not up to the job.

The defence of Ministers is to say that that is not really any of their business because they have created an independent private sector company, and it is up to the board of the company and the remuneration committee of the board to take the necessary decisions. My view is very simple, and I think that it is shared by most members of the public. If a business is 100 per cent. owned by the Government, if 90 per cent. of its operating costs are paid for by taxpayers' subsidy and if all its borrowings are guaranteed by the public, we should expect our representatives—the Ministers—to hire the best managers, and fire them if they get it wrong, or to find a way of making sure that they do not get it wrong again.

I found the evasive answers from the Secretary of State on the matter of remuneration and bonuses both surprising and depressing. If I were running a private business and my managers had done something wrong, the first thing I would say to them, after one had got to grips with the magnitude of the error, would be, "Of course, there won't be any bonuses this year." I think that they would then say, "Well, if that's all you're going to do to us, boss, we've got off quite lightly. Can we keep our jobs?" One might hear that sort of thing in the private sector context. Why do we not have that sort of feeling in the public sector? Ministers should have a private but lively conversation with the managers in this company to tell them that this is not only unacceptable, but that there has to be some visible financial penalty on senior managers.

We are talking about people earning exceedingly large sums of money. I do not want to penalise those at the bottom of the heap who did all the work and did not get paid much for turning up on a wet and cold December night, but the people at the top, who have made the misjudgments, have to feel the penalty in their pocketbook. The least that one would expect a Minister to say is that the performance pay element will either be abolished or much reduced, because performance has been sadly lacking in this situation. I do not know of anyone who will write to me saying, "How disgraceful of you to say that these highly paid people cannot have their full bonuses this year", given the suffering that people went through when they could not get their trains at Christmas and new year, and when they saw their stations and services so disrupted.

We need Ministers to tackle the rather ramshackle structure of Network Rail and to put in place a serious board with a limited number of really good people who can provide a critical appraisal of senior managers and provide focus through the remuneration committee and board meetings to ensure that such things are unacceptable to the board and, therefore, are less likely to happen in future. It will not help to have 100, 1,000 or 20,000 "members", or whatever. That is completely bogus. It is mock democracy, whereas I am a true democrat. If it is to be proper democracy, all 60 million people, or all 45 million taxpayers, have to be involved because we are the stakeholders. We are the ones who are paying the bills. However, that is not realistic. We have representatives to carry out the process for us, and they are called Ministers. Ministers have to appoint a limited number of really good people, who can ride the business hard and ensure that it performs to proper commercial disciplines—if they want to carry on doing things the Network Rail way.

Let us get away from the myth that Network Rail is a completely private sector entity, and let us see Ministers laying down, at least once a year, at corporate plan and Budget time, what they expect for the £3 billion-odd of Revenue subsidy and what they expect for the several billions of guaranteed investment moneys borrowed on the taxpayer tab. We need to see performance, and there have to be results to show for such a sum of money going into the business. I see no evidence from today's debate, from reading the papers, or from previous debates on the subject that Ministers have seriously entered into the complicated but important task of setting feasible, limited objectives for the expenditure of that money, and determining how they will hold people to account if they do not achieve them.

Mr. Tom Harris: On a point of clarification, the right hon. Gentleman may have missed the publication in July of the Government's White Paper, which contained the high level output specification. That specifically states what we expect to buy from Network Rail in terms of performance and efficiencies. It sets out explicitly the statement of funds available. It sounds to me as if he has just described what we have already produced in July. He referred to that being done on an annual basis, however, and we are doing it on a five-year control period basis.

Mr. Redwood: The Minister put it very nicely, but of course I have seen the high level outputs. I would not come to such a debate and do the House the discourtesy of not having read a little of the background material.

[Mr. Redwood]

The Minister outlines the first part of the process, but it is necessary to take the high level outputs and the five-year plan and turn them into something that relates to the half-yearly and annual reporting cycle of a proper company—the Government say that Network Rail is, but I say that it is not. That process has to take place at a more detailed level through the eyeballing of senior management in the ministerial office.

When I was a middle-ranking Minister, one of the main things I did was to have annual corporate plan review meetings with the bodies that reported to me, and those were very serious meetings. I prepared very strenuously for them; I trust that the people on the other side did, too. They were rather foolish if they did not. I used those meetings to say, "You'll be very pleased to hear from a Minister like me that you are going to get some money, but I really expect you to make that money work very hard. This is how I expect you to make it work hard. These are the rewards for success, and these are the penalties for failure." That has to be a ministerial function, and if the Minister is going to insist on doing it through a so-called independent remuneration committee, he will have to hand pick that committee and brief its members so that he knows they are in line with his wishes.

As far as the top people are concerned, it is more important for Ministers to get involved. We need to see performance, and the Minister needs to see it in return for all this money. The money has to be limited. It is a huge task: we have a massive railway that needs injections of cash for growth and development. It is very clear that it is not being well run or managed at the moment.

I want to see medium-term reform. Even with the improvements I have suggested, I am sceptical about how well a Network Rail monopoly would work. I have been honest with the House. I do not think that Railtrack was brilliant, either, but Railtrack and Network Rail are not very different. They have the same principal problem, which is that they are monopolies, and it is difficult to make them responsive.

I have a slight preference for Railtrack because it had more of the disciplines of the market. It was driving efficiencies a bit better—decreasing subsidy and increasing investment. It had to respond to market disciplines on many of its borrowings and activities in a way in which Network Rail does not. The Government have relaxed the constraints on the railway track monopoly and that is why they have problems with overruns, delay, poor service and high costs.

The costs have mushroomed massively since the Government took office. The Government tell us that they have been fighting a battle over the past two years to get them down again, but the costs took off in the early Network Rail period because the disciplines were relaxed.

I would prefer a system whereby track and train were reunited and there was more contestability so that no one in the business felt they had a monopoly right in perpetuity. Of course, one has to give a regional train company, which also owns the tracks, a reasonable run at it or it will not make the necessary investment. One has to give such companies specific guarantees and they have to have a decent opportunity to make investing the capital worth while. However, they must also know that, at some point, they have to try again to maintain the franchise. The quid pro quo is that one has to tell them that they can sell on the capital that they have invested and the capital that they bought and inherited so that they know that, if they are unsuccessful, they will not wipe out their shareholders. There must be a penalty but it must not be so harsh that no one will take the risk or make the venture.

Contestability is also required. The ability to run across other people's regions and to use the track more intelligently and better is necessary. An independent regulator or adjudicator, who can decide how the track can best be used, is also needed.

At the beginning of my speech, I referred to the tragedy of having fabulous routes that are not used enough. If one flies over southern England in a light aircraft at peak hours in the morning, one sees completely jammed roads, with vehicles bumper to bumper as people try to use cars, buses and motorcycles to get to work, and practically empty train tracks. The way in which the railways are currently run means that few trains an hour can be operated on those tracks. Typically, only 24 trains an hour can run given the existing technology. We need to operate far more than that to deal with peak hour demand. The railway is better for that than for dealing with off-peak demand because frequent services are required to make rail travel attractive. The best green advantages and time advantages of using the railways are obtained at peak times because the roads are congested and therefore polluting more. We need much more peak time rail travel.

How do we achieve that? There is an easy answer in the short term, before the technology and structure are fundamentally changed. If lighter weight trains are used, more of them can be run because they accelerate and brake more quickly. That happens on many networks abroad. In Britain, our system is over-engineered and heavy. Other hon. Members have referred to the complexity and absurdity of many of the rules for taking possession of the track for engineering works. I agree, but there is another set of rules for operating a railway that militates against using modern, state-of-the-art lighter weight trains, which are perfectly safe when used elsewhere and mean that more trains an hour can be operated.

The current engineering director of Network Rail, with whom I have had conversations, accepts that lighter weight trains could make a difference. It would be a great prize, which Ministers might like, if one could run, for example, 40 rather than 24 trains an hour. I hope that they will take seriously the proposition that, if one used trains that can speed up and slow down more rapidly—of course, signalling changes would also be required to deal with that, but they could be made within the system budgets; it would be much cheaper than building new track—a big improvement in the railways could be achieved. My hon. Friends the Members for Rugby and Kenilworth and for Macclesfield (Sir Nicholas Winterton) pointed out that under this Government the railway is going in the opposite direction—unless one lives at a terminus or near a large principal station on a main line, all the expensive works may lead to a deterioration in the service because the fast trains may not stop in one's town or city. The fast trains occupy much track space and time because they need good clearances for a long time for safety reasons

as they belt along the main line route. If there are not enough bypasses or additional railway track, they clutter the track and reduce the frequency of the more mundane commuter short-hop services, which may be more important to a good travel system.

I hope that the Ministers will consider, in the investment programme, the balance between the glamorous, fast services to a few major cities and the important daily services that people in Rugby, Macclesfield, Wokingham and all the other places represented in the House this evening need. Those services are also needed to provide a greener and better alternative for people's travel plans.

Our debate rightly focuses on the unacceptable events over Christmas and new year. Even Ministers agree that the delays were unacceptable and that a mistake was made. They say that they need a further period of reflection and inquiry to discover the mistake. Most of us believe that we know what the mistakes were from what we have read and seen. The statements and apologies made so far imply that the events were caused by a management failure by Network Rail.

I do not believe in public hanging or crude prose, which some people might believe to be appropriate in the circumstances. Far from it. I believe that we get the best out of people through incentive and motivation. However, when errors are so big and their impact is so great, there must be a penalty. I believe that it should be a financial penalty on senior management rather than, "There, there. Please make sure it doesn't happen again."

The Government say so often—there are many examples in recent weeks—that they will learn the lessons. I have heard nothing in the debate so far, especially from the Secretary of State, that makes me believe that she has learned any lessons. She has learned no lessons about how to get value for huge sums of public money; how to control a so-called not-for-profit independent private company, which is a creature of the state; how to choose good people and persuade them to do a good job; or how to turn an incompetent Government into a competent one.

I want to live in our great country and enjoy its facilities. I am afraid that so many facilities that the public sector owns are not well run. There is an aura of incompetence about them. When the Minister sums up, he will use all the buzzwords and buzz phrases that are on the pager or in the briefing, along with the civil service line to take, followed by—if ministerial briefings still contain it—"defensive", for when a Minister is under pressure or things are getting bad and, over the page, "Now you're on your own. Bad luck." We want to go beyond that. It would give me great pleasure if the Minister said, "A lot of what you said is sensible and we will try to work out a better way of employing top managers at Network Rail." It would be wonderful if he said that the Government would work much harder to get discipline over spending £3 billion a year of Revenue subsidy and several billion of investment and break down the high level outputs into management units that make sense and can be built into people's incentive packages. It would be good if he said that the Government would reconsider the programme's balance because they did not want to end up with people in Edinburgh, Glasgow and London being happy but those in Rugby, Kenilworth, Wokingham, Macclesfield and so on were not being happy because their services had been worsened by the hugely expensive investment programme.

My hon. Friends on the Front Bench tabled a fairly narrow motion because the anger of the country is currently focused on what went wrong at the weekend and over the long Christmas and new year holiday. However, there is also a strong feeling in the country that we would like to be greener—in some circumstances, travelling by train is greener than using other means—but the service needs to be accessible, friendly and feasible. We do not feel that the railway industry is ours, except when it needs someone to pay the bills, and we do not feel that, managed by the effectively nationalised monopoly of Network Rail, it is customer friendly. Apart from events over the Christmas period, it does not appear to look to a future of frequent services, lower fare packages and opportunities to use the trains that people want.

I hope that the Minister will take the opportunity to reflect a little more on the mismanagement, realise that it was not a one-off and that it will happen again unless there is some fundamental change in the Government's approach to railway management.

6.10 pm

Sir Peter Soulsby (Leicester, South) (Lab): There is no doubt that the rail industry in the UK is challenged by its own success. The 40 per cent. increase in passenger numbers that we have witnessed over the past 10 years and the projected continued growth in numbers is something that the rail industry in general and the Government need to respond to positively. I am delighted that the Government have indeed responded positively, with the White Paper recognising the need for continued investment in the railways, both in the short term, through the provision of longer carriages and longer platforms to accommodate them and the renewal of many outdated stations in order to make the facilities that they provide more fitting for the numbers being carried, and in some of the major projects in which the Government are investing, such as at Birmingham New Street station and in Reading, as well as Crossrail, which we debated comparatively recently, in which £16 billion is being invested.

All that is welcome, but there is no doubt that hon. Members in all parts of the House were angered and disappointed by Network Rail's performance over the Christmas and new year period. However, it is important to put that into context. The right hon. Member for Wokingham (Mr. Redwood) talked about Railtrack, the predecessor organisation, having been—I think I quote him correctly—"rudely terminated". However, there were few in this Chamber or elsewhere who shed tears at its termination. Whatever one thinks of the overall effect of the rail industry's privatisation—whether one thinks, as I do, that the whole thing was botched and resulted in fragmentation, or whether one thinks otherwise—there are few who mourned Railtrack's passing or who, having looked at the performance of what replaced it over the past few years, would fail to see Network Rail as a significant improvement. That said, I and all right hon. and hon. Members would acknowledge that the experience of rail passengers over recent weeks is intolerable and must never be repeated.

[Sir Peter Soulsby]

I listened with interest to the hon. Member for Chipping Barnet (Mrs. Villiers), who spoke for the Opposition, to see what alternative she would offer to Railtrack, alongside the criticisms that she made, many of which I agreed with, some of which I did not. What we heard was no credible alternative. We heard a call for reform and repeated calls for more accountability for Network Rail, but no credible alternative. She was challenged by a number of hon. Members on the Labour Benches to produce such an alternative, but consistently failed to do so.

To give credit to the right hon. Member for Wokingham, he at least offered an alternative. As I understand it, he offered an alternative that would integrate the operator of the track with the operator of the trains at a regional level. That is at least an alternative, although one may debate whether it is a credible one. However, we did not hear any alternative at all from the Opposition Front-Bench spokeswoman. It would be interesting to see whether we shall hear such an alternative in the time remaining. I would happily give way if an hon. Member on the Opposition Front Bench sought to offer one.

Dr. John Pugh (Southport) (LD): The hon. Gentleman may not be mindful of the fact that Merseyrail Electrics has indeed proposed such an alternative, but it has so far been regarded rather dimly by his Government.

Sir Peter Soulsby: As I have already indicated, I am firmly of the opinion that the arrangements that the Government have put in place for Network Rail are a dramatic improvement on what preceded them and that they have performed very well indeed, despite the lamentable failures of recent months. However, I repeat that we have not heard any alternative to that, to go alongside the criticisms that we heard from those on the Opposition Front Bench.

Similarly, we heard criticisms from Opposition Front Benchers and others to do with the effect of fare increases on the fare payer, but again, the Opposition signally failed to offer any credible alternative to funding for the railways or investment in them, other than through the fare box or the taxpayer. They suggested that there was indeed such an alternative, but failed to identify it.

Norman Baker: I hope that when the hon. Gentleman reads what I said, he will agree that I set out an alternative and indicated where the money would come from.

Sir Peter Soulsby: Indeed. I recognise that such an alternative was put forward from the Liberal Front Bench; I was referring specifically to those on the Conservative Front Bench, who consistently failed to identify such an alternative, despite being challenged by Labour and Liberal Members. It is the Conservatives' motion that we are debating and it is they whom I criticise for failing to provide any credible alternatives, to go alongside the criticisms that they have levelled.

In general, Network Rail has delivered. It faces an enormous challenge in meeting the Government's ambitious programme of renewal for our railway infrastructure. We are undoubtedly at a time when rail is again seen as a mode of transport for the future. We were all heartened by the enthusiasm generated by the completion of St. Pancras and the linking of High Speed 1 to the station, as well as by the potential for the benefits of that to be fully exploited. Many of us also feel considerable frustration that the Government cannot as yet commit to further high speed lines throughout the UK, to take advantage of the enthusiasm generated by St. Pancras and the linking of High Speed 1 to it.

That said, there is now undoubtedly not only a challenge, presented by increased usage of the railways, but a considerable expectation that the improved services will be delivered, that the infrastructure will continue to be improved in order to enable that to happen and that Network Rail is the only credible way of ensuring that that takes place. Network Rail has much to be proud of, in how it has delivered for the passenger and on behalf of the people of Britain, and how it responded to the Government's agenda. However, it undoubtedly also has much to learn from the events of recent weeks. One can only hope that the investigation that the Government have instigated into those events will enable them to learn for the future and to deliver, as I hope we all expect they will do, in the months and years to come.

6.18 pm

Dr. John Pugh (Southport) (LD): I want to make a brief contribution. Oddly, I want to put in a small word of praise for Network Rail—I say "oddly", because there are plenty of negatives that I could mention, such as delays and costs on the west coast main line, as well as the lack of interest in Lime Street station, Liverpool's main rail terminus, in the city's capital of culture year. I could also mention the muted support for the Merseyside dock expansion and the unforgivable opposition to the vertical integration of Merseyrail, as well as the extraordinary salaries paid to Network Rail's top executives. I want to park all that and be positive, although not simply because Network Rail is currently spending £6 million on Southport railway station.

As a former member of the Select Committee on Transport, I recall the demise of Railtrack and the ensuing chaos. For years after that, all we got was retrenchment and battening down the hatches. Anyone who approached Network Rail in those days with a suggestion for rail would get a lecture about bringing down costs and running existing track efficiently—in fact, about mere coping. In those days, a business case for rail expansion was viewed as a contradiction in terms—an oxymoron, something best left to the dreams of anoraks. Now, however, as a result of the rail utilisation strategies—I believe I am the first to mention them—Network Rail has moved. It has done so ever so tentatively, but it has moved, and on to the front foot. It seems to recognise that small-scale improvements and small adjustments to networks can add functionality, capacity and utility to the rail system, bringing with them passengers, profitability and environmental and economic gain. It will probably cost less than the small change from Crossrail—I welcome the fact some of my fellow victims from Crossrail are in their places today—and will in all probability deliver huge gains for the region.

In Lancashire, for example, the rail utilisation strategy revealed desperately poor connectivity between the Preston city region and Merseyside, yet lines from both conurbations arrive in the modest town of Burscough, which has separate stations, unlinked by rail, half a mile apart, severed by Beeching and simply missing a curve. Were this in London, such connectivity would have been delivered decades ago, but because it is in the north-west, it is a struggle to get it done. At least now, however, Network Rail has conceded that there may be a case for such improvements: that is progress, that is new, that is to be applauded. Real applause will follow if the Network Rail, the operators and the transport authorities follow up the words with the money and actually do something.

I want it put on record that Network Rail is slightly, if tentatively, on the front foot. It is thinking ahead a little and talking of growing the railway, so it is not all bad news.

6.21 pm

Sir Nicholas Winterton (Macclesfield) (Con): I am pleased to contribute briefly to this debate and delighted to follow the hon. Member for Southport (Dr. Pugh), who made a succinct but constructive contribution, based on his knowledge of his area. I commend him and I also wish to pay tribute to my right hon. Friend the Member for Wokingham (Mr. Redwood) who, in a very long but worthwhile speech, made a huge contribution to the debate. He assessed the position of our railways over a number of years and put forward some firm propositions about how to run a more effective railway service than we do now. I happen to agree with my right hon. Friend. I believe that we need to put track and rail together and go back to the regional railways that we used to have before nationalisation. That would create co-ordination and an identity that would dramatically improve the morale of the UK rail network. I also commend my right hon. Friend for the frank way in which he expressed himself, making a very positive contribution to a debate that could easily have been wholly negative and destructive but has turned out to be positive and helpful. I hope that in his reply, the Minister will display the same constructive approach.

My hon. Friend the Member for Rugby and Kenilworth (Jeremy Wright) focused most of his remarks on Rugby because he knows the area well. I happen to know it, too, as I served on the Warwickshire county council for six years and I lived in the area for five years.

I want to focus my remarks on Macclesfield and I want to take up with the Minister the matter that I raised in my intervention—whether it is appropriate for local services to suffer because of the demand for faster rail services from the major cities and urban areas to London. I asked that question because my own station of Macclesfield is going to suffer. I explained in my intervention that Arriva Trains, which has taken over the cross-country services that were previously run by Virgin Rail, is cutting local services, preventing trains going to Manchester to the north and Birmingham to the south from stopping at Macclesfield because the track is required for the increased number of inter-city trains that will be travelling much faster from Manchester to London. That strategy leaves out certain important profit centres such as Macclesfield.

Norman Baker: The hon. Gentleman makes an interesting and valid point about inter-city services having priority on the railways, but does he acknowledge that not only passenger services but freight services are potentially affected?

Sir Nicholas Winterton: Of course I do. I have always believed that freight should travel by night rather than by day in order to allow more passenger services to use the rail infrastructure during daytime. I hope that the system can be organised to allow freight to travel by night, which I hope answers the hon. Gentleman's question.

Michael Fabricant (Lichfield) (Con): Will my hon. Friend give way?

Sir Nicholas Winterton: I am happy to do so, but I do not have a great deal of time.

Michael Fabricant: I believe that my hon. Friend has until 6.30, but I am grateful to him for giving way. He mentioned the west coast main line and the position in Macclesfield, but does he accept that the same thing is happening elsewhere—in Lichfield, for example, where we are going to have even fewer trains than we enjoy now because of the importance of bringing down vast numbers of people down from Manchester, Liverpool and Glasgow? That should not be happening at the expense of important places such as Lichfield and Macclesfield.

Sir Nicholas Winterton: Of course, I agree with my very good and honourable Friend. He is making the same point as our hon. Friend the Member for Rugby and Kenilworth. Rugby is also going to have fewer services because many more passenger trains are going to sweep through Rugby, sweep through Lichfield, sweep through Nuneaton and sweep through Macclesfield on the way from Manchester to London. That is letting down the people who are based in important profit centres en route and it is not offering the best or best value-for-money use of our rail infrastructure. The Minister must have an influence over these matters. It is no good saying that it is all up to Arriva Trains or Virgin Rail. By the way, I note that Virgin is very unhappy about losing the franchise in the north-west. Personally, I deeply regret that it has, because Virgin was extremely efficient and provided an excellent service.

Network Rail not only has to provide the signalling and track infrastructure necessary to get trains from A to B and B to C and so forth, as it also has to utilise the available land and ensure, in co-operation with local government, that there is adequate car parking close to or in the proximity of major stations such as that in Macclesfield. I have sought to put Network Rail in touch with the borough council and the county council in Macclesfield in order to treble the parking spaces. If we are to get people out of their cars, as the Government say they want to, not just for long journeys like Macclesfield to London but also for journeys like Macclesfield into Manchester, having more parking spaces will become even more important in the future.

Both the Government and the city of Manchester want to implement some form of toll or a congestion charge, but if there is no capacity on the railways, how

[Sir Nicholas Winterton]

are my constituents going to get to work in Manchester? The bus services are totally inadequate, so the only alternative to the car is the train, but if the trains are not running as a result of reduced services, all I can say is that it shows how the Government are not joined up at all. They are trying to achieve objectives, but in the process, they are dramatically undermining the ability to change travelling behaviour and get more people onto public transport. In my area of Cheshire, east Cheshire and Macclesfield, public transport is inadequate. Reducing the number of local trains will create even further difficulties.

I shall be meeting the managing director of Arriva Trains in the next 10 days, so I hope that the Minister will take this issue seriously and not send another reply to my letters, saying merely that the fast trains are going to get the automatic right to the track and that local trains will be treated akin to second-class citizens. That is not the way to operate. Will the Minister take this matter seriously?

Rail can answer, in a major way, some of the problems of getting to and from work, but unless we have the necessary number of trains and the necessary capacity on the track and on individual trains—which means longer platforms and more carriages on each train—we shall not be able to achieve the Government's objectives in respect of climate change and carbon dioxide emissions.

I feel terribly strongly about this. I sometimes travel down by train, although I do not always do so, and I do not share the dislike of cars—almost a phobia—felt by the hon. Member for Lewes (Norman Baker). People in this country demand mobility, and cars can give it to them. In the countryside, by the way, 4 x 4 vehicles are necessary.

I ask the Minister please to respond to the genuine concern that is expressed about the way in which our rail services are organised. In an era in which the Prime Minister says that he wants a Government of all the talents, I am only surprised that he has not asked my right hon. Friend the Member for Wokingham to advise him on rail structure; but I really do want a constructive reply from the Minister. He is a decent guy and I like him. Can he come up with the answer to what has been asked in this debate?

6.31 pm

Stephen Hammond (Wimbledon) (Con): We have had an excellent debate. The stimulus for it was, of course, the overruns in track maintenance and disruption to thousands on the west coast main line and at Liverpool Street, but inevitably the speeches covered wider issues.

My hon. Friend the Member for Rugby and Kenilworth (Jeremy Wright), in his lawyer-like manner, presented an excellent forensic analysis of the problems that have confronted his constituents. It was thought-provoking and extremely well argued. We were also fortunate enough to hear from my right hon. Friend the Member for Wokingham (Mr. Redwood), who, in a truly memorable speech, gave a history lesson reminding us that British Rail was not the paragon of virtue that some seek to remember, and that nationalisation is no model for the running of a railway. He also reminded us of something that some may wish to forget: that the right hon. Member for Kingston upon Hull, East (Mr. Prescott) praised privatisation for increasing passenger traffic. My right hon. Friend was, of course, right to point out the Network Rail is the creation of this Government. At the heart of his reasoning—which is why it was so correct—was the fact that Network Rail has £18 billion of debt guaranteed by the Government, and relies on the Government for its revenue subsidy.

We also heard a well-argued and thought-provoking plea from my hon. Friend the Member for Macclesfield (Sir Nicholas Winterton) that his constituents should not be left behind in the development of high-speed services that might be introduced when the route from London to Manchester is speeded up.

Along with others, I welcome the hon. Member for Lewes (Norman Baker) to his new role as Liberal Democrat spokesman. I was interested when the hon. Member for South Thanet (Dr. Ladyman) described his speech as "good". We always feel worried when that is said in case the next words are "and original", and we are told that the good bits were not original and the original bits were not good.

The only part of the speech from the hon. Member for Lewes with which I strongly agreed was the part in which he said that the Government had not focused on capacity. The speech from his colleague, the hon. Member for Southport (Dr. Pugh), was succinct and positive. I wondered whether the positive element was caused by the fact that so much was being spent on capacity improvements at Southport, but I am sure it would be ungenerous of me to suggest that that was the only cause.

We heard an interesting speech from the hon. Member for North Ayrshire and Arran (Ms Clark), who is not present now. She was honest enough to state that she favoured public ownership—not a sentiment that will necessarily endear her to those on her Front Bench or, indeed, guarantee her promotion. The hon. Member for Llanelli (Nia Griffith), who also seems to have disappeared, spoke of the lack of Sunday and holiday services. The hon. Member for Leicester, South (Sir Peter Soulsby), who is present, expressed some disappointment with Network Rail, but complained that he had heard no alternative suggested from the Conservative Front Bench. I cannot remember too many alternatives coming from the Front Bench of his party when it was in opposition, but I can give him the glad tidings that we are undertaking a rail review. We are taking our time over it, and coming up with measured, costed proposals that he will be able to see later this year.

The expansion of the debate beyond the issue of overruns is hardly surprising. Members recognise that the problems with Network Rail run far deeper than the shambles that we saw over the new year. The motion calls on the Government to take steps to make Network Rail more accountable and efficient, and that is only right. Even this "not me, guv" Government must accept that they created Network Rail, and that if Network Rail is failing they must correct it and take some responsibility.

On 19 December, Passenger Focus expressed disappointment at Network Rail's indication that there would be overruns during the new year period. Before Christmas, Virgin Trains asked the Office of Rail

Regulation to take enforcement action against the likely disruption over that period. In other words, the problems on the west coast main line and Liverpool Street did not come out of the blue; they were anticipated and expected. The question to which we have failed to receive any answer, and which must be answered by the Office of Rail Regulation inquiry, is "Why did Network Rail not act at that stage?" Why did it not reschedule lesser works so that thousands of people would not be disrupted and uncompensated?

Time after time this afternoon we heard the Secretary of State say that we must wait for the review. The Government must accept that, in letters to Members, the management of Network Rail has already accepted a large part of the blame. One of the questions that the Minister might wish to answer is "When did the Secretary of State know of the likely problems?" Did she know before Christmas, and did she speak to Mr. Coucher then? If she did not—given the clear statement by Passenger Focus and others that there would be problems over the new year—she has been negligent.

As we all know, what actually happened was exactly what had been predicted: work on the west coast main line was not finished on time. For commuters in the constituency of my hon. Friend the Member for Rugby and Kenilworth, however, that is not news. During the current financial year alone, they have experienced 150,000 hours of delay. Perhaps the Minister will answer the question that the Secretary of State chose not to answer: do the Government still believe that the west coast main line upgrade will be delivered by December 2008, and if not, when do they expect it to be delivered?

Liverpool Street station was shut on 2 January following the overrun of a 10-day engineering project to replace a bridge. Andy Chivers, managing director of the National Express One franchise, rightly described that as a "major failure". He also declared that Network Rail had not delivered on assurances that it had given him before Christmas. The Minister might care to address the following questions. Why could Network Rail not predict the likely problems at Liverpool Street? If it did predict them, whom did it tell and what did the Department do about it? This was a failure of project management systems. Who was in charge? When did Mr. Coucher tell the Department? When did Mr. Coucher know, and when did Mr. Henderson, the engineering director, know? Whom did he tell, and when? When did the Secretary of State know, and what action did she take? The short answer to the second part of that question must be "none".

If this were an isolated incident, we would be disappointed. We would be asking, as Passenger Focus has, "Where is the compensation for the passenger?" and "Has the industry understood the problems?" If it were an isolated incident, however, we would not be having this debate. The trouble is that for all the comments about learning lessons, it was not an isolated incident. Even as we stand here today, there are Network Rail overruns in Scotland. There are systemic problems with Network Rail that need to be addressed: its efficiency, its accountability, its priorities and the way in which it delivers services to passengers.

What happened over the new year in 2008 was certainly not an isolated incident. The Government disbanded Railtrack, created and then disbanded the Strategic Rail Authority, and then created Network Rail. We were led to believe in a brave new world created by the Government: never again would there be an incident, never again would there be overruns, and never again would there be accidents. What nonsense! Network Rail has had a history of overruns and accidents. In the last two years alone, its record reads like a catalogue of mismanagement, inefficiency and incompetence. In March 2006 it was fined for failing to provide proper information to other TOCs. In September to October 2006 there were derailments at Waterloo, where the rail accident investigation branch catalogued a failure of reporting and fault management systems and supervision errors, and at Greyrigg. In March 2007, it was fined for overruns at Paddington.

In July 2007, Network Rail was fined £2.5 million for failing to complete re-signalling at Portsmouth. At that point, the ORR concluded that Network Rail had failed adequately to evaluate and mitigate the risks associated with the project. That might sound rather familiar to constituents of my hon. Friend the Member for Rugby and Kenilworth, for that appears to be exactly what happened there over the new year. Far from learning any lessons, Network Rail seems to have failed to address those lessons.

Mr. Coucher—following the lead of the Government, who seem to say, "It's not our fault, it is always someone else's"—has sought to blame his contractors. This is feeble at best and disingenuous at worst. It is feeble because these projects have long lead times, contractors need to procure supplies and TOCs need up to 15 months' notice. If that were so, the question we should be asking is whether the complete scheme was identified on time and agreed, and what interaction Network Rail was having with its contractors.

It is feeble to blame the contractors, partly because only a bad workman blames his tools. It also implies a complete failure of oversight, of management supervision and of management. The accident report for Waterloo shows that failures have happened whether functions have been taken in-house or not.

Norman Baker: The hon. Gentleman has found Network Rail guilty as charged and there are certainly other issues with which it could be charged. However, I am not quite clear what the sentence is. What is the hon. Gentleman's remedy to deal with this matter?

Sir Nicholas Winterton: Cut the bonuses.

Stephen Hammond: I am just coming to that point, but I agree with my hon. Friend the Member for Macclesfield. Network Rail is not properly accountable and it needs to be made so, but do not take our word for it. This morning, one could have read Tom Winsor's remark that

"Network Rail is a company supposedly answerable to its stakeholders...they have no power."

Lord Berkeley, a Labour peer, said:

"I think it would be helpful to Network Rail and all the people that use the network if there were greater accountability".

Network Rail's structure ensures that it is accountable only to itself. My hon. Friend the Member for Chipping Barnet has already highlighted the problem of fines and has said that she believes that the ORR might require extra powers. She is right.

[Stephen Hammond]

Where else should accountability for Network Rail lie? Should it lie with the non-executives, who awarded themselves a pay rise of 18 per cent. on average last year and are supposed to be holding the executive body to account? In yesteryear, the then, and hopefully soon to be again, Labour Opposition used to lecture us about fat cats. At least those privatised companies delivered. In the world of new Labour, a failure to speak out or to provide accountability earns people a self-awarded 18 per cent. pay increase. Causing disruption to thousands of people earns the chief executive a £466,000 salary and £76,000 in bonus.

The short answer is that Network Rail is not a private sector company but a public sector one. This Government created Network Rail. The Secretary of State today has sought to hide behind the ORR. It is typical of an exhausted Government, clamouring for any credit they can find but shirking any responsibility. The Secretary of State failed to answer the key questions today. When did she know? What action did she take? Increasingly, she is a Secretary of State out of touch with the needs of the travelling public. Network Rail is in danger of hitting the buffers.

If, after the new year chaos, the travelling public and the TOCs view Network Rail as not fit for purpose, that is equally so of the Government and the Secretary of State. The Government have a responsibility to ensure that Network Rail works. It is a failure: the failure of the Government. The travelling public, who suffered fare increases of up to 14 percent and often travel in sub-human overcrowded trains, deserve and have a right to expect better.

6.45 pm

The Parliamentary Under-Secretary of State for Transport (Mr. Tom Harris): This has been a very good-humoured debate—at least the middle of it was; the beginning and end have been less so.

I will come back to my prepared comments, because first I want to make it clear that mistakes have been made and Network Rail has issued an apology. Passengers have paid the price for the mistakes made and that is unacceptable, as both sides of the House accept. The hon. Member for Wimbledon (Stephen Hammond) has said that Network Rail is a failing company. That speaks more to his wishful thinking than to the facts. Nothing would please the Conservative party more than to have Network Rail painted as the same basket case as Railtrack. It is simply not the case.[1]

Network Rail came to the rescue of Railtrack. When Railtrack was drowning in its own inefficiencies, and costs for the updating of the west coast main line had gone to above £20 billion with no prospect of the project finishing, it was Network Rail that came in and rescued the project, which is now delivering at a cost of £8 billion. It was Network Rail that helped push performance up by more than 10 per cent. as measured by the industry standard public performance measure. It is the outstanding engineering experience of Network Rail that is leading renewal and expansion of the rail network at Birmingham New Street, at Reading, on the west coast main line and through Thameslink.

1. *[Official Report, 23 January 2008; Vol. 470, c. 16MC.]*

My hon. Friend the Member for North Ayrshire and Arran (Ms Clark) spoke about her concerns about the involvement of private industry. I do not agree with her. I do not think that the involvement of the private sector in the rail industry is a bad thing. I think that it has brought innovation and efficiencies to the rail industry. She is a solid supporter of the railways and I take seriously what she says. However, in some areas we will have to disagree. I do agree with her that passengers must get the best possible service. I have said on a number of occasions that the railways are not run for politicians or for the industry itself; they are run for passengers.

The hon. Member for Rugby and Kenilworth (Jeremy Wright), in a positive and emollient speech, asked Ministers to address Network Rail's failings. He might be interested to know that, on 12 November last year, the hon. Member for Chipping Barnet (Mrs. Villiers) told *The Daily Telegraph*:

"The fat controller is still there in Whitehall"

of all the ministerial team, I think she was probably referring to me. She continued:

"It is a real concern that Ruth Kelly (the Transport Secretary) has more control over the industry than the days when people were eating British Rail pork pies."

If that is a genuine concern of the Opposition Front Bench, the hon. Gentleman has to accept that that comment was made in a pejorative sense. Presumably the hon. Lady does not believe that Government involvement in the industry is a good thing, yet here we have the transport Whip, the hon. Member for Rugby and Kenilworth, telling Ministers that they must micro-manage Network Rail.

Jeremy Wright: Will the Under-Secretary give way?

Mr. Harris: I am sorry but I am not giving way, because I have a limited amount of time.

The hon. Member for Rugby and Kenilworth made some other comments about services to his constituency. He might be interested to know that, at Rugby, there will be a trebling of services from Rugby to Birmingham, Coventry and Northampton. There will be an accelerated service to London, and a new semi-fast service to Crewe giving new connections to Liverpool, Manchester and Preston. There will be a major increase in capacity in all Rugby services. The upgrade of the west coast main line will be good news for all his constituents.

My hon. Friend the Member for Llanelli (Nia Griffith) talked about Sunday services and she is right; we want to move to a seven-day service. The right hon. Member for Wokingham (Mr. Redwood) gave a speech that I thoroughly enjoyed. There were some things he said with which I agreed; I will not go into the detail at the moment. However, he has the dubious distinction of being Railtrack's last and proudest defender. He said that there was no difference between Network Rail and Railtrack but that he generally prefers Railtrack. It says something about the self-delusion of members of the Conservative Cabinet at that time that even now, after what has happened to Railtrack, they still believe that Railtrack was not an ignominious failure.

My hon. Friend the Member for Leicester, South (Sir Peter Soulsby) talked about high-speed lines. He has

mentioned the issue before, and he knows that it is still under review by the Government, and we will make further announcements on it in years to come.

The hon. Member for Southport (Dr. Pugh) made some praiseworthy remarks about Network Rail. They were, I felt, less than enthusiastic, but he was welcoming of the utilisation strategies produced by it.

The hon. Member for Macclesfield (Sir Nicholas Winterton) talked about the need for car parking at Macclesfield. He also talked about the Government seeking modal shift in respect of the importance of getting people out of their cars and on to the railways. He can search the Library and the online version of *Hansard* as much as he likes, but he will not find any comment by me encouraging—or dictating to—people to get out of their cars. It is the Government's intention to provide people with informed choices, and to allow them to make decisions about which modes to use. The fact that 40 per cent. more people are using the railways today than 10 years ago says a great deal about the stewardship of the railways under this Government.

I agree with something that the hon. Member for Chipping Barnet said. There would indeed be fewer network rail possession overruns under a Conservative Government, and that would be for one very obvious reason: there would be far fewer engineering works. The west coast main line upgrade, Thameslink, Crossrail, Reading, Birmingham New Street—funding for all those projects, which are so vital for the expansion of the railway, simply would not be guaranteed under a Conservative Government.

The Conservatives always like to dispute Labour claims that they are planning to cut public expenditure. When it comes to the railways, however, we already have a cast-iron guarantee that investment would be reduced, and reduced significantly. The hon. Member for Chipping Barnet stated on her own website:

"The worrying thing is that the franchise payments the government has agreed with rail companies mean these increases are likely to continue well into the future."

On 17 July, she stated in the House—wrongly, of course—that the Department for Transport set the franchise payments for the train operating companies and that those payments were solely responsible for increased fares. There we have Tory transport policy to date: train companies do not like paying premiums. I wonder how the hon. Lady came to that conclusion—perhaps she commissioned research from the university of the blindingly obvious? Of course they would prefer not to pay premiums, but if a train operating company is making large profits on a franchise given to it by the Government, why should not some of the profits go back into the transport budget? That is what is happening. However, like her predecessor on the Front Bench, the hon. Member for Epsom and Ewell (Chris Grayling), the hon. Lady wants TOCs to be given subsidy only from the public purse, regardless of how profitable a franchise might be. The disappearance of those premiums would present a net loss to the rail budget, so where would the cuts fall?

Let us turn to the Opposition motion, which states that Network Rail should be held more accountable—more accountable than what? Should it be more accountable than its predecessor, Railtrack, perhaps? How accountable was that organisation, set up by a failing Tory Government to oversee the decline of the railways—an organisation whose first priority was not maintaining the railways in a safe manner, but providing dividends to its shareholders? The hon. Lady waxes lyrical about the injustices of poor TOCs having to pay some of the profits back into the rail budget, but I have yet to hear her complain about Railtrack shareholders receiving their dividends while track maintenance was ignored and lives were put at risk.

How should Network Rail be held more accountable, according to the hon. Lady? That point was ably made by my hon. Friend the Member for Leicester, South. Her remarks earlier today shed no light on the matter. It was up to Eddie Mair on the BBC Radio 4 "PM" programme last week to elicit some details, and we are all grateful to him for that. Eddie Mair asked, "How would you fix what you clearly believe are structural problems in the railways?" The hon. Lady replied, "Well, we're looking at a range of options to ensure that Network Rail does become more accountable to its customers." Eddie Mair then asked, "What are the options for making Network Rail more accountable?" The hon. Lady said, "Well, we're looking at a range of options at the moment. We're carrying out a rail review, which we will be publishing shortly." Eddie Mair's next question was, "But can you give us no further ideas?" The hon. Lady responded, "There are a range of options we are looking at, but I can't give you details as yet, but they will be published shortly."

The hon. Member for Wimbledon said in his summing up that the Conservative rail policy will be published later this year. I think he also said the same thing last year—he said then that it would be published later in the year. So, that is clear then: the Conservative party regrets to announce the late arrival of its railways policy and any inconvenience that that may cause.

We have an expanding railway. We have record passenger numbers totalling more than 1 billion in the past three years. We have cheaper regulated fares in this country than we had 10 years ago. We have the youngest train fleet in Europe. For the first time in 50 years, we have a Government who are actually able to plan for expansion in our railways. A Conservative party which created Railtrack and starved the rail industry of vital investment is in no position to give lessons to this Government.

Question put, That the original words stand part of the Question:—

The House proceeded to a Division.

Mr. Deputy Speaker (Sir Alan Haselhurst): I ask the Serjeant at Arms to investigate the delay in the No Lobby.

The House having divided: Ayes 235, Noes 303.

Division No. 034] **[6.55 pm**

AYES

Afriyie, Adam	Baker, Norman
Ainsworth, Mr. Peter	Baldry, Tony
Alexander, Danny	Barker, Gregory
Amess, Mr. David	Baron, Mr. John
Ancram, rh Mr. Michael	Barrett, John
Arbuthnot, rh Mr. James	Beith, rh Mr. Alan
Atkinson, Mr. Peter	Bellingham, Mr. Henry
Bacon, Mr. Richard	Benyon, Mr. Richard

Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clegg, Mr. Nick
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David *(Haltemprice and Howden)*
Djanogly, Mr. Jonathan
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jenkin, Mr. Bernard
Johnson, Mr. Boris
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
MacNeil, Mr. Angus
Malins, Mr. Humfrey
Maples, Mr. John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Mulholland, Greg
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Osborne, Mr. George
Paice, Mr. James
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simpson, David
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Stewart Jackson and Jeremy Wright

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Betts, Mr. Clive
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Butler, Ms Dawn
Byers, rh Mr. Stephen
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David

Clwyd, rh Ann
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Elman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goodman, Helen
Griffith, Nia
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hopkins, Kelvin
Howarth, rh Mr. George
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ruane, Chris
Ruddock, Joan
Russell, Christine
Salter, Martin
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Alison Seabeck and Liz Blackman

Question accordingly negatived.

Question, That the proposed words be there added, *put forthwith, pursuant to Standing Order No. 31 (Questions on amendments):—*

The House divided: Ayes 304, Noes 234.

Division No. 035] **[7.13 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera

Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goodman, Helen
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoey, Kate
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hopkins, Kelvin
Howarth, rh Mr. George
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Killoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purnell, rh James
Rammell, Bill
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ruane, Chris
Ruddock, Joan
Russell, Christine
Salter, Martin
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Watson, Mr. Tom
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie

Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Alison Seabeck and Mr. Dave Watts

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Mr. Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clegg, Mr. Nick
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David *(Haltemprice and Howden)*
Djanogly, Mr. Jonathan
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jenkin, Mr. Bernard
Johnson, Mr. Boris
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
MacNeil, Mr. Angus
Malins, Mr. Humfrey
Maples, Mr. John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Mulholland, Greg
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
O'Hara, Mr. Edward
Öpik, Lembit
Osborne, Mr. George
Paice, Mr. James
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simpson, David
Simpson, Mr. Keith
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Mr. Stewart Jackson and Jeremy Wright

Question accordingly agreed to.

MR. DEPUTY SPEAKER *forthwith declared the main Question, as amended, to be agreed to.*

Resolved,

That this House applauds the Government for taking decisive action to correct the flaws of rail privatisation; welcomes the fact that the railway is carrying 40 per cent. more passengers and 47 per cent. more freight than in 1997 with improving punctuality and safety standards and record investment in infrastructure; and looks forward to seeing the results of the investigation by the Office of Rail Regulation into Network Rail's performance, following the unacceptable engineering overruns experienced by passengers during Christmas and the New Year.

Higher Education

Mr. Deputy Speaker (Sir Alan Haselhurst): We now come to the debate on higher education and adult learners. I have to announce that Mr. Speaker has selected the amendment in the name of the Prime Minister. I remind the House that there will be a 10-minute limit on Back-Bench contributions to the debate.

7.24 pm

Mr. David Willetts (Havant) (Con): I beg to move,

That this House is concerned that the Government's decision to withdraw funding from institutions for equivalent or lower qualification students will have a disproportionate impact on the part-time sector in general and on specific institutions such as Birkbeck and the Open University; and urges the Government to consider ways in which it can minimise the damage this measure will do to lifelong learning and the delivery of the Leitch agenda objectives.

Although that is the motion, it is really early-day motion 317, which is a cross-party motion tabled by the two Members who represent Milton Keynes, where the Open university is situated—my hon. Friend the Member for North-East Milton Keynes (Mr. Lancaster) and the hon. Member for Milton Keynes, South-West (Dr. Starkey). That early-day motion has collected more signatures than any other motion before the House. The official Opposition are simply a modest vehicle to ensure that the House has an opportunity to debate and vote on that excellent motion. The Prime Minister has claimed that he believes in radical constitutional reform, but I doubt that even he envisaged anything as radical as a non-partisan Opposition day debate on a cross-party motion. Let us see how we get on.

First, let me help the Secretary of State with a little problem that I think he has recognised. It seems that his amendment to our motion is seriously defective and is not an accurate account of the Government's policy. I hope that he will correct the record, either now or during his speech, and amend his amendment so that it gives a more accurate account of his Government's policy. If we cannot rely on the Government to table an amendment that is an accurate account of their policy, we should not be surprised that they got into such a muddle.

Mr. Tim Boswell (Daventry) (Con): Has my hon. Friend noticed that the second objective of the Secretary of State's new Department is to:

"Improve the skills of the population throughout their working lives"?

Without prejudice to my hon. Friend's speech, does he not think that it would have been helpful if, instead of bringing forward these measures, the Secretary of State had deferred consideration until after the comprehensive review of student support in 2009, which is only next year, and had then consulted on its conclusions?

Mr. Willetts: I totally agree with that excellent intervention, which was based on the excellent early-day motion. There has been such support for that early-day motion because of the enormous respect on both sides of the House for the work done by the Open university, Birkbeck college and other institutions across the country in providing educational opportunities to mature part-time students, and especially to women, giving people a second chance in life regardless of what they have studied in the past.

Robert Key (Salisbury) (Con): Does my hon. Friend not think it odd that, at a time when the Government are increasingly saying that the faith communities are important, the new regulations will impinge on the training of priests, imams and rabbis? In the Church of England alone they will add at least £500,000 to the cost of training priests.

Mr. Willetts: My hon. Friend is right. Many people who share his concern about education will have received a host of representations from a variety of professions that often recruit and train people who have already done a degree in a different subject. I think that some 75 per cent. of ordinands in the Church of England study theology after they have studied a separate degree. Those are exactly the groups that will be affected by the proposal.

Harold Wilson famously believed that the Open university was one of his greatest achievements. Some on this side of the House might say that it was one of his few achievements. Nevertheless, it was a Labour creation. That might be one reason that we welcome so many Labour Members to the debate. The Prime Minister is proud of having taught at the Open university. We ask all hon. Members, especially Labour Members, to be true to the principles of their party and its historic achievements, and to be true to themselves by voting for a motion that many of them have already signed up to.

Of course, although the debate will focus on the Open university and Birkbeck college, the decision has a much wider application. The Government are proposing that students who already have a degree qualification should not receive any support if they return to university. We are talking not about grants or loans, as the regime governing them is already much tougher for returning students, but about the removal of Higher Education Funding Council teaching support for any university that takes on returning students. For the first time, home students on approved courses at English universities will not get even a contribution towards teaching costs. They will be treated as though they were from China.

That is an unprecedented shift in the pattern of higher education financing. I believe that such a decision should have been taken only after a serious review of its implications, and that it should have been considered alongside all the other issues connected with the future of university fees that legislation already requires us to look at in 2009.

Mr. Gordon Marsden (Blackpool, South) (Lab): The hon. Gentleman mentioned the 2009 settlement, but the proposal under discussion is part of the existing settlement. Will he share with the House how he would substitute for the £100 million that the proposal will produce, given that his party's record on higher education funding before 1997 was so abysmal?

Mr. Willetts: My argument is very simple. It is that the Government's decision should be sent for review, and perhaps considered as part of the 2009 review of fees. The HEFC budget amounts to £7.5 billion, and the Government have no reason to impose a cut worth only £100 million.

Kelvin Hopkins (Luton, North) (Lab): Would it not be more honest to say that the motion is fine but that taxes must be raised to pay for it?

Mr. Willetts: We are talking about an HEFC budget of £7.5 billion. For reasons that have left most people baffled and confused, the Government have decided to take £100 million away from mature students who already have a degree qualification and to use that money for some other, unspecified, purpose. We believe that that decision should be reviewed.

Mr. David Chaytor (Bury, North) (Lab): The purpose is not unspecified, as the money will be used to help those mature students who do not have a recognised qualification.

Mr. Willetts: The Government's decision was announced last September. The relevant brief from the HEFC—the Government's own quango—was last updated on 11 December. It takes the form of questions and answers, and one question was how the Department for Innovation, Universities and Skills intended to use the money saved from withdrawing funding for ELQs—that is, students with equivalent or lower qualifications. The response was:

"The Secretary of State has confirmed that any savings made from withdrawing funding for ELQs will be available for HEFC to redistribute according to agreed priorities yet to be decided."

That was two and a half months after the reduction was announced, and yet the "agreed priorities" were "yet to be decided". It seems to me that the decision was taken in haste, and that we are in danger of having to repent at leisure.

The Government argue that people with a degree who return to study must be hit so that new students can be helped. Of course, the Opposition want more new students to participate in higher education, but the Government's argument rests on a false dichotomy. The Government often cite the Leitch report but, as has been noted already, that deals with lifelong learning, which is about both reskilling and upskilling. To say that we must penalise people who are reskilling to make available money for new students who are upskilling is to fail completely to understand what the Leitch agenda of lifelong learning is all about.

Labour Members may not want to take my word on that, so perhaps I should quote what the Prime Minister said in a speech on this subject in May 2006. Talking about his approach to lifelong education, he said that it should be "recurrent", "permanent" and on offer to anyone at any time. We are simply trying to hold the Government to account over a statement that the Prime Minister made about his approach to the matter. He made a commitment that all adults

"should have access to training and vocational opportunities throughout their working lives."

We believe that that commitment clearly matters to the Prime Minister. It matters to the many Labour Members who have signed the early-day motion, and it is a commitment that the House should reflect in the vote to be taken later tonight.

However, instead of that vision of lifelong learning, we now have what has been called the "measles" theory of education—get it once, get it early and try never to have it again. That is not the right approach, and it is a real barrier to people trying to change jobs, shift careers and move forward. I shall give the House some examples of those who will lose as a result of the Government's approach.

Among the losers would be a person who had studied medicine at university and would now like to study cognitive therapy. I saw that the Secretary of State for Health was here briefly a little earlier. He has launched an initiative to try to ensure that there is more access to cognitive therapy on the NHS. However, people who already have a medical degree and who wish to study cognitive therapy and deliver the Government's objectives will be penalised by the policy under discussion this evening.

In addition, a person who wants to do a post-graduate certificate in education will get funding, but someone who wants to get a qualification to teach in the FE sector will not, even though the Government are supposed to value the FE sector and to want to see it expanded. Moreover, a person with an engineering degree who wants to use his expertise in business and to study for an MBA will not be funded, even though we are supposed to want to encourage innovation and enterprise in this country.

Another loser would be a woman with a degree in French who may have taken time out of the labour market to raise children. If she now wanted to do a higher education IT course—it does not even have to be at a university—she would not get any support from the HEFC. Let us be clear: some of the biggest losers as a result of the Government's policy will be women who want to return to the labour market after a long period away.

Mr. Nigel Evans (Ribble Valley) (Con): Does my hon. Friend agree that the policy is a false economy? The people who would benefit from being able to acquire another qualification of degree equivalent or lower would be an asset to this country, as they would be able to get another job that paid more money. That would mean that they would pay more in tax, but the Government appear to be turning their backs on such people.

Mr. Willetts: My hon. Friend is right. We are talking about the importance of spreading opportunity in this country—something that I thought all hon. Members would support. I am sure that hon. Members of all parties will have seen the many representations that we have received, but I shall quote the submission on women returners from the university of London union, a body of which I believe the Minister for Lifelong Learning, Further and Higher Education was at one time general manager. The union said today:

"There is a real danger that the proposed cuts would particularly disadvantage those who have taken a career break to care for children or elderly relatives".

I am sure that Labour Members are hearing the same warning, and it is something that the Government desperately need to address.

Mr. Phil Willis (Harrogate and Knaresborough) (LD): I am fascinated by the even-handed approach that the hon. Gentleman is adopting, but will he clarify Conservative policy on these matters? Under his party's proposals, would anyone—anyone—with a level 4 qualification be entitled to ELQ training?

Mr. Willetts: We believe that the current regime should be retained, pending a review of the Government's proposal. We should be happy for such a review to be held, and indeed the relevant legislation on higher education finances makes it clear that the fee regime should be reviewed in 2009. I believe that the Select Committee on Innovation, Universities and Skills, which the hon. Gentleman chairs, is considering the matter, and I look forward to its report.

The Government announced their decision on this matter with no consultation. That caused much shock and unhappiness in the HE sector, so suspending the decision and retaining the current regime would allow an appropriate consultation process—including a review exercise by the Select Committee—to take place. That would be the common-sense approach, and it is what the early-day motion that has been signed by 86 Labour Members calls for.

Dr. Brian Iddon (Bolton, South-East) (Lab): The Select Committee of which I am a member is indeed holding a quick inquiry into this subject. I just ask the hon. Gentleman why he was not prepared to wait until the Select Committee report was published. Furthermore, will he encourage some Conservative members to attend the Committee? We have seen very few of them so far.

Mr. Willetts: My hon. Friends are so assiduous in so many functions around the House that if by chance they are unable to attend that Committee, I am sure it is because they are hard at work in another Committee somewhere else in the House.

I hope that we will have a further debate in this Chamber when the Select Committee has produced its report. That will be excellent, and I very much look forward to it. It would be sensible, when we have that type of inquiry under way, not to take any decision until after the consultation. It would be absurd for the Government to announce a decision with no consultation and then, sadly, for the consultation to happen afterwards.

Rob Marris (Wolverhampton, South-West) (Lab): Will the hon. Gentleman give way?

Mr. Willetts: I will give way, and then I must make some progress. I know that a lot of people want to speak.

Rob Marris: I am grateful to the hon. Gentleman for his usual generosity. Is his priority for state support for higher education first-time students or second-time students?

Mr. Willetts: This is the false dilemma that has got the Government into such a muddle. Large numbers of British citizens historically had a right to go to university and study on approved courses, without any grants or loans but at least with HEFC support for their teaching costs. The decision that, for the first time in the history of British higher education, a group of people should not receive finance even for their teaching costs because they have a first degree is a significant one. I personally think that many such people are deserving. Many of them are women wishing to return to work. Many of them are trying to enhance their skills or change their career. It is wrong to say that the only way in which we can help a new student is by penalising a group who have benefited not only themselves but, as my hon. Friend the Member for Ribble Valley (Mr. Evans) said, the wider society and economy by returning to university.

The Government say, "Don't worry. It's all going to be fine because many returners will be financed by their employer." But often one of the main reasons that people study is that they wish to change their career and their employer. In fact, one of the things that Birkbeck, the Open university and other institutions say is that sometimes they have students who do not wish their employer to know that they are studying because it is a prelude to changing the direction of their career. So the idea that someone can go to their employer and say, "I have decided that I want to leave my current employment and do something totally different. By the way, the Government have just slapped an extra charge on me. Would you mind contributing to my studies?" is fanciful. It is not just us who are saying this; we are simply speaking on behalf of the experts and institutions affected across the country.

On this occasion, the point has been made clearly by the director general of the Confederation of British Industry. He said:

> "No doubt there will be real interest in the possibilities of cofunding now being developed by the Government. ... But they are not going to step up to the plate just because the public purse is too constrained and because students can't afford to pay more either."

He went on to describe the Government's policy as

> "Something of a leap in the dark".

So employers are not saying that they will be willing to finance courses, because the people who want to do a second degree are often people who are trying to change the direction of their life. Many of them come specifically to London because they want to embark on a new career. It is why so many of the institutions that will be most severely affected are in London and why it is a great pleasure to see my hon. Friend the Member for Henley (Mr. Johnson) here in the Chamber. I suspect that this may be something that he wishes to touch on if he succeeds in catching your eye, Mr. Deputy Speaker.

So the policy affects London; it affects women returning to work; but above all it affects part-time students. In fact, 20 per cent. of part-time students will be hit by the Government's proposal as against perhaps 2 per cent. of full-time students. This proposal thus has a 10 times greater effect on part-time students.

Again, in trying to continue in the spirit of cross-party openness on this issue, we have to recognise on both sides of the House that we have given part-time students a raw deal. We have not cracked the challenge of how we improve the deal, given the amount of money involved, but we all know that part-time students have a raw deal compared with full-time students. That seems to be a shared analysis.

Tony Baldry (Banbury) (Con): The policy affects London and it affects England, but it is yet another instance of a policy that does not affect Scotland. Yet we will doubtless see the Government dragoon Scottish Labour Members of Parliament through the Lobby in support of a policy that is simply bad news for England.

Mr. Willetts: My hon. Friend raises another important aspect of this tangled debate. I am trying to keep it simple. It seems to me very simple indeed. There is an excellent early-day motion; it has been signed by more Members than any other. It is a cross-party motion brought before the House by two hon. Members in opposite parties. It has been signed by hon. Members from all parties. We would simply like the House to vote for it tonight. That seems to be the right approach. I hope that, as we consider that vote, in the remaining hours of debate we will hear more about some of the groups who will be affected.

I have mentioned the Church. I have received a letter from Relate. Many marriage guidance counsellors trained for marriage guidance having previously obtained a degree. Relate estimates that 70 per cent. of the people it trains have a previous degree and that withdrawal of funding would reduce the institute's funding by a quarter. Did the Secretary of State for Innovation, Universities and Skills realise that he was doing that to the finances of Relate when he launched his policy without consultation? I very much doubt it. Did he know what he was going to do to pharmacists? Has he seen the letter from the Council of University Heads of Pharmacy, which says that universities train as pharmacists people who have a previous university degree and that his proposal would have a major impact on students studying for the Master of Pharmacy degree and seriously undermine the School of Pharmacy and other schools of pharmacy across the country? Was the Secretary of State aware of that when he took this decision? What were the Government up to?

I hope that tonight we will get a significant change of position from the Government, but I hope that the concessions they announce will be properly considered—better considered than the policy. The Secretary of State may come to the Chamber now and announce more exemptions, but I do not like the game of exempting some subjects but not others and making invidious decisions that some courses are desirable and others are not. This is a fundamental change in the way in which higher education is financed in this country and it should be reviewed as a whole.

The Secretary of State may offer support for particular institutions. He will know of course of the powerful feeling on both sides of the House about the Open university and Birkbeck, but some cobbled together package to help with the transitional costs of one or two institutions would fail to rise to the nature of the problem that he has created. Perhaps I can quote from a letter to *The Guardian* from the president of the National Union of Students and 27 others on 21 November. It states:

> "The Funding Council's consultation is restricted to implementation, but broadening exemptions won't solve the problems. With no public consultation on the principle, no evidence base on the outcome and a real danger of damage to the lifelong-learning agenda, the sensible way forward is for Ministers to defer implementation in 2008 and refer this policy to the 2009 Fees Commission for the proper scrutiny which it deserves."

That view, which is the view of many people in the world of higher education, seems right. It is what the Government should do. That is what we are calling for, and I believe that that review should tackle the fundamental issue that many of us on both sides of the House care about.

We do not want to live in a country where, if at first you don't succeed, you don't succeed. We want people to have a second chance. We want people to have new opportunities. We do not want to live in a country where people endlessly ask, "Where did you come from? What did you study?" We want to live in a country where what matters is what one can do in the future, not where someone came from. We do not want to say, "Well, sorry, you did a geography degree 20 years ago. We can't help you." That is not the kind of higher education system that we want. I do not believe that it is the kind of higher education system that Labour Members want. I therefore call on hon. Members on both sides to support our motion tonight.

7.58 pm

The Secretary of State for Innovation, Universities and Skills (Mr. John Denham): I beg to move, To leave out from "House" to the end of the Question, and to add instead thereof:

> 'supports the Government's decision to reprioritise some funding currently supporting the teaching of higher education students who already hold an equivalent or higher qualification, in order to enable approximately 20,000 additional full-time equivalent students to enter higher education for the first time; notes the Higher Education Funding Council for England (HEFCE) consultation which proposes that transitional protection will be put into place to ensure that no provider loses in cash terms, that the change to the funding methodology will protect Foundation Degrees, employer co-financed programmes, and strategic subjects, and that the premium paid to support the costs of part-time provision will be increased; notes that HEFCE and Ministers have been engaging constructively with the Open University and Birkbeck on this issue; and believes that the Government is right to give priority to first-time students.'.

Before I begin my response, I should like, with permission, to point out to the House an error in the Government's amendment on the Order Paper—a matter on which I wrote to Mr. Speaker earlier today and indeed to the hon. Member for Havant (Mr. Willetts). The phrase "equivalent or lower qualification" should of course be "equivalent or higher qualification". Therefore, the amendment that the Government are moving is in the revised form. I apologise to the House for any confusion caused.

I welcome the debate. It is a subject that has generated a great deal of heat, if not a great deal of light in recent weeks. Tonight, the hon. Gentleman has done his best to add to the heat, without having added any useful light. The House will have noticed that although he tried to give the impression that he opposes the principle of what the Government are proposing, he failed to oppose it. There is a degree of opportunism behind that, which is unfortunate.

The reality is that the principle behind the proposal was announced in September. Since then, the Higher Education Funding Council for England has carried out a consultation, which was completed on, I think, 7 December. Ministers expect to receive advice from HEFCE on the proposals in the near future. I cannot anticipate the results of that, but clearly there has been a consultation. Those with an interest, and the universities, institutions and courses mentioned in tonight's debate, have had the opportunity to respond to that consultation.

[Mr. John Denham]

David Howarth (Cambridge) (LD): I notice that the Secretary of State starts the story in September. May I ask him to start a little earlier than that? Will he explain to the House what options were before him and Professor Eastwood, and why the option that we are discussing was put on the table, especially given the entire lack of consultation with institutions before that point?

Mr. Denham: I think that I will deal with those points in the course of my speech. I want to set out the reasons behind the Government's proposals, and the practical considerations that we need to take into account. I understand that genuine concerns on the subject have been raised by right hon. and hon. Members of my own party. I believe that my hon. Friends' concerns are misplaced, but I recognise that they reflect the Labour party's historical commitment to universities, including the Open university and Birkbeck, and its broader commitment to lifelong learning. I share those values. As I recently told Open university staff,

"Over the last 36 years, the Open University has been a key driver of change in...higher education".

The OU

"has allowed over 2 million people to graduate, most of whom would never otherwise have had a higher education."

That is not a bad record for a Labour idea described by the one-time Tory Chancellor of the Exchequer, Iain Macleod, as "blithering nonsense".

Mark Pritchard (The Wrekin) (Con): I am glad to hear that the Secretary of State shares the values that he mentioned, but why does he not share my concerns, those of my hon. Friend the Member for Salisbury (Robert Key), and those set out in a letter to me from the Bishop of Hereford today, which concern the fact that all faith communities will be affected by the withdrawal of equivalent or lower qualification funding, including imams and rabbis, and clergymen from all the Christian churches of this nation? Is that what he calls upskilling, and is it, in his view, helpful to community cohesion?

Mr. Denham: Clearly, a number of issues about particular courses that may be affected were rightly raised in the consultation. I will not anticipate the result of the consultation, because we have not yet received the report from the HEFCE, but I acknowledge that a range of issues have been raised, some of them by the hon. Member for Havant, and we will need to consider those issues carefully.

Given the values that I share with my right hon. and hon. Friends, I would not be making the proposals if I were not confident of the future of the Open university, Birkbeck—an excellent institution—and the other higher education institutions that provide higher education to people who would otherwise miss out. We need to deal with two issues tonight. The first is the issue of principle. Are the Government right to reprioritise funding away from students who already hold an equivalent or higher level qualification, in order to support students who have never had the chance of higher education? The second is the issue of practice. Can the changes be implemented without causing wider ill-effects on individual institutions, the higher education system as a whole, and reasonable opportunities for learners?

Let us all be clear: there is no cut to overall higher education funding. Spending on higher education will remain at the record levels established by this Labour Government. By 2010-11 there will have been an increase in Government spending of over 30 per cent. in real terms since 1997-98, and there will be 2 per cent. real growth per annum over the next three years. Of course, in sharp contrast, between 1989 and 1997, when the hon. Member for Salisbury (Robert Key) was a Minister, state funding per student fell by 36 per cent.

Mr. Evans: I accept what the Secretary of State is saying, as far as the global budget is concerned, but does he not appreciate that if he carries on with the proposals, there will be unintended consequences? I have received a letter from a constituent, Chris Holden, who wants to be ordained. He gained a degree from Lancaster university a few years ago. He recognises that if the funding disappears, there will be an enormous impact. Does the Secretary of State recognise that there will be unintended consequences if the Government carry on with the proposals?

Mr. Denham: One of the reasons for holding a consultation is to ensure that Ministers understand the consequences. That is why one consults. An initial idea is always put forward, so that we can find out the detailed reaction. I notice that the hon. Gentleman did not make the obvious point that I would make: today, the choices available to the House and to people who want to enter higher education are vastly greater than when the Conservatives were in power. The Opposition have still not acknowledged the damage that they did to higher education in their time in office.

The Government have asked the HEFCE to advise us on how to distribute £100 million of core teaching grant over three years. That money will not be lost to the system. It will be redirected to fund more university places for first-time learners, or learners progressing to a higher level of qualification. Up to 20,000 full-time equivalent students—and so, in reality, far more students, some of them studying part time—will have the chance to start a first degree or higher level course in the first three years. That sets the right priority for individual opportunity, and for the country.

We have to develop the skills of our people to the fullest possible extent, carry out world-class research and scholarship, and apply knowledge and skills to create an innovative and competitive economy. As the noble Lord Leitch made clear, to be in the premier league for skills, our country will need 40 per cent. of working-age adults to have a level 4 qualification by 2020. Today, 20 million working-age adults do not have a degree-level qualification. An extra 5 million people will need to go through university by 2020 if we are to be even on the edge of the premier league for world-class skills. Lord Leitch not only set out the challenge, but was clear about the priorities for funding: the higher the qualification, the greater the level of individual or employer contribution. He argued that that was fair, given the benefits for individuals and employers who gain higher-level skills. Those principles are being applied across the adult education system.

We took the difficult decision to introduce variable fees. When we face a choice, as we do today, both economic success and economic justice argue that public money should go first to those who have never had the chance of higher education. The choice is between second chances for those who have already enjoyed substantial public funding for their degree, and first chances for those who never have.

David Howarth: I thank the Secretary of State for giving way to me a second time, but I am still confused about how the problem came about. He mentioned £100 million. Did he ask the HEFCE to find him £100 million, and if so, why is he now consulting on how to spend it, or did the HEFCE randomly decide to cut £100 million from its own budget?

Mr. Denham: The position on that is clear, and is on the public record. I wrote in early September, asking for the HEFCE's advice on how to prioritise funding towards those who had not previously had the chance of higher education. That letter is in the public domain, so there should be no confusion about that.

Let me give some background. Over the next 10 years or so, the number of young people available to go to higher education will fall by about 100,000. There will need to be a massive expansion of higher education opportunities for adults who have already left school, and who never had the chance to go to university; perhaps they did not think it was for them. Most of them will study part time, rather than full time. It is those people whom the Government want to benefit from the change in priorities. I believe that they should be the first priority for a Labour Government. But of course I recognise that it is not as simple as that. There are people who have had higher education, perhaps 20 years ago—perhaps women who have taken time out to have a family. It is necessary to develop the work force that the country needs. The measures on which the HEFCE has consulted offer a balanced way forward.

For those who wish to have vocational retraining because their qualifications are out of date, foundation degrees are protected. They will continue to attract ELQ funding. For those wishing to study science, maths, engineering, modern languages, education, some medical disciplines and other strategically important subjects, ELQ funding is protected. For those wishing to top up their qualification, perhaps from a higher national diploma to an honours degree, ELQ funding is protected. For those whose employers will co-fund their courses, ELQ funding is protected. In other words, many opportunities will remain open to those seeking to obtain higher qualifications.

Not everyone is covered, but for many of those, the value of investing in their own higher education will be well worth the cost of a subsidised career development loan, just as many people at lower levels of skill who have never had the chance of higher education also pay towards the cost of their qualifications.

Mr. Mark Lancaster (North-East Milton Keynes) (Con): The Secretary of State has just issued a long list of exemptions, but he is as aware as I am that that represents just 4.6 per cent. of people currently studying at the Open university, which will potentially be affected by the proposal.

Mr. Denham: I believe—I shall return to this later—that the Open university is probably better placed than many other institutions because of its style of work, the ways in which it can reach people who want to study from home or study part time, and its ability to design new courses to appeal to people who do not study there at present. It is true that not every course at the Open university is protected by that list, and clearly, there could not be a reprioritisation of funding if every course was protected. None the less, I am considering first and foremost whether the higher education system will protect a range of opportunities for people who wish to retrain in the way suggested in the debate, and I believe that the proposals do so.

The detailed decisions on the measures that I have outlined must wait until we receive HEFCE's report, but overall I believe that we have set out the right priorities.

Mr. Marsden: My right hon. Friend rightly reminded the House of the emphasis that the Government have put on upskilling adults. The list of those who will be exempted is formidable and impressive, but will he ask the HEFCE to consider that there is an issue, particularly in our more fluid economy, in relation to self-employed people who may wish to take a further degree? They will not automatically be covered by the exemptions that he described.

Mr. Denham: I respect my hon. Friend's knowledge on the matter and would be happy to discuss it after the debate. [Hon. Members: "Why not now?"] Without prolonging the exchange, I am not entirely clear about the point that my hon. Friend is making. Many of the routes that I have described as being protected would be available to those who are self-employed. The particular route of co-funded courses, for obvious reasons, may not be available, but that was not by any means the only route that I proposed.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): My right hon. Friend mentioned that he was awaiting the outcome of the consultation. Many of us who want to be persuaded by the arguments would be happier to hear from both the HEFCE and the Select Committee. There is no rush. Could we not wait for the Select Committee to make its recommendations?

Mr. Denham: As a former Chairman of a Select Committee, I can hear myself making a similar argument if I were in my hon. Friend's position. The Government believe that it is important to press ahead with the beginnings of the change. If that is to be done, we must take decisions on a timetable that enables higher education to plan for next September. We cannot put ourselves in the hands of the Select Committee inquiry, because that is likely to put us beyond any reasonable time scale. We are, of course, interested in discussing issues with the Chairman and other members of the Select Committee and other knowledgeable and interested parties, but I cannot commit myself to the time scale that my hon. Friend has asked for, as we must make progress.

Several hon. Members *rose—*

Mr. Denham: I shall take one more intervention, then I shall make progress.

Robert Key (Salisbury) (Con): I am grateful to the Secretary of State, who is being typically accommodating, if I may say so. If he cannot give such a commitment, can he at least say that he is prepared to consider putting on the exempted list theology and theology for ministry courses, which would have such a profound impact on all the religions in this country?

Mr. Denham: I do not want to be drawn into a topic-by-topic discussion of the list, because we have not yet received the report from the HEFCE. The point that the hon. Gentleman makes was made earlier. I acknowledged that there was an issue to be debated and I do not think that I should say more, because we genuinely have not taken decisions but we recognise the breadth of opinion.

Having set out the issue of principle, I turn to an equally important issue—practice. Can the change be made without the damage that some are claiming? It will undoubtedly mean change for every higher education institution. For some, including the Open university and Birkbeck, the change will be greater than for others, but the approach proposed by HEFCE is designed to ensure that institutions can respond, and that they are protected while they do so.

First, transitional protection will mean that no institution will lose money in cash terms against its 2007-08 baseline over the next three years. That protection would exist even if those institutions did not successfully attract a single additional student. Secondly, as I said, a range of courses are protected from the change. Less than a third of the ELQ budget will be reprioritised over the next three years. Thirdly, clear incentives are proposed to enable institutions to further protect existing funding and attract additional funding.

Courses that attract employer co-funding are protected and will continue to attract ELQ funding. Over the coming years we need to expand the number and range of employer co-funded provision. The Minister for Lifelong Learning, Further and Higher Education recently announced an additional £100 million of co-funded higher education courses over the next three years. Employer take-up of that money will obviously be greatest where higher education institutions offer the courses that employers want to those employees who need to retrain on a part-time basis, who need to be able to study flexibly and who need to be able to study from home. Not only can the Open university and Birkbeck bid for those funds, but the way that they operate and the education that they offer means that they are particularly well placed to develop the higher education that employees, employers and the wider economy need.

Fourthly, the HEFCE proposes to increase the targeted allocation for part-time students. The proposal is intended to maintain part-time courses that might otherwise be affected. Finally, there are some specific institutional issues. The Open university, for example, has piloted a number of schemes to widen participation through work with parents and grandparents, and it has done work on the provision of online materials. It provides opportunities for disabled students to access higher education. There are opportunities to review with the HEFCE how the funding model can better and more explicitly reward these valuable activities.

Cash protection, protection of a wide range of key courses, opportunities for increased employer co-funding, and improved support for part-time courses will together enable institutions to respond to a change that is being phased in over three years.

Mr. Mark Todd (South Derbyshire) (Lab): What response has my right hon. Friend had from employers to the opportunities that he is proposing for co-funding partnerships?

Mr. Denham: We currently have 15 highly successful pilot schemes of co-funded courses with funding from employers and funding through the HEFCE. That is the basis on which the much larger sum has been committed.

The hon. Member for Havant rightly referred to the enthusiasm of the director general of the CBI for the development of such co-funded courses. Unfortunately, the hon. Gentleman deliberately misquoted by running together two quotes from the director general of the CBI slightly out of context. The director general of the CBI said:

> "No doubt there will be real interest in possibilities of co-funding now being developed by the Government. Business will welcome more incentives to develop courses of this kind."

I am therefore confident that institutions will be able successfully to attract new funding from employers for a wider range of courses relevant to the labour market.

Rob Marris: My right hon. Friend will be aware of the interest of the Minister for Science and Innovation in the university of Wolverhampton, which is headquartered in my constituency. I spoke to its vice-chancellor today. She told me that, even with the protections to which my right hon. Friend refers, it would lose, under the proposals, 6.5 per cent. of its grant—£2.4 million a year.

I am talking about the most accessible mainstream university in the country. Due to the deprivation of the local economy, trying to get co-funding from employers, as the university has been trying to do, is difficult. I urge my right hon. Friend to be careful of some of the consequences of a proposal the broad thrust of which I strongly support.

Mr. Denham: Obviously, I do not have the detailed information about the institution mentioned by my hon. Friend. However, I will make this additional point: institutions should not forget that the £100 million that is being reprioritised from ELQ is available to higher education institutions to attract new students. An institution such as Wolverhampton will be able to bid for that money to extend the opportunity for higher education to those in the deprived area that my hon. Friend mentioned who have never been to university.

No money is lost under the system; there will be a reward for the institutions best able to attract and offer higher education to people who have never had the chance to go to university. It is true that we are not carrying out a central allocation of funding. We wish to incentivise institutions to reach out, get to those students and draw them in. The money is there and it

will be available for the institution that my hon. Friend mentioned to bid for, as it will for others.

To summarise, to handle the transition there is cash protection, the protection of a wide range of key courses, opportunities for increased employer co-funding, improved support for part-time courses and the ability to bid for all the funds that are being reprioritised. That is why I am confident that institutions will be able to respond in the next three years.

Mr. Sheerman: What would my right hon. Friend say to the constituent who wrote to me this morning? As an 18-year-old, he had done a chemistry degree at Manchester and then served nearly 32 years as a probation officer—not a high-earning occupation. He was looking forward to taking an interesting degree when he retired at 60, to stimulate him in his retirement. Under these rules, will such a thing be impossible for most older people?

Mr. Denham: As my hon. Friend well knows, in the past three years we have reprioritised funding, across the education system, from informal learning towards the qualifications and skills most directly needed in our economy. My hon. Friend will be familiar with the fact that that has happened in further education.

I recognise the value of educational opportunities pursued purely for benefit and individual gain. In the next few weeks, my Department will launch a new consultation on the future of adult learning in the 21st century. I want that to range from the leisure course in the local community to higher levels of education. I hope that my hon. Friend will take what I have said as an acknowledgement of his point and a suggestion that how we have met such need in the past may not always be how we will meet it in future. But yes—we need to find ways to meet that need, and in the next few weeks my hon. Friend will hear more about that from me and my Department.

Mark Durkan (Foyle) (SDLP): The Secretary of State said that there is a three-year time scale for a number of elements on the menu of protections that he has identified. However, he has not mentioned any time limitation on protections for key courses and strategically important and vulnerable courses. Clearly, however, the Open university and others are briefing that those are also subject to a three-year time limitation. Will the Secretary of State take it from Members that we are not comforted and that three-year protections that work on a downward curve are no significant reassurance?

Mr. Denham: I am particularly concerned about suggestions that £30 million or £31 million is at stake at the Open university, as though the money will disappear from its budget tomorrow. Such suggestions assume a much wider reprioritisation than we propose at the moment and an absolute cut-off of transitional protection after three years. The HEFCE consultation merely covers the comprehensive spending review period, so none of those things should be taken for granted and our proposals should be assessed on the merits that we have put forward.

As I said at the Open university, that university has some 200,000 students. It would need to recruit 3,000 extra students in each of the next three years to make up what would be the shortfall for the next three years. That is the reality; it is not the impossible task described by many this evening.

Mr. Todd *rose—*

Mr. Denham: I shall take one further intervention, but then I must come to an end as many Members wish to speak.

Mr. Todd: The Government have to take account of a number of criteria in deciding how to allocate funding, and my right hon. Friend has referred to some of them. May I refer to others, such as the aptitude and will of the student to take advantage of the opportunity and complete the course? One of the critical issues is whether the resources allocated will end up delivering a qualification.

Mr. Denham: We have extremely good completion rates in higher education. If my hon. Friend is suggesting that the next group of students, out there in the community as adults who did not go into higher education after they left school, are not up to it and unlikely to succeed, he and I have a major disagreement. I believe that it is perfectly possible for higher education to attract the equivalent of 20,000 full-time students successfully and for those students to complete courses as well as anybody else.

I should draw to a close.

Mr. Edward Vaizey (Wantage) (Con): More! This is quality stuff.

Mr. Denham: I am grateful to the hon. Gentleman for recognising that.

Let me be clear. Ministers and the HEFCE recognise the challenge to many higher education institutions of changing their ways of working to respond to the new priorities. It will take time to change and develop new partnerships. The transition needs to be carefully managed; institutions need proper protection.

I also recognise that no two institutions are the same. Birkbeck is already working with HEFCE to see how to respond most effectively. I hope that the Open university will do the same.

Mr. Willetts *rose—*

Mr. Denham: At the very last moment, I shall give way to the hon. Member for Havant.

Mr. Willetts: The Secretary of State was talking about protection for the institutions. The Open university cites the figures that he disputes not because it has invented them—they are HEFCE's own estimates of the long-term steady state position that there will be at the end of the changes. Transitional support before getting to that end-term state is not sufficient; it does not tackle the fundamental problem. Will the Secretary of State clarify exactly what he is talking about?

Mr. Denham: The figure on the HEFCE website assumes—and that is HEFCE's decision, not ours—a much greater reprioritisation than the Government have proposed or asked the HEFCE to advise us about. That is the reality. The point is very important and I hope that the hon. Gentleman will accept my answer.

[Mr. Denham]

At the end of the three-year period, the amount of money that the Open university would need to make up through all the different sources of students that I have mentioned is about £12 million a year. I have already said how that can be done and set out the number of students involved and the sources of funding available to the Open university to do that.

The Government have been prepared to take difficult decisions, including the introduction of variable fees, to support our world-class higher education system, and I ask the House to support us once more tonight. As Harold Wilson, who with Jennie Lee was the architect of the Open university, once said:

"He who rejects change is the architect of decay. The only human institution which rejects progress is the cemetery."

Several hon. Members *rose*

Mr. Deputy Speaker (Sir Michael Lord): Order. I remind the House that the Government amendment has been moved in a slightly amended form from that printed on the Order Paper, with the substitution of the word "higher" for the word "lower" in line 3.

8.19 pm

Stephen Williams (Bristol, West) (LD): It is with some trepidation that I rise for the first time in my new role, chucked in at the deep end on the second day. I thank the hon. Member for Havant (Mr. Willetts) for his courtesy yesterday in alerting me to this subject. He explained in his introductory speech that the motion is based on an early-day motion. In the past couple of days, I have done several radio interviews based on one of my own EDMs about Bristol Old Vic, which I invite colleagues to sign. People ask what is the point of an EDM; well, this is the point. EDM 317 has now been withdrawn as we are, in effect, discussing it tonight, but the Table Office informs me that 211 Members had signed it. That is the most up-to-date figure, rather than what was printed this morning, and it includes more than 80 Labour Members, some of whom are in the Chamber. I hope that when we troop through the Lobby in just over an hour and half they will have the courage of their convictions to vote for what they signed.

The new Department for Innovation, Universities and Skills is just over six months old, but it has already succeeded in upsetting just about everybody in the sector or outside the sector, including everyone from the director general of the CBI to the National Union of Students—not usually bedfellows. This is a fundamental change designed to introduce £100 million-worth of internal savings in the Secretary of State's Department. I wonder why he feels the pressure to make those savings.

Mr. Denham: I welcome the hon. Gentleman to his new position, but will he accept that, as I told the House, these are not savings but a reprioritisation from one group of students to another?

Stephen Williams: I thank the Secretary of State for what he thinks is a clarification, and for welcoming me to my post. It is an internal saving or reallocation within his Department, and for some parts of the higher education sector it is a cut in their provision, so it is certainly a saving imposed on them.

In his letter to David Young, chairman of the Higher Education Funding Council for England, the Secretary of State says:

"I will write to you again at a later date with full details of the Comprehensive Spending Review...settlement and my strategic priorities."

The old Department for Education and Skills had its CSR settlement sooner than everybody else, so I wonder why it has taken so long to decide what the strategic priorities are. Of course, that settlement was made before the split and the setting up of the new Department, and I wonder whether this is a casualty of the disaggregation of the old DFES budgets. The change has been rushed through with little consultation. The Department's predecessor has form in that area, given that it announced, without any consultation at all with the higher education sector, that it was going to give foundation degree-awarding powers to colleges. It announced the decision and let everyone else sort out the details and deal with the implications. Once again, the higher education sector feels bounced. This decision will hurt its institutions financially, as well as individual students, some of whom will surely now decide that they are not going to go on to do an equivalent or lower qualification. That will undermine the Leitch agenda that the Government say that they are trying to achieve.

I understand that some Labour MPs will have probably been getting some hostile correspondence, particularly if they represent relevant university seats, and I know that they have been given some helpful internal Labour party advice, which has also, rather helpfully, been given to me. I have the parliamentary Labour party briefing that has been circulated to help Labour Members to rebut the points that have been made by Liberal Democrats and Conservatives. If you do not mind, Mr. Deputy Speaker, I will quote from it—even though it says that I might be committing an offence by doing so, I believe that I am protected while I do it in this Chamber. There are some choice quotes. *[Interruption.]* I notice that the hon. Member for Milton Keynes, South-West (Dr. Starkey) is laughing; an institution based in her constituency is raising this concern with her and with all hon. Members, so I do not think that it is an amusing matter. The tone of the briefing suggests that this is all a fuss about nothing. It says that

"the £100m is less than a third of the total funding of £327m that is currently spent on ELQ students."

It is less than a third—it is 31 per cent., so it is still a pretty significant amount of money. It says:

"Those with first degrees do not have to study at an equivalent or lower level than they already have. They can study for a masters".

Surely that is missing the whole point. Students should be free to make their own decisions on what is necessary for them to increase their employability in the labour market, and if they need to study for an equivalent level qualification or for a lower level qualification, that is the choice that they should make and the choice that the higher education market should offer to them. It seems ludicrous to say that they could go away and study for a masters.

On the Open university, Labour Members are told to tell us that

"it is important not to overstate the financial impact—some public comment has done so."

I know who I would rather believe—the Open university. The briefing also says that the Open university would get a share of the £100 million that has been reallocated within the DIUS budget

"if it recruits new students (which we strongly believe it can)."

The Open university has told us that it thinks that these proposals will undermine its existing course provision rather than enhance its ability to recruit new students. The briefing goes on to say:

"The OU had a £350m turnover in 2005-06 and has generated surpluses to top up its reserves."

The implication is that that is okay then—it can afford to take a financial hit. That is rather like the Secretary of State's colleague in the new Department for Children, Schools and Families hovering like a magpie over schools' balances; the same attitude is being taken here.

There are just two more quotes to go. The first is:

"Some people are asking us why we ever gave money to people on ELQs over those who didn't have a degree at all."

This is the real gem:

"The government has made a strategic decision...HEFCE is consulting on the implementation of the policy...We can't consult on consulting."

That attitude shows total contempt for universities, which are feeling bounced into this and that they have to deal with the implementation of the consequence of a decision that has already been made. The briefing was of course was a private document that was not meant to be circulated, but I am glad that somebody helpfully circulated it to me.

What is in the public domain is the guidance for students who are contemplating an ELQ course, or have, in many cases, already applied. The DIUS website offers this advice for new students:

"prospective new entrants in 2008/09 studying courses at the same or lower level should contact the institutions at which they are interested in studying in a few weeks time to see what the position is."

That is hardly helpful advice for somebody who is taking a fundamental decision. It goes on to say:

"We recognise that these changes may mean that institutions increase their tuition fees for Second Degrees, although they are not obliged to do so."

How on earth are institutions going to make up for pretty drastic cuts, in some cases, in their core teaching grant if they do not increase fees? The website goes on to give the justification for this reallocation of funding, saying that £100,000 in public support is given to somebody who has progressed all the way to a second degree-level qualification, as compared to £55,000 of support to somebody who leaves school at 16. Surely that is not the right comparison to offer in public. I thought that the whole point of this was to reallocate money from people who want to pursue a second degree to people who might want to pursue a first degree.

Dr. Roberta Blackman-Woods (City of Durham) (Lab): I was just wondering whether the hon. Gentleman is, very helpfully, going through the Labour briefing in such detail because he does not have any policies or points of his own to raise.

Stephen Williams: I thank the hon. Lady for her intervention. We in the Liberal Democrats are going through a fundamental review of our policies at the last general election.

Mr. Willetts: And that is what the Government should do.

Stephen Williams: Indeed, the Government could do with some in-depth thinking as well. Unlike the hon. Lady's colleagues, my party will take a proper decision on the issue at a party conference, after 18 months of deliberation and the taking of expert advice from throughout the sector, including the Open university.

What I have to say is not all negative. I recognise that there are exemptions, some of which the Secretary of State outlined earlier, particularly for SIVS—strategically important or vulnerable subjects. I have some questions for the Minister of State. What is the Department's calculation of the number of SIVS ELQs that will be exempt when the new arrangements are in place? How many students will not fall within that exemption, based on the information we have at the moment? Those students will have to pay for their education to make up for the loss of core teaching grants to the institution at which they are taught.

What will the fees be? Does the Department have a view on what course fees institutions should charge to recover their costs? It is important to remember that someone studying for an ELQ at the moment may already be paying £3,000 for their second degree. The cost in question will be imposed on top of what they are already paying as a student. In effect, they will be treated like international students from outside the European Union. And while I am talking about the international aspect, what will the effect be on UK taxpayers who did their first degree at a foreign institution—such as my new party leader, for instance? It looks as though they will be charged in the same way, even though it did not cost the British taxpayer anything. Surely that cannot be right. There will be anomalies within courses where people studying exactly the same course, sat next to each other in the same lecture theatre, could be paying nothing, or £10,000.

There are also anomalies within the exempt courses. Medicine has been mentioned, but what about the professions allied to it? What about radiography, physiotherapy or psychology? My hon. Friend the Member for Cambridge (David Howarth) mentioned cognitive behavioural therapy. Stress in the workplace is important, and we need to deal with it to achieve the Leitch agenda and get more people back into work. However, none of those professions allied to medicine fall within the exemptions.

Not only has there been no consultation on the implementation of the funding change, but there has been no equality impact assessment, and I would like to know why, particularly when many ELQ students, or first-time students studying part-time—they may feel the ongoing implications as their courses become unviable—are likely to be older students. The majority, as in the rest of higher education, will be women. The Open university tells us that 13 per cent. of its current ELQ students come from the bottom quartile of areas of multiple deprivation. There are certainly the sort of equality implications that the Government want

[Stephen Williams]

everyone else who changes their policy to consider, whether in local government or elsewhere, but they do not seem to have gone through such an exercise before they made their announcement.

The changes will undermine the delivery of the Leitch recommendations. The 70 per cent. of the 2020 work force referred to in one of the most quoted parts of Leitch are already in work, and they will need the retraining implicit in the taking of an ELQ. The Open university tells us that 68 per cent. of its existing ELQ students are over the age of 35. They are precisely the people whom the Leitch report talks about—people who will need to upskill at some point during their career. If a person is over 35, their first degree is clearly 15 years out of date. Birkbeck has specialised in the refreshing of adult skills since 1823, but it tells us that the proposal will fundamentally undermine its capacity to support Government policy. It provides several case studies, and I shall just mention one. Jayne Kavanagh got her degree in medicine in 1990, but in 2002 she went to Birkbeck in order to do a degree in philosophy. Birkbeck says:

"A degree in Philosophy might be regarded by many as an esoteric qualification, but…it has helped her to become lead in medial ethics and law at the Royal Free and University College Medical School".

Surely everyone would think that worth while.

The change may lead to some courses becoming unviable. The Open university and Birkbeck have provided examples and many other higher education institutions, including Bristol university, have made representations to me.

The change will be especially felt by smaller institutions, particularly specialist institutions. The National Institute of Adult Continuing Education has given several examples. The Conservatoire for Dance and Drama will suffer a 26 per cent. cut in its core teaching income. The Institute of Cancer Research will experience a drop in its core teaching income of 19.5 per cent., which undermines the publicity that the Prime Minister received for his new found enthusiasm for prevention being better than cure. In an Act last year, the Government gave further education colleges foundation degree awarding powers, yet their provision for full-time higher education honours courses could be undermined because they tend to be few in number. There is a lack of joined-up thinking.

Switching £100 million in the budget is a case of robbing Peter to pay Paul, which brings me to recognising the effect on the clergy that several hon. Members have mentioned. Westcott house in Cambridge and Trinity college in my constituency are examples of institutions that could be affected. They say that 60 per cent. of ordinands who go for training in the Church of England do not do their first degree in theology, so they clearly need to study a further course. Training for the priesthood is obviously not a Leitch target—it must be one of the few things that does not have a target in the Leitch report.

The final disadvantage of the proposals is the regulatory and administrative burden that they will impose on universities. How will they know, when someone approaches them, whether that person already has a degree? There is no national register that they can check. The proposals will impose an additional burden on them. After yesterday's news about the Irish international university, we know that anything is possible in higher education.

If the Government want to effect the proposals in the Leitch report—to which Liberal Democrats are signed up; we recognise that they are necessary—surely it would be better, if higher education is to make its contribution to delivering the Leitch agenda, to do something to help part-time students in the way in which the old Select Committee on Education and Skills recommended. We should remove the distinction between full-time and part-time students, as happens in Australia. Our higher education funding system is modelled on that in Australia, with the exception of the anomaly that I outlined.

As I said earlier, the Department is only six months old but it already appears to have upset many people in the sector. We have heard much about the Labour Government's legacy in recent times. The Secretary of State ended his speech by citing the main legacy of the 1964-70 Government, led by the previous longest serving Labour Prime Minister, Harold Wilson, as being the Open university. I am sure that right hon. Gentleman does not want to be the Secretary of State who damaged the Open university. Despite what he says, the Open university tells us that that is the implication of his policy announcement. Surely it would be better to delay implementation until 2009.

Whenever I have taken part in such debates, the Minister for Lifelong Learning, Further and Higher Education has said that it would be 2009 before the Government understood all the implications of the changes that they have made in higher education in the past five years. He said that it is too early to tell whether the changes have had an adverse impact on applications—indeed, too early to tell many things—and that the Government would hold an in-depth review in 2009, as was promised when the Higher Education Act 2004 was being considered.

Given all that, why introduce such proposals now? Why are the Government subjecting themselves to such self-inflicted pain when a fundamental review will take place next year? Surely it would be better to postpone the change and wait until the in-depth review so that they can have some joined-up thinking and a properly thought-through policy.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. Before I call the next speaker, let me remind the House that the 10-minute limit on Back-Bench speeches now applies. An awful lot of hon. Members are trying to catch my eye and it would therefore be helpful if they felt able to take less than their 10 minutes.

8.38 pm

Frank Dobson (Holborn and St. Pancras) (Lab): Birkbeck college is in my constituency. It is one of many distinguished academic institutions in my constituency but most of the others provide full-time courses for undergraduates and graduates. Birkbeck provides full-time courses for graduates but mainly part-time courses for teaching people to study for first degrees or other, lower qualifications. Its undergraduates are not the usual 18 to 20-odd-year-olds;

they are people who work for a living during the day and study at Birkbeck in the evening. Unlike other undergraduates, they also pay tax, because they are working people, so when we talk about looking after taxpayers we are talking about them, among others. Those students show an amazing commitment to learning and a zeal for knowledge that puts to shame what I suspect most graduates in the Chamber—that certainly includes me—showed when we had the privilege of doing our full-time degree courses.

Some 2,600 of Birkbeck's part-time students already have degrees and are working for equivalent or lower qualifications. They include women who want to study again after taking time off to bring up children, people who have lost their jobs, people who are disabled and people whose first degree proved unsuitable or irrelevant to their current occupation. Nearly all Birkbeck's part-time students are seeking to upgrade their knowledge and skills. They include people in management who want to make further studies of personnel—or human relations, as I believe it is called these days—as well as people who feel the need to add IT or computer science skills to enable them to progress in their current occupation, and those, including doctors and nurses, who work with the elderly, the mentally ill or children in the day and want to study psychology to improve their ability to look after those people.

Generally, part-time students at Birkbeck are not doing flower arranging. They are studying serious subjects. They are doing what the Government want: upskilling themselves. They are setting an example for others, in respect of what the Prime Minister said he wanted when he talked about people needing not one chance but second, third, fourth and, indeed, lifelong chances. That is what Birkbeck has been providing since 1823, but the Government are stopping the funding of those courses, against a background of part-time students and what might be described as part-time institutions getting a raw deal, compared with full-time students and colleges that mainly deal with them. That has gone on for decades.

The Government's decision means a reduction of about 1.6 per cent. for institutions providing full-time studies, but a reduction of about 16 per cent. for institutions providing part-time studies. The impact on institutions that provide part-time opportunities rather than full-time study is therefore 10 times greater. Yet the work of Birkbeck and other institutions that provide part-time courses is crucial to the Government's plans for widening participation. They are the very institutions on which much of the Government's strategy will depend. Indeed, Birkbeck recently opened what might be described as an outpost in Stratford, in the constituency of my hon. Friend the Member for West Ham (Lyn Brown), in an effort to spread the opportunities and the benefits.

The Government have said that they will try to help Birkbeck and the others by making provision to tide them over, but that help is time limited. My understanding is that if those institutions are successful in obtaining alternative sources of income, the safety net will be reduced by however much their efforts succeed in securing. The question then is: where can they get the extra money from? Most part-time students and people who go to night classes are not very well off. They cannot get student loans, and their means-tested grants, which are available to a limited number because such students have incomes, are not pro rata, as with grants for full-time students, and are capped at a low level.

I am therefore disappointed with the Government's decision, as well as concerned about it. There does not seem to have been much consultation before the outline decision was taken. I find it hard to believe that this is being done by good and decent people such as my right hon. Friend the Secretary of State for Innovation, Universities and Skills. He is my friend and he is honourable, but he is not right; he is wrong on this occasion. I cannot believe that Ministers have seriously considered the impact of this change on individual institutions.

I was also perturbed to encounter a suggestion by one Minister that there were more than 250 higher education providers in England so that students could shop around for the best deal. That sounds rather like an "on yer bike" statement de nos jours, which fails to understand the position of the part-time student. For full-time students, study during the day is their main object, so they can shop around and go to where the course they want is provided, but it is not the same for part-time students, who work for a living during the day and study in the evenings. They cannot shop around; they have to stay where their job is; they are not as mobile as the average undergraduate.

Setting aside the impact on students, are the Government seriously telling Birkbeck to go up market? That is plainly contrary to the Government's policy and Birkbeck's proud record for the past 185 years. It is also plainly contrary to Birkbeck's modern intentions, which included and led to the setting up of their outpost in Stratford, east London. I believe that its response has been very temperate. It is asking only for the Government to exempt more subjects from the cuts and to exempt people who are coming back for a second helping, so to speak, after being out of education for more than five years. That would exclude what might be described as the serial scholars. It is a perfectly reasonable request to make and I hope that further long-term support will be provided to Birkbeck and the other institutions to cope with the change in funding and to enable Birkbeck to continue what I regard as its noble past over those 185 years of providing teaching to working people who have a thirst for learning. It is not too late for the Government to reconsider at least the practical implications of what they are proposing.

8.47 pm

Mr. Mark Lancaster (North-East Milton Keynes) (Con): I confess that early-day motions have been dismissed in the past as political graffiti, but you can imagine my delight, Mr. Deputy Speaker, when I discovered that early-day motion 317, tabled in my name, had been selected as the motion for tonight's Opposition debate.

I make no apologies for the fact that I will be extolling the virtues of the Open university. It is a great honour to represent that university in this Parliament and I am sure that the Open university is held in great regard by hon. Members from all parties. I should first point out, however, that not only the OU will be affected by the

[Mr. Mark Lancaster]

Government's decision, as 22 other institutions will be equally affected. The motion is very reasonable. Perhaps that is why 86 Government Members decided to sign it. I confess that I thought that we might make some progress tonight, but judging from the Secretary of State's speech, I fear that I may well be disappointed—though we shall see.

The Open university is not only one of Milton Keynes's biggest success stories, with more than 200,000 students studying every year; it is one of the UK's best success stories, which is emulated worldwide. In 2003, for example, the OU helped in the middle east to set up and provide teaching materials for the Arab OU, which already has 30,000 students. Our Open university has paved the way and helped other countries to establish their own open universities to allow people all over the world to improve their academic records, which otherwise would have been too expensive or too time-restrictive to pursue. The OU has recently started talking to the Government of China to explore the benefits of collaboration on open and distance learning to meet the huge growth in demand for higher education, which its growing economy requires.

The OU has served as the leader in bringing education to those whose time and finances do not allow them to take three years out for full-time study. It has led the world in harnessing the widest possible range of assisted technologies to enable people with disabilities to study. For example, some 3,500 ELQ—equivalent or lower level qualifications—students have special needs and want to study on an equal platform with their peers. From the OU's earliest experiment in using the latest technology to take education right into people's lives via their TV sets, it has continued to pioneer ways of reaching ever more people in ever more places, using the almost limitless power of the digital age.

More than 125,000 teachers in Uganda, Sudan and Nigeria are now using the Open university's learning materials. Moreover, since last year the OU's audience has included new migrants in London developing language skills alongside OU qualifications in health and social care. I understand that, although those migrants may wish to study for United Kingdom-based degrees, the Government's proposals will prevent them from doing so if they already have an equivalent qualification from overseas.

The IT skills gap is one of the crucial challenges facing the UK economy today, not just because the IT sector is booming but because all business areas are leveraging competitive advantage by adding value through IT. More than 70 per cent. of jobs advertised in the United Kingdom now have an IT component, and the only way in which the UK will be able to address the widening gap between supply and demand is by upskilling and reskilling people who are already working in the UK economy. The OU is a major contributor in this arena nationally, allowing people to update their IT and business skills in line with their job requirements without needing to enter a classroom. Every year more than 30,000 computing, IT and business course places are taken by part-time OU students.

Only today, the Prime Minister said that he wanted to help the Open university to achieve its aim of reskilling and upskilling the current British work force. How strange, then, that the OU should have been one of the principal victims of the decision to remove funding from those studying for courses that involve equivalent or lower qualifications. They are precisely the work force who are needed by the British economy, and the decision was made without consultation either in the sector or in business.

Men and women who are sacrificing their time to re-educate themselves in absolute conformity with the Prime Minister's stated aims of lifelong learning, and who mostly remain in work paying taxes and supporting our economy, are to be treated less favourably than other students. In many cases, employers will not make up the lost funding. It is very rare for the employers of people who are trying to forge new career paths for themselves away from their current jobs to help fund their spirit and drive to better themselves. Under the proposed new funding system, people who went to university straight after school or college but left the workplace in later life to raise children or become carers of relatives will have their right to re-equip themselves for the rapidly evolving UK economy denied.

May I present the Minister with a brief case study showing the sort of person who will be affected by the changes that he proposes? Lydia Stanley writes:

"In 1982, at the age of 21,I completed an ordinary BA degree in French and Science in Society. I didn't really know what I wanted to do with my life at the time, and ended up doing a secretarial course, after which I worked as a secretary for 19 years.

I had felt rather discontent with secretarial work for some time—it can be a good career but I didn't really feel it was for me. In 1999, one of my friends got hold of an OU prospectus. I decided it sounded very interesting so I enrolled on the course Using Mathematics, after which I switched to computing courses.

In 2002, when I was about half way through my OU degree, I was made redundant from my secretarial job. By then I felt I wanted to work in IT and started to work as an IT Volunteer at Victim Support, the charity that supports victims of crime, in order to gain some experience. About a year later, I was employed by them on a fixed-term contract, and eventually on a permanent contract. I therefore started my first IT job at the age of 41, and am still working on their IT Service Desk.

In 2006 I completed the named BSc in Computing and gained a First.

Regarding funding, I doubt I would have studied with the OU if the fees had been a lot higher, and would probably still be doing secretarial work or something similar."

Given the Government's supposed commitment to lifelong learning, I am sure that Lydia and thousands like her will be deeply disappointed by the Minister's explanation of why they are to be discriminated against by this ill-conceived Government initiative.

The fact remains that the ELQ policy will frustrate attempts to enable people of working age to update and broaden their knowledge and skills in line with the changing needs of the economy and of society more generally. Some 68 per cent. of OU ELQ students are over 35; most can therefore be assumed to have degrees that are at least 10 to 15 years old and in need of updating. Crucially, the policy will withdraw Government support from most graduate development. Most ELQ students at the OU are studying business studies, maths, computing, technology, science, education and languages—just the sorts of skills that the Government claim to be encouraging.

Higher fees for ELQ students will create a disincentive to continuing professional development, and a genuine risk that the main economic benefits of CPD will be lost. Contrary to popular belief, most ELQ students pay their own fees. Only 13 per cent. of ELQ students at the OU receive any fee contributions from their employers and just 10 per cent. have all their fees paid by their employer. The idea that funding will be readily available from employers is simply plain wrong. Why would an employer pay for an employee to train to change career only to leave their employment? What about self-employed people? To quote one OU student:

"I am self-employed so 'support by employer' is basically the same as paying my own fees. I am studying with the OU business school. I can barely afford it as it is."

Pricing research undertaken both by Universities UK and the OU shows that part-time students are extremely price-sensitive. There is a high risk that thousands of ELQ students studying for vocational reasons and paying their own way will be priced out of continuing professional development by the Government's ELQ policy. It is equally true that certain groups of students will be particularly affected.

Research shows that employers have tended to offer support mainly to full-time workers from the wealthiest households. Part-time employees, the self-employed and those on low incomes will be disadvantaged, as will those such as carers who are temporarily out of employment. The Minister need not take my word for it; I have a few more quotes from current OU students:

"I am a single mum trying to survive on a less than average public service salary in expensive London. These changes would effectively bar me from the opportunity to help myself."

Another student said:

"Part-time study while working is difficult enough as it is. Adding a large financial burden will most likely provide the justification for not bothering in the first place."

Ministers have made some exemptions to the ELQ policy and HEFCE has proposed others, but they do not go far enough. The fact remains that only 4.6 per cent of HEFCE-funded ELQ students at the OU will be exempt under current proposals.

Finally, I would like to highlight the impact of the policy decision on OU funding. It will reduce resources available for core services at the OU and will jeopardise plans for growth and innovation. In financial terms the OU will lose funding for 25 per cent., or 29,000, of its 140,000 students in England from 2008, which combined with the HEFCE estimated loss of grant of £32 million is a total lost or at risk in 2010 of some £49 million.

The motion is reasonable, which is why some 86 Government Members have signed it. All I am asking is for the Government to stop, consult properly and think again about whether this is really what they want to do to fit in with their agenda for lifelong learning.

8.57pm

Dr. Phyllis Starkey (Milton Keynes, South-West) (Lab): I am sorry that the hon. Member for Havant (Mr. Willetts) is not here at the moment because I was going to congratulate him on the clever debating device of using the early-day motion as the Conservative motion. The problem is that once he started to speak to that motion, he added lots of things to it which those of us who signed the EDM would not necessarily agree with.

I welcome this opportunity to rehearse again the virtues of the Open university. I do not intend to do so at great length because many others have already done it, but it is a fantastic institution. It has made degree level courses available to a wide range of individuals whom conventional universities would not allow to take degrees. It has contributed over the years precisely to upskilling and skilling many who would otherwise have been trapped in very low-skill, low-paid careers. I understand that the OU's commitment is to make sure that it is able to continue in that role, and I simply intend to repeat the three major points that I have made directly to Ministers in meetings, most recently just before Christmas when my hon. Friend the Minister for Lifelong Learning, Further and Higher Education met me and two trade union representatives from the Open university. I understand that a final decision will be made on the detail of the proposals in mid-January.

The first point relates to the list of exemptions. There are strong arguments, made when the trade union representatives met the Minister, about adding IT to the list. It is clear that individuals who took their first degrees about two decades ago are unlikely to be quite up to the minute on IT skills—to put it mildly—and that therefore there are strong reasons why individuals who already have one degree might wish to get another at the same level but in IT. When we spoke with the Minister, he was sympathetic to the arguments we made although, obviously, he felt unable to commit himself at this stage when the final announcement has not been made. I certainly hope that IT will be included.

The second issue is employer co-funding. Employers, who gain enormous benefit when their employees are upskilled, should be expected to co-fund the training of their employees; that is highly desirable. There are lots of reasons why they should do so. If employers treat their employees well, on the whole their employees feel a sense of loyalty and tend to stay with them. Providing decent training helps not only to upskill their work force but to engender a feeling of loyalty among them towards their employer—and, of course, the employer cashes in on the employee's experience of the firm or business and the way it works, instead of having to bring in somebody new who would not be familiar with that. Therefore, we should expect employers to co-fund more of the training of their employees.

However, a reasonable point was made by Open university people: although employers are often willing to co-fund the training of their senior staff, they can be a lot less keen to do so for middle-ranking staff. As what we are requiring is a comprehensive change in culture among businesses, Ministers ought to be a little more cautious about the speed at which they believe we might be able to persuade employers to change their culture. I therefore ask Ministers to consider phasing in these changes over a slightly longer period in order to see quite how successful they are at persuading employers to be more effective in funding training.

Mr. Willis: Can the hon. Lady give the House one reason why an employer would wish to support financially an employee to do an ELQ—an equivalent or lower qualification—when the outcome of that would be of no benefit to their business?

Dr. Starkey: Obviously not, but that is a curious question to ask because I could throw it back by asking why an employer would not co-fund an employee's training if that training was going to benefit the employer—*[Interruption.]* I will get on to the point about people moving employer. In many cases, rather than looking to recruit more highly trained people from outside the business, an employer could be thinking of, so to speak, growing their own expertise by retraining individuals they already employ at a much lower level. That is perfectly reasonable.

Several hon. Members *rose*

Dr. Starkey: I will not give way because, unlike Front-Bench spokespeople, if I do I will lose time—I can give way once without losing time, I think.

Employers will obviously not fund everybody, and they certainly will not fund people who actually desire just to go off to another employer, but that does not cover all cases, or even the majority necessarily.

The third issue has been alluded to: women returners. They are probably the largest single group who are likely to have taken a degree a long time ago, and which they have not been using recently as they have not been at work because of family responsibilities. Because they have not been at work, they do not have an employer to co-fund their training. Therefore, Ministers should consider the group of women returners in more detail as they are a special case. For a huge range of reasons—not least those of equality, but also of making use of the skills and experience that such women can bring to the work force—we ought to make sure that any proposals we put forward do not inadvertently militate against that group.

Those are the three points that trade union representatives made directly to the Minister, and which I wanted to repeat in the debate. I am confident that the Government will have been listening to the points people have made and to the feedback that the Higher Education Funding Council for England—HEFCE—has received from universities during the consultation period, and that the final proposals will not be the same as the original ones. If they were, they would be likely to cause unacceptable damage to the Open university and, presumably, to Birkbeck, which is an institution that I know less well, so I strongly urge Ministers not to bring back the original proposals.

As the hon. Member for Havant has now returned to the Chamber, I want to make a final remark about some of his comments on the general system of university funding. As someone who had been on the receiving end of it before becoming an MP, it seemed to me that some misdirection was being given to hon. Members who might be slightly less familiar with how HEFCE has, for some time, taken decisions on the priorities to be given to different subjects. An individual with qualifications does not have a right to have a place on a degree course and subject of their choosing just because they fancy it. That has never been the case in the British system, unlike the French system, where someone can turn up at a university, sign up to something whether or not sufficient places are available and engage in a ridiculous Darwinian survival of the fittest that has a huge wastage rate.

HEFCE has always taken decisions on university funding. It decides which subjects it regards as being more necessary—in the national interest—than others and uses the funding accordingly. To suggest that expressing priorities is an outrageous departure—*[Interruption.]* No, this is precisely the point that I made about the early-day motion, because if one reads it carefully one finds it does not say what Conservative Members are suggesting. I accept that individual Members who signed it may mean it to mean different things from what other Members mean it to mean, but it asks the Government to consider the representations that are being made to them by the Open university. That is what I am asking the Government to do now. There has been a consultation period and they have received representations, so I am asking them, as the EDM did, to consider the matter and to make changes. I believe that that is also what the Government's amendment does, which is why this debate is somewhat curious. I would want to vote for both the motion and the amendment—the two are entirely consistent.

9.7 pm

Mr. Phil Willis (Harrogate and Knaresborough) (LD): It is a pleasure to follow the hon. Member for Milton Keynes, South-West (Dr. Starkey). I do not know whether she will vote for the motion or for the amendment. I do not think it is against the rules to vote for both, and she will doubtless do so.

I want to make a brief contribution. It has been mentioned on a number of occasions that the new Select Committee on Innovation, Universities and Skills is holding an inquiry into the issue of equivalent or lower qualifications, following an unprecedented barrage of correspondence and lobbying not only by the Open university and Birkbeck, but by universities ranging from those as far north as Sunderland and Middlesbrough to some of the London colleges. It is important for us to widen the debate. We must not consider only the Open university and Birkbeck.

Our inquiry will examine four key things. The first is the arguments presented by the Secretary of State and the Minister for Lifelong Learning, Further and Higher Education for phasing out support given to institutions for students studying ELQs. The second is the timing of the decision on the implementation of change, given the proposed review of higher education funding and fees for 2009-10. The third is the exemptions in respect of certain courses, as proposed by HEFCE. We will want to know, as doubtless will the Minister, why HEFCE has not exempted such courses as theology and pharmacy—the list could go on. The fourth is the impact on students, in particular women and older workers. The issue of immigrant workers has been mentioned. They often come to this country with a degree that is not accepted in the workplace, and thus there is a need for retraining. We hope to obtain information on those four criteria.

Finally, we will look at the impact on institutions, especially the long-term implications for specialised institutions such as the OU and Birkbeck. We hear the Minister's comments about supporting the universities over the first three years, but the crucial aspect to understand is what happens at the end of those three years. When the Minister winds up, I hope that he will tell the House what will happen after those three years

if the OU, for instance, has not made up the quota of students that would guarantee its base resource funding. Do we go on supporting it or will it have to make significant cuts in its organisation? That is an important question.

Mark Durkan: When the Secretary of State responded to my intervention about the protection lasting only three years, he explained that that was the length of the comprehensive spending review period. However, there is a protection for six years, in terms of the teaching out of people who have already started an ELQ at the OU, and hon. Members are right to be concerned that the other protections will last only three years.

Mr. Willis: I am grateful to the hon. Gentleman for that intervention, and I am sure that the Minister will respond to that point when he winds up. I hope that the inquiry will also be able to clarify the situation.

Dr. Blackman-Woods: Has the hon. Gentleman considered that the Leitch proposals suggest that many more people should have level 4 qualifications and above? There will therefore be a pool of adults from which the OU and other higher education institutions will be able to draw additional students in the future.

Mr. Willis: I shall return to the subject of the pool, because there is a real question about where the 20,000 extra students will come from, especially as we will have a significant demographic downturn. The number of 18-year-olds going to universities will decline significantly over the next decade. I take the hon. Lady's point that there will be a pool of people which will need to be tapped, especially married women who are returning to the work force.

Despite the Christmas period, we have already had 300 submissions to the inquiry and the Minister will not be surprised to learn that most are hostile to the proposals. We hope that by 14 January we will have had even more responses. I have not carried out a scientific analysis of them, but the typical response is from someone who took a three-year full-time arts degree as an 18 to 21-year-old and now plans to take a degree or lower qualification in computer science, accountancy or management. They are people who genuinely want to change course. Among the many points made by those students is an echo of what the Government have said many times—that we now live in a constantly shifting global economy, that qualifications relevant even 10 years ago may no longer be relevant in the workplace today and that ELQs are essential to keep up with the pace.

It would be wrong to prejudge the outcome of our inquiry, but tonight is an opportunity to examine the context in which this somewhat surprising announcement was made. After all, there was no consultation about the principle behind the initial announcement. The Secretary of State was very honest, as he always is, when he said that he had asked HEFCE to find money to fund another 20,000 full-time equivalent students. That is where the £100 million figure came from. The Secretary of State has done a valiant job in defending a policy that HEFCE—not the Government—decided. It was HEFCE's answer to the problem of the extra 20,000 students. Tonight we have had a recognition of the fact that there will be a £100 million cut for mostly part-time students studying for ELQs. That will be a cut in order to finance an expansion in the number of students elsewhere by 20,000. That has been fully established.

The Secretary of State has produced no research evidence to support his strongly held views that the change will not damage the drive for new skills in the workplace. As other hon. Members have commented—the hon. Member for Havant (Mr. Willetts) made the point in his opening remarks—why choose now, when there will be a review in 2009? We recognise that there has to be a fundamental look at how we fund higher education and at what we want it to deliver in the 21st century, but why pick out such a small bit—merely £100 million of the £7.1 billion that is spent on teaching in higher education?

I have listened carefully to the arguments that the Government have presented to our Committee as well as those that they have made tonight. We have no problem with Lord Leitch's analysis that 40 per cent. of adults need to be at level 4 by 2020. We believe that that is a sound policy. We accept that to achieve that target we will have to increase significantly the number of students studying for the first time at that level, as the hon. Member for City of Durham (Dr. Blackman-Woods) said. We accept that in order to support a more highly educated and skilled work force employers will need to contribute to developing that pool of labour, as the hon. Member for Milton Keynes, South-West said. We accept that as far as the overall spend in higher education is concerned, there will not be a net reduction but simply a redistribution of the resources. We can accept all those facts without questioning them deeply.

There is a question about whether the Secretary of State has fully understood the nature of the part-time student market, and in particular the market for existing graduates to retrain in new areas where they can, we hope, become more economically active. I am sure that the Minister for Lifelong Learning, Further and Higher Education would agree it would be absurd to develop a policy whereby initial qualifications, provided they were at level 4, were sufficient to meet the hugely complex and ever-changing demands of a modern economy. That would be nonsense. I do not believe that the Minister believes that at all. How does the ELQ policy fit into a broader Government strategy of not simply upskilling—which we all accept is a good policy—but reskilling at whatever level is necessary to make individuals more economically active and productive?

There is a worry that by simply applying the Leitch upskilling target we are in danger of making the same mistake as when Tony Blair set the target for 50 per cent. of 18 to 25-year-olds to go to university. A drive for quantity rather than the appropriateness of the qualifications is a mistake that we should not make again. Far too many of those who have graduated over the past 10 years have qualifications that they simply cannot use or they find themselves employed in positions that require at best a level 3 and, more often, a level 2 qualification. How on earth do those people

[Mr. Willis]

who become caught in a qualifications trap get out of it without reskilling? ELQs are an essential element of that reskilling.

Of course, the Minister can talk about the ambassador's wife taking a course in French or some other mythical example, but as the right hon. Member for Holborn and St. Pancras (Frank Dobson) pointed out, those who are studying in the marketplace that we are discussing are serious students. I ask the Minister to set out the Government's policy on reskilling rather than simply upskilling.

No doubt the Minister will point out the many exemptions—such as medicine, economics, law and psychology. However, I ask him when the policy suddenly arose. If the public purse in education is now to be used to influence people's choice of course and the outcome to meet national skills needs, why does the policy not apply at level 4? That would be more appropriate. What principal difference means that a student is allowed carte blanche to study wherever he likes for his first degree, provided the institution will accept him, but not if he wants to retrain to become economically active? There is a difference between the two policies.

Like many who reacted strongly to the attacks of the right hon. Member for Norwich, South (Mr. Clarke) on mediaeval historians, I have a real unease about the state deciding what students should study—

Mr. Boris Johnson (Henley) (Con): Hear, hear.

Mr. Willis: "Hear, hear," says the mayoral candidate from a sedentary position. However, my serious point is that this is a legitimate subject for debate. The debate is important in the broader context of what we should expect from higher education, given that no party can devote limitless resources to it. However, the policy under discussion is not being applied to the vast majority of post-18 graduates, so why are the Government picking on one small group of students?

Finally, I return to the fundamental question, which the hon. Member for Milton Keynes, South-West did not answer: should employers contribute to training costs? Many employees want to do ELQ courses because they do not like their current jobs and want to move elsewhere. What employer would want to pour money into helping dissatisfied workers to get skills so that they can go somewhere else? I do not know of any. It is not a sensible description of the process, and I am sure that it is not what the hon. Lady meant.

In his brilliant speech to the inaugural conference of Universities UK, Richard Lambert asked why it was thought that employers would take that approach. The Government say that they must do so to ensure that people have the skills they need, but employers have responded by saying that they would simply go to the EU, as there is now a global market in labour. The task of ensuring that our nation's work force have the necessary generic skills lies with the Government, and the necessary funding must come from the taxes that we pay to the state.

The debate is important, and the motion under consideration is reasonable. The House has responded to it in a reasonable way, and I trust that the Minister winding up will do likewise. I am sure that he will.

9.21 pm

Dr. Hywel Francis (Aberavon) (Lab): As ever, it is a particular pleasure to follow the hon. Member for Harrogate and Knaresborough (Mr. Willis). He has always been a champion of adult learners, and I welcome the inquiry that his Select Committee is conducting.

At the outset, I should declare the interests that reveal my enthusiasm for adult learning. I am an honorary life member of the National Institute of Adult Continuing Education, and I am also a vice-president of Carers UK. I want to say something later about the relationship between carers and adult learners.

I welcome the debate because it offers another opportunity for the Government to showcase their achievements in higher education and lifelong learning, especially when it comes to widening, deepening and increasing participation. It also gives us an opportunity to remind the House about the Government's commitment to implement the Leitch report. However, I am one of those who counsels caution in respect of the proposal to withdraw funding for ELQ students, and I am among the signatories of early-day motion 317.

I wish to put it on record that, of course, I endorse the Government's contention that there needs to be a reprioritisation of resources so that access and participation can be widened and rendered more equitable, and so that quality can be maintained. However, I worry about the unintended consequences of the proposal. We have heard about them already this evening, and they have been described eloquently by the Open university, Birkbeck college, NIACE and the think-tank, Million Plus. The consequences have also been set out by the CBI director general, Richard Lambert, who has been quoted several times in the debate.

I tend to agree with those critics who worry that the proposals will distort—clearly unintentionally—the Leitch agenda. They have noted that there are risks that the proposals will destabilise the part-time HE sector, have an unequal impact on certain institutions and disproportionately affect certain adult learners. It is that final risk about which I want to speak now, especially as it relates to carers.

As chairman of the all-party carers group I take a particular interest in the circumstances of carers, and my Carers (Equal Opportunities) Act 2004 made special provision to ensure that carers were encouraged to pursue lifelong learning. What will happen when a carer happens to be a graduate and is unable to upskill after years, sometimes decades, of enforced caring?

I come to this debate as a strong supporter of my Government, but one who is an enthusiastic supporter of Birkbeck, the Open university and all adult part-time learners. My right hon. Friend the Secretary of State has rightly acknowledged tonight that such admirable institutions need time to adjust to the changing challenges of our time and to ensure that we have a more radical and enabling higher education system. The House should welcome that commitment as a genuine gesture of support and of his willingness to await the results of the HEFCE inquiry. I urge him to go further and allow even more time for change to take place and to consider the suggestions made by the OU and Birkbeck, particularly that the proposals should be withdrawn or at least that the money saved should be reinvested specifically in institutions that support the skills development of mature part-time learners.

May I finally urge the Secretary of State to consider consulting Education Ministers in the devolved institutions, who are clearly committed to widening participation, as we are here in England, but who do not appear to be going down this road? I urge my right hon. Friend seriously to consider consulting HE Ministers to strengthen wider participation rather than weaken it.

9.26 pm

Mr. Boris Johnson (Henley) (Con): When it was my privilege to help shadow the Minister for Lifelong Learning, Further and Higher Education, I had the pleasure of giving the founders day address at Birkbeck college. I also saw a great deal of the wonderful work done in universities across London. It is also one of the most important jobs of the Mayor of London to speak up for education in London, to use all his powers to defend London universities and entrench the position of London as the knowledge centre of Europe, and to make sure that we continue to have a constellation of first-class institutions that continue to attract huge numbers of foreign students from across the world and contribute healthily to the £1.5 billion in fees that are so vital to the higher education economy of this country.

At the risk of being partisan, I think it is incredible that the current Mayor of London has said nothing about this issue or about cuts that profoundly affect higher education in this city. I do not wish to do him a disservice; I have not heard him say anything about the issue in the past few weeks. Thousands of people come to London to start their lives afresh and often a major part of that reinvention is a process of re-education and acquiring new skills. That is why there are so many institutions in London whose bread-and-butter work is to teach those who already hold a qualification at an equivalent or higher level. They include City of Westminster college, Birkbeck, South Thames college, the Conservatoire for Dance and Drama, London Business School, Open university, the Institute of Cancer Research, the School of Pharmacy, the London School of Hygiene and Tropical Medicine, City university, Thames Valley university, Lewisham college, the University of East London and London Metropolitan university. Many of these institutions will have to rethink radically their provision in order to survive. Nine out of 10 of the most seriously affected higher education institutions and 54 per cent. of students taking equivalent or lower qualifications are in London. This move is seriously regressive for London. It is injurious to the interests of thousands of potential learners across the city. As my hon. Friend the Member for Havant (Mr. Willetts) has said, it is particularly damaging to women who wish to acquire further qualifications after a change of career. It frustrates opportunity, stifles aspiration, and sends a negative message to those thinking of pursuing higher education in London. It does nothing to help our status as the centre of the global knowledge economy.

As was pointed out by my hon. Friends, and by the hon. Member for Bristol, West (Stephen Williams), who speaks for the Liberal Democrats, the cuts are completely antithetical to the Leitch agenda and the Government's previous gospel on the subject. Last September, at the Universities UK conference, the Secretary of State gave a speech underlining the need for universities to offer flexible part-time provision, in order to help hit the target of 40 per cent. of the work force holding an HE-level qualification by 2020. Many London institutions are uniquely placed to deliver that.

Birkbeck has specialised in the high-quality, research-led teaching of working people since 1823. In 2007, it broke all records for its recruitment, and it was praised by its students for the third year running for delivering an exceptional, high-quality education. As a result of the flexible style of its provision, a third of Birkbeck's students are equivalent or lower qualification students, yet under the new measure they will pay for that. It is estimated that 6,000 or 7,000 people will be affected. The Government's cuts will directly limit the potential of a great institution, and the potential of thousands of students to change their lives. London is disproportionately affected by the cuts. I urge the Secretary of State to rethink this arbitrary decision, and to instead incorporate the proposal in the wider review of fees expected in 2009, as my hon. Friend the Member for Havant and Members of all parties have argued.

I think it incredible that we will allow Scottish MPs to vote on cutting higher education funding for English students in a manner that will not apply in Scotland. It is an infamous measure, and in all conscience they should abstain from voting on it. It threatens to discriminate against the very people whom we are trying to help.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): Will the hon. Gentleman give way?

Mr. Johnson: I am sorry, I have wound up my speech.

9.32 pm

Mr. John Hayes (South Holland and The Deepings) (Con): The debate on ELQ funding has surely shown the House at its best, focusing on an issue of real concern in a measured, non-partisan way. It is all too easy for politicians to follow Napoleon's advice to "Never interrupt your enemy when he is making a mistake." That course of action would do for the moment, but it would surely be found wanting over time. What really counts are the interests of thousands of potential learners, whose opportunities will be stifled, and whose life chances will be limited unless Ministers change their minds about the proposal.

Just a few weeks ago, the Prime Minister said, on the subject of learning, that we must provide

"not one chance but second, third, fourth and lifelong chances"

in a society that places

"the highest possible cultural value upon learning".

The proposal's impact flies in the face of that aspiration. I know that Ministers take the issue seriously, and I do not for a moment accuse them of anything other than good will in their aspirations for higher education, but surely the tone and tenor of tonight's debate will oblige them to think again, taking into account the early-day motion, the debate, and the representations that they have received from all parts of the House, country and sector.

As my hon. Friend the Member for Havant (Mr. Willetts) said, supported by the hon. Member for

[Mr. John Hayes]

Harrogate and Knaresborough (Mr. Willis), no consultation took place before the proposal was made. There was no lobby or campaign to bring about the change. I repeat that there was no consultation on the principle. The Secretary of State implies that a consultation is under way, and he is of course right, but it is a consultation on how to implement a proposal that has already been made, as the Minister for Lifelong Learning, Further and Higher Education told me in answer to a written parliamentary question. In other words, rather than asking those who know best whether the change should happen, the Secretary of State will consult them on how to limit the damage when it does.

Two days after the Secretary of State announced the withdrawal of ELQ funding, it was reported that he wanted to re-educate the work force with

"university evening classes, weekend courses and part-time degrees",

yet as we heard in today's debate, it is the very institutions that lead the way in providing flexible learning that will be most damaged. As the right hon. Member for Holborn and St. Pancras (Frank Dobson) said, Birkbeck college in London is among those institutions. A third of students at Birkbeck college, which specialises, as he said, in part-time evening courses, are ELQ students. The proposal means severe cuts to the part-time learning that the Secretary of State claims to champion.

Earlier in the debate we heard the Secretary of State pouring cold water on some of HEFCE's figures and statements, which was quite a shocking thing for him to do, but nevertheless HEFCE estimates that 20 per cent. of part-time students in England will be unfunded from 2008-09. As my hon. Friend the Member for North-East Milton Keynes (Mr. Lancaster) said in a stout defence of the Open university—not for the first time, he was its champion in the Chamber tonight—the OU will be severely affected by the proposal. It was good to hear my hon. Friend speaking up for Harold Wilson's brainchild. By contrast, the hon. Member for Milton Keynes, South-West (Dr. Starkey)—I do not mean to be unnecessarily unkind to the hon. Lady, and I emphasise the word "unnecessarily"—managed, with remarkable dexterity, to skate on thin ice and dance on the head of a pin at the same time.

One of the other institutions that will be affected is the Cambridge Institute of Continuing Education, where more than 80 per cent. of students already have a first degree or equivalent qualification.

It is not only those high profile institutions that will be detrimentally affected. Universities and colleges should work to widen access because education is a tool to build greater social mobility and a more just nation. Many of the institutions that have the best track record in attracting students from disadvantaged backgrounds will bear the brunt of the cuts. As the hon. Member for Bristol, West (Stephen Williams) said, FE colleges and specialist provision will suffer, as well as high profile universities.

HEFCE suggests that, even allowing for the exemptions, institutions such as the university of Wolverhampton, which was mentioned by the hon. Member for Wolverhampton, South-West (Rob Marris), who is not in his place, and the university of East London, both of which attract nearly 40 per cent. of their students from the bottom three socio-economic groups, will lose millions in funding as a result of the Minister's proposals.

London Metropolitan university was mentioned by my hon. Friend the Member for Henley (Mr. Johnson), who is a champion for London and all that is best about our capital city. It is estimated that 97.5 per cent. of the students at that university come from state schools and it will be among the biggest losers.

HEFCE says that the changes could destabilise efforts to increase the amount of part-time and flexible learning. The policy directly contradicts the aim of widening participation.

Ministers say that the £100 million saving will be recycled within the HE sector to first degree students, but the House is left to guess how or where this will happen and who will benefit. It is not in the letter that the Secretary of State sent to HEFCE. There is barely a mention of the £20 million being redirected to help the students whom he mentioned tonight. We can only assume that he had not made his mind up then or does not know now. I hesitate to say this because I do not want to offend anyone in the House, but I wonder whether that was a rabbit drawn from a hat to cover the Secretary of State's embarrassment once he realised how unpopular and how unacceptable the proposal was among Opposition Members, the representatives of HE and his colleagues.

Ministers make much of the Leitch review of skills, but Lord Leitch concludes that demographic change means we must reskill and not just upskill the existing work force. The proposal undoubtedly makes reskilling harder for all and impossible for many. The exemptions are arbitrary and inconsistent. Vets will be exempt, but not pharmacists. Land management will continue to be supported, but not law or business studies. Many professional qualifications will be damaged. In 2005-06 21 per cent. of students studying for science, technology and engineering degrees were ELQ students.

Mr. Denham *indicated dissent.*

Mr. Hayes: That information comes from a Minister's written answer, so I am surprised that the Secretary of State is shaking his head.

Such qualifications have a direct impact on Britain's economic chances—and the chances of countless of our countrymen.

The London Business School will be the fifth-hardest hit institution as a result of the change. No wonder the director general of the CBI is concerned; he says that it will damage management and business education. If we are to meet the skills needs of the 21st century, we must enable people to access education in a way and at a pace right for them. That should mean more part-time and distance learning and more modular courses, but the proposals are injurious to those ambitions.

Unless the decision is reviewed, the route back into learning will be harder to travel. Mothers who want to return to work and need to reskill will find that they

will not be funded; workers who have been made redundant because of technological change will not find funding for reskilling. So much for the Prime Minister's talk of second, third or lifelong chances. So much for the culture of learning in which the Minister tells us he believes.

The early-day motion on which the motion is based was signed by more than 200 Members across the House. It is straightforward, measured and clear. The Opposition have not sought to add or subtract from it; we have simply reproduced it for the House to consider tonight. We just want Ministers to look at ways in which damage—damage to lifelong learning, to the Leitch agenda, to objectives that are broadly shared across the Chamber—could be minimised. We believe that it would be better to defer implementation and refer the issue to the 2009 fees and funding commission. Surely that is fair; surely that is right.

Occasionally, an opportunity arises for Members across the House to speak with one voice. This is such an occasion, and voting for the motion is such an opportunity. The Government's proposal to cut funding for thousands of learners is simply unwarranted, unwelcome and unwanted. I urge Members who genuinely believe in the efficacy of education, in lifelong learning and in second, third and lifelong chances—and I know that Members across the Chamber do—to join me and my hon. Friends in voting for the motion.

9.42 pm

The Minister for Lifelong Learning, Further and Higher Education (Bill Rammell): We have genuinely had an exceedingly good debate about an important issue. What has come across strongly is that across the House there is a genuine commitment on these important issues.

I strongly believe that the issue of part-timers and adults in higher education is hugely important to every community in the country and to us as a nation. As Sandy Leitch's thought-provoking, challenging analysis of our skills needs until the end of the next decade made clear, if we are to remain competitive, we need to do much better in getting people to the highest skills levels. He identified that to be globally competitive we need to increase the proportion of the working-age population with a higher education qualification from 29 per cent. today to 40 per cent. by the end of the next decade.

That is a challenging target. Even if we achieve it, it will move us from 10th place in the international league table just into the upper quartile. The target is stiff and challenging; that is why as a country and as a Government we have to ensure that the highest priority for public, taxpayers' funding is people who are not yet at the first-degree level; that is why that has to come first.

Mr. Chaytor: Does my hon. Friend not think it significant that in the speeches from the Conservative and Liberal Democrat Front Benches there was not a single mention of the 70 per cent. of the work force who do not have a university degree? Does he think that they would have turned out in such large numbers had we been talking about apprenticeships or national vocational qualification level 2 or 3? They would not have done.

Bill Rammell: As usual on these matters, my hon. Friend is absolutely right. We have heard nothing from the Conservatives about the 20 million people in the adult work force, 10 million of whom are women, who have not got to that first degree level, and we should hear more about that.

Mr. Boris Johnson: Can the Minister, for whom I have the highest regard, explain exactly how he will increase opportunities for people who have not yet had a degree by taking away opportunities from those who might go on to acquire further qualifications?

Bill Rammell: We are redirecting £100 million, which is 0.2 per cent. of the higher education budget, in the first year of the operation of this new system, and we are redirecting that £100 million towards people—20,000 of them by the end of the three-year comprehensive spending review period—who are not yet at first degree level. In order to meet that stiff and challenging target, adult learning and part-time study are important; that is why the Government have been so keen and determined to increase both in higher education.

Words, including some of those that we heard from Opposition Members, are cheap, but our commitment has been reflected not in words but in actions. We have also been treated to some words intended to suggest that the Government are somehow trying to persecute the Open university. Let me make it abundantly clear for the record that nothing could be further from the truth. I say this with genuine conviction. I believe that the Open university is one of the finest creations of any Labour Government; that is why that institution has such strong support from my right hon. and hon. Friends. I have to say that Conservative support for the Open university was not as apparent at its inception, as my right hon. Friend the Secretary of State pointed out when he quoted the late Iain Macleod, who, when he spoke for the Conservatives, described the idea of the Open university as "blithering nonsense". Let us bring it further up to date. My right hon. Friend might have added that as Education Secretary in 1970, Margaret Thatcher had to struggle hard against pressure from her own Back Benchers in order, as she said her biography, to save the Open university. This commitment to and support for the Open university is a little late and opportunistic.

Nevertheless, the Labour party—the party of this Government—created the Open university and we continue to support it. We retain, importantly, our commitment to part-time study as a route to individual betterment for people who, for whatever reason, have missed out on the chance of higher education first time round.

Mr. Hayes: Could the hon. Gentleman be clear about what consultation took place with the Open university, Birkbeck and others before the letter was sent from the Secretary of State to HEFCE suggesting these measures?

Bill Rammell: The Secretary of State has made the position clear. We set out the policy, we have been consulting on its detail, and that consultation has not concluded. HEFCE and Ministers have been listening to the points that have been made.

[Bill Rammell]

Under this Government, part-time student numbers have risen by no less than 40 per cent.—faster than numbers of full-timers. That has happened because we have continued with the strong and long Labour tradition of support for mature students in higher education and for the part-time mode that is so important to them. That is why this Labour Government were the first Government to bring in part-time student support. It is why, two years ago, we increased the part-time student grant by 27 per cent., and why in each of the past two years we have allocated an additional £40 million, through the funding council, to support part-time provision. Compare and contrast that with the record of the last Conservative Government, of whom the hon. Member for Havant (Mr. Willetts) was a member, when there was precisely no incentive for higher education institutions to recruit part-timers and no support to allow learners to study part-time.

Mr. Willetts: But does the Minister not understand that his proposals will damage part-time students who do not have a degree already, as well as those who have a degree? Those proposals will make part-time courses less viable, they threaten existing part-time provision, which means those without degrees suffer, and they will limit the range of students studying part-time courses. He is undermining his own policy through those ill-conceived proposals.

Bill Rammell: That is emphatically not the case. I urge the hon. Gentleman, whose views I normally respect, to look at the detail of the proposals, and to recognise the fact that we are increasing the part-time premium to institutions such as the Open university through the Higher Education Funding Council. Institutions such as the Open university and Birkbeck will be exceedingly well placed to take up the additional growth from the redirected £100 million, and the 2 per cent. above inflation increase in the overall higher education budget each year, in order to make good any loss in respect of ELQ students.

We have invested in and supported part-timers; the previous Government did nothing whatsoever to support them. Let us also remember what happened to overall higher education funding under the previous Government. During the last seven years of that Government, there was a 36 per cent. real terms cut in higher education funding. When one talks to vice-chancellors and lecturers, one finds that they very much remember those days. In the past 10 years, we have seen the biggest increase in higher education funding for 40 years. Since this Government came to power, we have increased funding by 23 per cent. in real terms, and for each of the coming three years of the CSR period, there will be a further increase of 2 per cent. above inflation. This Government are not cutting funding for higher education; we are maintaining and expanding higher education. What we are doing, rightly, is redirecting 1.5 per cent. of the overall higher education budget by the end of year three in order to give a chance of a university education to more than 20,000 full-time students who would never have had that opportunity otherwise.

Adam Afriyie (Windsor) (Con): The Minister is throwing out a lot of stats, and going back 20 or 30 years in some cases, but could he explain clearly to this House which bit of the motion he disagrees with?

Bill Rammell: I disagree with the bit of the motion that says that the Government should ensure that we minimise the impact on institutions such as the Open university and Birkbeck because that is exactly what we have already been seeking to do through the consultation. We have sought to ensure that those institutions are able to benefit from the growth that will come from the redirected £100 million and the overall increase in higher education funding. I shall return to that point later.

I shall now comment specifically on some of the points that have been raised during the debate. The hon. Member for Havant made a significant issue of the proportion of women who will be affected by the policy. Let me be clear and state for the record that 47 per cent. of ELQ students are women, just as 47 per cent. of non-ELQ students are women. It is also the case, as my hon. Friend the Member for Bury, North (Mr. Chaytor) alluded to, that tens of millions of women in the adult work force do not have a first degree, and ensuring that they receive funding will be a priority under the proposals.

The hon. Member for Havant was challenged by my hon. Friend the Member for Blackpool, South (Mr. Marsden) to say what he would he do if he were faced with this decision, and on where the money would come from, and he said quite simply that he would not make this decision. That is fine; such a priority can be made, but if another decision were taken, the Opposition would have to go out and explain it to the 20,000 students who would not have their first degree funded as a result.

The hon. Gentleman also made a point about our proposals being contrary to what Sandy Leitch has recommended. I do not believe that that is the case. The proposals will give significant opportunities to enable people to reskilll through employer co-funded courses, vocational foundation degrees and whole range of exempted subjects.

Kelvin Hopkins: As I said at the beginning of the debate, if the Tories were honest, they would say, "Let's raise taxes and have it all." That is what I believe.

Bill Rammell: I know from many conversations that my hon. Friend believes that. I will leave it at that.

More interesting was the intervention from the hon. Member for Harrogate and Knaresborough (Mr. Willis), who chairs the Select Committee. He challenged the Conservative party to make a commitment that, if a Conservative Government were elected—

Stephen Pound (Ealing, North) (Lab): Heaven forfend.

Bill Rammell: Indeed. The Chairman of the Select Committee challenged Conservative Members to make a commitment that any student who had a first degree could get a funded ELQ. The hon. Member for Havant could not make that commitment and urged us simply to wait for the results of the commission in 2009. We

therefore have principled opposition, but only for a year. Indeed, we have political opportunism that masquerades as principled opposition on the issue.

The hon. Member for Bristol, West (Stephen Williams), whom I welcome to his new position and responsibilities, mentioned foundation degree awarding powers for further education colleges. My memory of that change was of significantly more noise and opposition compared with the reaction to the proposals that we are introducing today. Yet now that the change has been made, we hear not a murmur from the sector. That demonstrates that we sometimes have to do what is right, consult and take people with us.

Stephen Williams: The reason for the noise from the sector was that the Government had not consulted it. Matters improved and there is not so much noise now because we went through a legislative process in this place and significantly amended the original proposals. We will not get that chance with tonight's proposal.

Bill Rammell: The same principle applies. One presents a proposition and consults about the detail—we did that previously and we are doing it now. I appreciate that the hon. Gentleman is new to the Front Bench, but he is seriously misinformed about the current position. He lamented the fact that ELQs would now be unregulated and that higher fees could be charged, but that is the current position. Institutions can already charge higher fees for second degrees. Given the competitive market, I believe that universities will think long and hard before raising fees. They know that significant other sources of funding will come forward as a result of the changes.

I respect the integrity and commitment of my right hon. Friend the Member for Holborn and St. Pancras (Frank Dobson). Let me reassure him about Birkbeck college. I have met representatives of Birkbeck twice and I spoke at its founder's day before Christmas. I have been impressed by the college's willingness to engage with the Higher Education Funding Council and examine the way in which it can reorientate the organisation to take up the opportunities that are on offer. It is a model for the way in which we expect higher education institutions to respond.

The hon. Member for North-East Milton Keynes (Mr. Lancaster) claimed that the changes would result in the Open university losing £49 million in funding. That is categorically untrue. It does not serve the cause of the argument to make such claims. My hon. Friend the Member for Milton Keynes, South-West (Dr. Starkey) passionately supports the Open university, as was demonstrated when she made exactly the same arguments in private to me as she made on the Floor of the House.

Let me conclude by making the position abundantly clear. First, there is no overall reduction in funding for higher education. On the contrary, it will continue to increase. Secondly, funding for students taking ELQs in strategically important and vulnerable subjects will be protected. Thirdly, students taking foundation degrees will be protected. Fourthly, funding for employer co-funded courses will be protected. Finally and crucially, no institution's grant will be reduced in cash terms in the next three years while the new policy is introduced. That is an important message to Birkbeck and the Open university.

I strongly believe that institutions such as the Open university and Birkbeck are well placed—indeed, given their records, better placed than most—to take advantage of the opportunities and recoup their share of the £100 million that we are redistributing. The proposal is about priorities. The needs and interests of first-time students—

Mr. Patrick McLoughlin (West Derbyshire) (Con) *rose in his place and claimed to move,* That the Question be now put.

Question, That the Question be now put, *put and agreed to.*

Question put accordingly, That the original words stand part of the Question:—

The House divided: Ayes 238, Noes 291.

Division No. 036] [9.59 pm

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Beith, rh Mr. Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Cameron, rh Mr. David
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David *(Haltemprice and Howden)*
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Durkan, Mark
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John

Heald, Mr. Oliver
Heath, Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Johnson, Mr. Boris
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
MacNeil, Mr. Angus
Malins, Mr. Humfrey
Maples, Mr. John
Mates, rh Mr. Michael
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Mulholland, Greg
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osborne, Mr. George
Paice, Mr. James
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, David
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Michael Fabricant and Angela Watkinson

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Burden, Richard
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gardiner, Barry
Gerrard, Mr. Neil
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Howarth, rh Mr. George
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn

Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Jane
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ruane, Chris
Ruddock, Joan
Russell, Christine
Salter, Martin
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Steve McCabe and
Mr. Sadiq Khan

Question accordingly negatived.

Question, That the proposed words be there added, *put forthwith, pursuant to Standing Order No. 31 (Questions on amendments):—*

The House divided: Ayes 287, Noes 233.

Division No. 37] **[10.16**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Burden, Richard
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
David, Mr. Wayne
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Fiello, Mr. Robert
Flint, Caroline
Flynn, Paul
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gardiner, Barry
Gerrard, Mr. Neil
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom

Havard, Mr. Dai
Healey, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Howarth, rh Mr. George
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Jane
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mactaggart, Fiona
Malik, Mr. Shahid
Maliaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ruane, Chris
Ruddock, Joan
Russell, Christine
Salter, Martin
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Steve McCabe and Mr. Sadiq Khan

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Beith, rh Mr. Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David *(Haltemprice and Howden)*
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harris, Dr. Evan
Harvey, Nick

Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jenkin, Mr. Bernard
Johnson, Mr. Boris
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
MacNeil, Mr. Angus
Malins, Mr. Humfrey
Maples, Mr. John
Mates, rh Mr. Michael
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Mulholland, Greg
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osborne, Mr. George
Paice, Mr. James
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Mr. Stewart Jackson and Jeremy Wright

Question accordingly agreed to.

MR SPEAKER *forthwith declared the main Question, as amended, to be agreed to.*

Resolved,

That this House supports the Government's decision to reprioritise some funding currently supporting the teaching of higher education students who already hold an equivalent or higher qualification, in order to enable approximately 20,000 additional full-time equivalent students to enter higher education for the first time; notes the Higher Education Funding Council for England (HEFCE) consultation which proposes that transitional protection will be put into place to ensure that no provider loses in cash terms, that the change to the funding methodology will protect Foundation Degrees, employer co-financed programmes, and strategic subjects, and that the premium paid to support the costs of part-time provision will be increased; notes that HEFCE and Ministers have been engaging constructively with the Open University and Birkbeck on this issue; and believes that the Government is right to give priority to first-time students.

PETITION

Prostitution

10.27 pm

Fiona Mactaggart (Slough) (Lab): With the House's leave, I would like to present a petition that has been signed online by 176 people and has been presented to the Leader of the House. As we do not currently allow online petitions, I have collected some human signatures too.

The petition states:

The Petition of the undersigned, declares that the current laws on Prostitution in the UK are outdated for the twenty-first century. The problems with trafficking in the UK demonstrate how the current laws do not assist in reducing prostitution nor do they help to protect vulnerable women who have been coerced or in many instances forced into prostitution. Although slavery was abolished in the UK almost 200 years ago, slavery still exists for many women in prostitution in the UK. We believe that serious action is now needed to combat this horrific human rights abuse.

The Petitioners therefore request that the House of Commons urges the government to review the current laws on the supply of sex and prostitution. The undersigned request that new laws are introduced following the bold stance taken by the Swedish government in 1999 which made the demand, rather than the supply, illegal. We believe that prostitution is inherently an abuse of women and does not exist to allow women freedom of choice, but is a symptom of the lack of choice for many women. We believe that prostitution will only be reduced in the UK if the demand for prostitutes is tackled in a thorough and comprehensive manner.

And the Petitioners remain, etc.

Carbon Monoxide Detectors

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Alan Campbell.]*

10.29 pm

Tom Levitt (High Peak) (Lab): On 28 January 2004 it snowed in High Peak—that is not unusual at this time of year. The snow was so heavy that school buses were summoned and children sent home. My constituent, Mary Ann Bailey, then aged 15, went to a friend's home in Hadfield, near Glossop, for the afternoon, with others. At 4.40 that afternoon the emergency services found Mary Ann and a friend, Martin Taylor, dead at their friend's home.

The previous week a valve had been replaced on a gas boiler in the room below where the young people died. It had been incorrectly fitted, by one Jason Barton, and as a result the gas pressure was too high and the gas was not burning efficiently. Carbon monoxide was being produced by the boiler and it killed the two young people. Two years later a jury failed to agree—for a second time—on a charge of manslaughter against Mr. Barton for his negligence. Instead, he was convicted of a breach of health and safety legislation. He was fined just £2,000 and had his CORGI registration removed.

The Health and Safety Executive stated in evidence that 36 properties where Mr. Barton had worked had gas installations which rendered them either "at risk" or in "immediate danger"; and that 120 acts of faulty workmanship had been identified in Mr. Barton's work over just 12 months. The judge at Nottingham Crown court said that Barton should have gone to jail. The judge also regretted that the law said that Barton could only be fined, and that the fine had to relate to his ability to pay. Prosecutions for negligence in this field too often fail to convict and I know that that is of great concern to those interested in gas safety.

In November 2007, another constituent, pensioner John Froggatt, sat down with a friend to share a whisky in a caravan in Bamford in the Hope valley. Again it was a cold High Peak night. Although he did not intend to stay out for long, the gas heater was switched on for warmth. Two days later, the two missing pensioners' bodies were found. It is believed that the heater was in good working order, but that a mouse had built its nest in the flue over the summer, preventing the products of combustion from escaping from the caravan. Carbon monoxide had built up and killed both men in what was likely to have been a slow, but relatively painless death.

Bob Spink (Castle Point) (Con): I congratulate the hon. Gentleman on presenting this important debate and the caring way in which he is dealing with these terrible tragedies. Our hearts go out to him and his constituents.

The hon. Gentleman knows that I have in my constituency arguably the best, and certainly the largest, park home site in the country on Canvey Island. Park homes and caravan owners need to be especially vigilant about carbon monoxide. Does he agree that it is vital that appliances are properly serviced and that caravan owners purchase an audible carbon monoxide alarm to act as a second line of defence against CO poisoning?

Tom Levitt: The hon. Gentleman is right, and if he will bear with me, I will list the demands that I wish to make of my hon. Friend the Minister.

Ten years ago one person died each week from CO poisoning on average; today it is one a fortnight across the country as a whole. But four in four years in High Peak alone is way above the average. Last year only eight people died from CO produced from mains piped gas—making it the best year on record—but proportionately higher numbers of deaths arising from CO are produced from the burning of coal, wood, oil and other domestic fuels. How can it be justified that gas is subject to proper regulation and licensing of fitters, but those other fuels are not? And why is the enforcement of high standards of gas fitting so inadequate?

All deaths from CO, including all four of those in High Peak recently, have one thing in common—they were avoidable. None of those four would have died had the house or caravan concerned been fitted with CO detectors and alarms. I will return to that point later. Suffice it to say for now that more than half of mains gas-related carbon monoxide incidents over the years come from open flue gas appliances. Open flue gas central heating boilers, of a type which have not been installed since 1993 but which are still common in older properties, account for more than half of all deaths from CO poisoning in that time, says British Gas.

CO is a highly toxic, colourless, odourless gas. It is produced by the combustion of fuel in poorly ventilated areas. It is the potent element of car exhaust emissions in confined spaces, which explains the use of car exhaust as a means of suicide. I occasionally find my past as a biology teacher of use in this place and I can tell the House that CO binds to haemoglobin in the blood as carboxyhaemoglobin 200 times more strongly than oxygen. Normally, haemoglobin binds loosely with oxygen in the lungs and then releases oxygen to the brain, muscles and other tissues in response to an oxygen deficit. Carboxyhaemoglobin, by contrast, is a stable compound that does not break down readily at all.

In air with 21 per cent. oxygen, which is the normal level, a CO level of just 0.1 per cent. can cause half of the haemoglobin in the blood to bind permanently with CO, which means that the blood rapidly and permanently becomes unable to deliver sufficient oxygen to our muscles and brain. Last October in the House of Lords I joined David and Mary Jane Worswick, the parents of Mary Ann Bailey, at an event to mark the launch of the second carbon monoxide awareness week. I expected to meet other bereaved families, but there were actually very few of them. Most of the dozens of people present were victims of non-lethal CO poisoning.

Some 200 cases of such poisoning are identified every year but many others go undiagnosed, because doctors do not routinely check for CO poisoning, because dead bodies are not routinely checked for CO poisoning as they are in France, and because symptoms vary from person to person and are easily confused with other causes. For example, 90 per cent. of cases of carbon monoxide poisoning produce headaches, 50 per cent. cause nausea, 50 per cent. cause dizziness, 30 per cent. cause tiredness, and flu-like symptoms are

reported in 20 per cent. of cases. In more serious cases palpitations are found as well as chest pain. Collapse, unconsciousness and death follow.

Those attending the event in the Lords exhibited a variety of medical conditions associated with brain damage due to oxygen starvation caused by CO poisoning. Many had physical disabilities such as being unable to walk and many had lost their jobs through disability, while some reported severe personality problems. Patient UK confirms that 200 people a year survive significant CO poisoning but long-term damage includes kidney failure, heart attack, blindness due to retinal bleeding, brain damage due to swelling of the brain, loss of memory, personality changes, irritability and incontinence.

CO awareness week was launched in 2006 with a view to raising awareness of CO poisoning among medical practitioners and the general public, thereby tackling its causes. University of London research published by the Health and Safety Executive in 2006 shows that 23 per cent. of homes—one in four—have one or more defective gas appliances. Some 8 per cent. of homes—2 million houses, which are home to 4.5 million people—are at risk of dangerous levels of CO while 45 per cent. of homes had no information on or awareness of the dangers of CO. Problem appliances are most likely to be found in the homes of vulnerable people.

CORGI has also published research. It found that 28 per cent. of CO deaths are caused by faulty or poorly maintained appliances. It confirmed that CO poisoning is not spread evenly across society, hitting some disproportionately with 27 per cent. of incidents occurring in rented accommodation while 50 per cent. of victims are elderly or children. More than half of all incidents, or 53 per cent., take place between November and February each year.

British Gas reports that residents of flats and terraced houses who maintain their equipment properly are nevertheless subject to an additional risk of CO poisoning from poorly maintained equipment in neighbouring properties, with the CO coming through the walls. Some 55,000 businesses in this country are registered with CORGI, including many sole traders, which represents about 120,000 gas fitters. CORGI says that perhaps 20,000 people in this country carry out gas fitting, servicing and repair but are not registered. Some of those people will be qualified and their registration will have lapsed, but many will be untrained or inadequately trained, while some will have been removed from the CORGI register for negligence or malpractice. Those 20,000 people clearly represent a much higher risk to the public than CORGI-registered operators. It has been calculated that unregistered and possibly illegal gas workers are 32 times more likely to be involved in a serious CO incident than a CORGI-registered installer.

British Gas reports that, of the 43 million gas appliances in this country, 14 million are gas boilers, of which 3.4 million are serviced under contract by British Gas's 8,600 qualified engineers. Another 3.4 million appliances are serviced regularly by other CORGI-registered operators. That means that 7 million gas appliances are not serviced at all, are not serviced regularly or are serviced by an unregistered engineer who is not qualified to do the work. To complement those figures, 3 million gas appliances are sold every year, but CORGI operatives install only half of them.

I welcome the news that, as of last week, the company Part Centre—a major supplier of materials to the gas fitting industry—will supply parts only to purchasers who have a CORGI registration. I call on other companies to follow suit, and for the scheme to be extended to complete appliances and to appliances that burn other carbon fuels. I commend to the Minister early-day motion 462 tabled by the hon. Member for Colchester (Bob Russell) on this issue.

I recently carried out a survey of residents in High Peak. We have had about 650 replies but some arrived too late to be included in my analysis. Of those replying, 95 per cent. had gas boilers and 20 per cent. used other carbon fuels, so it is clear that some people have more than one system. In addition, 92 per cent. had smoke detectors in their homes, while only 34 per cent. had CO detectors. In fact, that compares well with the national figures of 83 per cent. for smoke alarms and 21 per cent. for CO alarms.

Only 3 per cent. of respondents to my survey had a CO detector that was portable for holiday use, and I remind the House that two British children died from CO poisoning in an incident in Corfu a couple of years ago. Thanks to the organisation CO-Awareness, I am now able to distribute free of charge 10 CO monitors with audible alarms to constituents who replied to the questionnaire and who do not already have such an alarm. I shall be giving them out in the next few weeks.

Mr. Fraser Kemp (Houghton and Washington, East) (Lab): I thank my hon. Friend for giving way. Many hon. Members have had to deal with the consequences of CO poisoning, and many people have been killed by what is a silent killer. Will he comment on the recent initiative in my constituency that was launched by Councillor Joan Carthy, using money from the strategic initiatives budget? In partnership with the Tyne and Wear fire and rescue service, the initiative ensures that CO detectors are fitted when fire safety checks are carried out on houses where vulnerable people live. We anticipate that 750 such detectors will be installed in four local authority wards. Is that not a tremendous example of how local authorities can work in partnership with the fire and rescue services to get CO detectors fitted in homes?

Tom Levitt: I thank my hon. Friend for that intervention, and I agree that it is a very welcome initiative. I have not heard of one on that scale before, and I hope that it is a precursor of things to come.

Only one in five respondents to my questionnaire were tenants and most of them thought that their landlords had their central heating system serviced regularly, although I cannot be sure that the work is done to the legal standard. Every incident of CO poisoning that I have described could have been prevented by the use of electronic CO detectors with an audible alarm. For the record, they are much more reliable than the cheaper black spot detectors, which have no alarm. Because CO incidents can develop in minutes or hours, black spot detectors cannot be relied on to draw attention to danger when it arises.

Before I complete my remarks, I wish to pay tribute to those who have assisted me in preparing for this

[Tom Levitt]

debate. They include my hon. Friend the Member for Huddersfield (Mr. Sheerman) who, in his role as chair of the all-party parliamentary group on gas safety, organised the event last October, and my colleagues who have intervened so constructively tonight. I should also like to thank CORGI, British Gas, CO-Awareness and its president, Lynn Griffiths, as well as the Association of Personal Injury Lawyers, the practice of Russell Jones and Walker, and the people of High Peak who responded to my survey. In particular, I want to pay tribute to the steadfast commitment to the cause shown by David and Mary Jane Worswick, my constituents from Glossop who lost their daughter to CO poisoning almost exactly four years ago.

In summary, I ask my hon. Friend the Minister to take action on six fronts. First, I hope that she will act to ensure a greater awareness of CO issues among householders, landlords, tenants, housing authorities, tour operators, emergency services and doctors. Secondly, given that one person in seven moves house each year, I hope that she will act to ensure that having a working CO monitor is compulsory when every house is built. That requirement could be included in building regulations. In addition, I hope that she will ensure that CO monitors are made compulsory when every house is sold, a provision that could be included in home information packs. Will she also ensure that CO monitors are required when caravans and mobile homes are sold or advertised for rent, as proposed by the hon. Member for Castle Point (Bob Spink), and when tenancies are changed? The advice from British Gas to prospective tenants is that if a landlord cannot show them a current gas safety certificate, they should not move into his property.

Thirdly, will she encourage the industry to phase out smoke alarms in favour of combined smoke and CO alarms for domestic use at an affordable price? Fourthly, will she redouble efforts to replace all open flue boilers with the more energy-efficient and less dangerous balanced flue variety, especially for vulnerable groups? Fifthly, can she reduce the level of illegal gas fitting by enabling a greater chance of securing meaningful convictions for those whose action or negligence contributes to CO poisoning? Finally, will she ensure that installers of oil and solid fuel boiler systems are brought under a mandatory system of registration comparable to that which applies to gas installers?

If those measures had been taken, my constituents Mary Ann Bailey and John Froggatt would be with us today. Mr. Froggatt would have been looking forward to his 73rd birthday in 2008, Mary Ann to her 20th. In one respect, these two have been spared a lifetime of the sort of disability, brain damage or incapacity that others have suffered from this completely avoidable source of poisoning, but that is little consolation to their families. They want to hear that the Government have learned lessons from their misfortunes, and that steps will be taken to ensure that deaths and injuries from carbon monoxide poisoning continue to fall.

10.46 pm

The Parliamentary Under-Secretary of State for Work and Pensions (Mrs. Anne McGuire): I begin by commending my hon. Friend the Member for High Peak (Tom Levitt) for securing this important debate. It has given the House an opportunity to revisit the issue of gas safety in the home, to which the Government attach considerable importance. I also acknowledge the attendance of colleagues from all parties across the House—the hon. Members for Colchester (Bob Russell), for Castle Point (Bob Spink), and for Wellingborough (Mr. Bone) and my hon. Friend the Member for Houghton and Washington, East (Mr. Kemp). It is unusual to see so many colleagues at an Adjournment debate at the end of business.

The policy lead for this subject falls to my noble friend Lord McKenzie of Luton. He has taken a close personal interest in gas safety and is working closely with the Health and Safety Executive towards improvements for gas consumers. Like other hon. Members, I would like to offer my deepest condolences to my honourable Friend's constituents at High Peak, David and Mary Jane Worswick, who tragically lost their teenager daughter, Mary Ann Bailey together with her friend, Martin Taylor, to carbon monoxide poisoning almost four years ago, and to the other families sadly affected, to whom my hon. Friend referred.

I am all too aware of the problem that can arise from defective gas appliances. As my hon. Friend the Member for Houghton and Washington, East highlighted, many of us have had experience of CO poisoning incidents. Some six years ago, two of my constituents—two young students—living in rented accommodation died from CO fumes from a portable room heater. Indeed, when my daughter was sharing a flat as a student she was fortunately able to recognise the early symptoms of CO poisoning. It is something that touches us all.

Let me assure the House that the Government are committed to playing their part in improving gas safety. For more than 20 years, domestic gas safety has been controlled within the framework of the Health and Safety at Work, etc. Act 1974. In that period, the resulting regime has undergone many reforms aimed at tightening gas safety standards for domestic consumers. As my hon. Friend has readily acknowledged, this legal framework has set the scene for a significant downward trend in the number of deaths due to CO poisoning from gas installations over the years. The most recent HSE figures provisionally show that there were eight deaths from CO poisoning related to gas installations during 2006-07—the lowest figure on record. This compares with 16 for the previous year, and, as my hon. Friend highlighted, 10 years ago, the figure was more than three times that number.

Tom Levitt: It is important to put on record that the figure of eight relates to mains gas, so deaths such as that of Mr. Froggatt in his caravan would not be included in that figure.

Mrs. McGuire: I take my hon. Friend's point, and I recognise that mobile homes and caravans are a particular issue, as hon. Members have highlighted. We need to recognise the context: 22 million households, mobile homes and other places of abode use gas appliances. I suppose that we have to recognise that we

have an encouraging, improving record, but we must also recognise that we cannot desist in our efforts to ensure that gas safety improves. The gas industry, gas safety campaign groups, and a host of other people, including many hon. Members, have helped to achieve that improved record, and I pay tribute to them for those efforts.

However, as my hon. Friend explained, the Health and Safety Executive figures refer specifically to deaths related to gas installation work, and do not take account of carbon monoxide incidents arising from other fossil fuels. Those other incidents are no less important; they, too, involve human suffering. More needs to be done to improve public awareness of the risks of carbon monoxide poisoning from all fossil fuels, and to raise awareness of the benefits of using carbon monoxide alarms in the home. I shall come back to that subject.

Although the legal framework has provided a context for improving gas safety over the years, unfortunately there are still cases in which the law has not been followed. Sometimes gas fitters are not registered or competent to carry out gas work safely. As has been said, sometimes landlords do not take their gas safety responsibilities seriously, and sometimes members of the public attempt do-it-yourself gas work, with dangerous consequences, or fail to get their appliances properly maintained by competent installers.

When things go wrong and there are serious breaches of the law, enforcement action will be taken. Gas safety cases make up about 8 per cent. of all prosecutions brought by the HSE. They involve actions against landlords, individuals and installers. Registration with the Council for Registered Gas Installers, or CORGI, is a legal requirement for anyone installing or repairing fittings or appliances in homes. The aim of the gas installer registration scheme is to improve standards in the industry, and to help the public find and use safe and competent tradespeople. The HSE will hold all installers, registered or unregistered, to account for their actions if their work is found to be dangerously incompetent. If someone is not registered, it does not mean that the HSE will not pursue them if their work is dangerously incompetent.

Some landlords and people undertaking gas work who have blatantly failed in their responsibilities have ended up in prison for causing deaths from dangerous gas appliances. Recent HSE initiatives against unregistered gas installers have led to the courts imposing sentences that generate significant local and national publicity on gas safety issues. Of course, that strengthens the deterrent to others who might think that they can install gas appliances. Sentencing is obviously a matter for the judiciary and the courts within the legislative and regulatory framework set by Parliament. Ministers and the HSE agree that the sentences or fines for health and safety offences can be too low, and do not always reflect the seriousness of the failure, as my hon. Friend has said.

I should like to express my sympathy to Mr. and Mrs. Worswick for the protracted proceedings in their case, and for what was undoubtedly a wholly inadequate outcome, given the terrible circumstances of their daughter's death. As my hon. Friend may be aware, we have tried to introduce legislation to increase sentencing powers through the private Member's Bill route. I am pleased that my right hon. Friend the Member for Streatham (Keith Hill) is yet again to introduce a Bill to increase sentencing. If successful, it will raise the penalties for health and safety offences, and will make imprisonment more widely available for serious offences.

I hope that all Members of the House, including those who raised technical or procedural issues to talk out a similar Bill that was introduced by my hon. Friend the Member for Caerphilly (Mr. David) will think seriously before they do so again. We want to see the Bill enacted.

I can assure my hon. Friend the Member for High Peak that the Department of Health is committed to helping prevent deaths caused by carbon monoxide poisoning and to raising awareness of the dangers of poisoning. The chief medical officer has made a point of regularly bringing the issue of CO symptoms to the attention of the medical profession—for example, through his regular updates. The Department of Health recognises, as my hon. Friend indicated, that more needs to be done, working with the medical community, to raise their awareness of CO poisoning, and to provide practical advice on recognising symptoms to help them better diagnose CO poisoning. This is important, as CO poisoning can sometimes be confused with other ailments, such as flu. Recognising the symptoms of CO poisoning is not always easy.

I welcome the Department of Health's decision to put out a call for funding research into carbon monoxide poisoning. Research undertaken by the Health and Safety Executive as part of its 2006 review of the domestic gas safety regime suggested that problems with chronic carbon monoxide poisoning may be more widespread than anticipated—a point made by my hon. Friend. The new Department of Health call for research asks for proposals to investigate the incidence of carbon monoxide poisoning, both acute and chronic, and further work to help define the extent of the population at risk who use cooking or heating appliances that are faulty or installed incorrectly.

Mr. Kemp: Will the Minister convey my thanks and the thanks of many fire authorities in Britain for the help that the HSE has recently given with the production of 400,000 leaflets to raise awareness of the dangers of the silent killer, so that when fire checks take place in local communities, people also get information about the dangers?

Mrs. McGuire: Indeed. I know that a great deal of work on the matter has been done by the HSE and the fire and emergency services.

The research will also call for proposals to assess the number of people experiencing carbon monoxide poisoning by looking at how many are admitted to hospital suspected of non-lethal poisoning, plus the number subsequently diagnosed. This will cover carbon monoxide poisoning from gas and other fossil carbon-based fuels. The results from the proposed research will help to give us better evidence on what is happening with CO exposure and inform us about what more needs to be done.

I emphasise that although the evidence shows that the existing arrangements have helped to improve

[Mrs. McGuire]

safety standards, the Government accept that more needs to be done. I welcome the new industry initiatives to exercise leadership in raising public awareness of the risks of other fossil fuels, as well as gas. As my hon. Friend rightly pointed out, these other fuels also present CO risks. The messages are similar to those for gas, and the public need to be fully aware of them.

My hon. Friend raised specific issues, which I shall try to deal with. I shall follow up and write to him about those that I cannot cover now. We need to reinforce the message that householders should arrange to have their gas appliances regularly checked for safety by a CORGI-registered installer. Gas appliances should always be used correctly. They should never be used if there are any signs that they are not working. Approved carbon monoxide detectors with an audible alarm are highly recommended—

The motion having been made after Ten o'clock, and the debate having continued for half an hour, MR. SPEAKER *adjourned the House without Question put, pursuant to the Standing Order.*

Adjourned at one minute to Eleven o'clock.

House of Commons

Wednesday 9 January 2008

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

NORTHERN IRELAND

The Secretary of State was asked—

Military Sites

1. **Mr. Jim Devine** (Livingston) (Lab): How many military sites there are in Northern Ireland serving security purposes; and if he will make a statement. [175916]

The Secretary of State for Northern Ireland (Mr. Shaun Woodward): The peacetime Army garrison in Northern Ireland currently retains 12 sites.

Mr. Devine: I am grateful to my right hon. Friend for that answer. Of course, all of us across the House welcome that further symbol of normalisation. Has he received any representations on handing over some of the disused sites, either to local communities or to the Northern Ireland Assembly, for their overall benefit?

Mr. Woodward: I have indeed received a number of representations. It may be worth reminding the House that following the reinvestment and reform package in 2002, five sites were transferred to the Executive. My right hon. Friend the Prime Minister and I are in correspondence with the Executive on questions to do with making available further sites that arose following the joint declaration.

Mr. Gregory Campbell (East Londonderry) (DUP): Further to that answer, will the Secretary of State elaborate on any discussions that he is having with the Ministry of Defence, given that some sites are now coming into the public domain and are offering economic regeneration, such as Fort George and Ebrington in Londonderry? If other sites were available, they could act as an economic driver in deprived communities, offering them employment opportunities.

Mr. Woodward: The hon. Gentleman makes an important point. May I congratulate him and the hon. Member for Belfast, North (Mr. Dodds) on the work that they have done to try to attract investment to Northern Ireland? Obviously, I wish every success to the investment conference in May, which my right hon. Friend the Prime Minister and I will support in every way that we can. The gifting of military sites is obviously an important issue for the Assembly and the Executive, and the five sites that were gifted in 2002 are an important part of the process. Discussions are taking place with Members of the Assembly and the Executive, and with the hon. Member for West Tyrone (Mr. Doherty), about the two sites in Omagh. I do not want to raise expectations about what the Government may be able to do, but I should just say that the proposal for an educational campus is an extremely good and imaginative one. The Government remain committed to helping to encourage investment and development in Northern Ireland in every way that we can, as we did through the £18 billion investment package and the comprehensive spending review.

Mr. Laurence Robertson (Tewkesbury) (Con): Given that before demilitarisation in south Armagh the police expressed concern about their ability to deal with the security situation there, what assessment has the Secretary of State made of general safety in the area, and the ability of people there to work with the police? No arrests have been made following the Paul Quinn murder, and there has been an increase in fuel smuggling. Is not the situation in south Armagh rather difficult? How happy is he with that?

Mr. Woodward: The hon. Gentleman raises a number of issues about the security situation in south Armagh, particularly in relation to the investigation into the murder of Paul Quinn, murder that everybody has condemned. I met Paul's parents immediately before Christmas to discuss the progress of the ongoing police investigation, which, as hon. Members will know, is being conducted by the Garda, because the murder took place south of the border. There is extremely close co-operation between the Garda and the Police Service of Northern Ireland, and the Chief Constable has observed that there is unprecedented co-operation from the community in south Armagh, but it is of course a very difficult investigation.

On the wider issue of criminality in south Armagh, as Independent Monitoring Commission reports have observed, there are clearly still problems of criminality in that part of Northern Ireland but, again, that should be seen in the context of an improving situation, improving—

Mr. Speaker: Order. I do not wish to stop the Secretary of State, but I must have briefer replies, in fairness to those whose names are on the Order Paper. I call David Taylor.

Devolved Government

2. **David Taylor** (North-West Leicestershire) (Lab/Co-op): What recent assessment he has made of the effectiveness of devolved government in Northern Ireland. [175917]

The Secretary of State for Northern Ireland (Mr. Shaun Woodward): The restoration of devolved government in May last year has given Northern Ireland what it wants: locally elected, accountable politicians taking decisions on the issues that matter to the people of Northern Ireland.

David Taylor: As Northern Ireland's institutions bed down, devolved government is starting to deliver a shared future of peace and partnership for nationalists and Unionists—a future of which a past generation, involved in that all too recent nightmare of sectarian violence, could only have dreamed. Is not the logical next step to encourage a political realignment and framework on the island of Ireland under which more parties are organised on a 32-county basis, thereby denying Sinn Fein fundamentalists the effective free rein that they too often enjoy?

Mr. Woodward: My hon. Friend makes an important observation. Political parties and political organisation is a matter for people who live and work in Northern Ireland. However, as he remarked and I underline, it is an illustration of just how different life is today in Northern Ireland that the discussion now is about the future of democracy and political institutions, and a vibrant political culture it is, too.

Mr. Nigel Dodds (Belfast, North) (DUP): We all welcome the progress that has been made in devolution in Northern Ireland in terms of stability moving forward, but does the Secretary of State accept that in both communities in Northern Ireland there is little appetite for the devolution of policing and justice powers? Does he accept that as far we are concerned, it is not on the agenda? Does he further accept that continuing to push against a door that is not only locked, but triple locked, is counter-productive?

Mr. Woodward: There are many matters on which I would be delighted to agree with the hon. Gentleman, but on the proposition that people in Northern Ireland are not looking forward to further devolution of policing and criminal justice, I beg to disagree. Opinion polling shows that more than 60 per cent. of people in Northern Ireland now want the Executive and the Assembly to make progress on the second stage of devolution. That is a matter on which Members have been elected to the Assembly in Northern Ireland and it is what people in Northern Ireland expect. It flows from the St. Andrews agreement, and I encourage the hon. Gentleman and his colleagues to make progress on the matter as quickly as is sensible.

Mark Durkan (Foyle) (SDLP): I join the Secretary of State in recognising how well institutions are working. That goes to show that when everyone is committed to allowing arrangements to work, they will work well. If we want to add to the effectiveness of the institutions of devolution, surely we need to add to the confidence by ensuring the devolution of justice and policing, not just to complete the devolution project and the policing change, but so that all parties can unite to defy and deny the dangerous lie coming from dissident republicans that the policing arrangements are about Crown forces and the British police force. Is not the best way of all parties uniting against the agenda of dissident republicans is to secure the devolution of justice and policing?

Mr. Woodward: I entirely agree with the hon. Gentleman. The best way of demonstrating that to every dissident in Northern Ireland is for politicians to reflect what people who live and work in Northern Ireland want, which is the second stage of devolution that of policing and criminal justice. In relation to the investment conference and attracting investment, there could be no greater show of the future stability of Northern Ireland than local politicians embracing the devolution of policing and criminal justice sooner rather than later.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): I hate to be the one to break the cosy consensus, but does the Secretary of State accept that the operation of devolved government could be much more effective if the Executive were to take on board and to demonstrate the same commitment that his Government demonstrated towards working for a shared future? Although it is part of the ministerial oath of office, there is no reference to it even in the programme for government. The Executive could give an early indication of a small commitment to working towards a shared future if they would get on and appoint a victims' commissioner.

Mr. Woodward: The appointment of a victims' commissioner is a matter for the Executive. I invite the hon. Gentleman to be part of the cosy consensus that we all so warmly enjoy. Huge progress is being made. It is sometimes best to judge these things not by words, but by actions. When the Executive unanimously agreed the draft programme for government, the investment strategy and budget, as they did in October 2007, we can see what progress has been made by politicians across the spectrum in Northern Ireland.

Mr. David Anderson (Blaydon) (Lab): Does my right hon. Friend agree that one of the ways to make sure that the long-term settlement in Northern Ireland works is through the expansion of integrated education? At present, 95 per cent. of children do not meet people from other cultures. What can he do to encourage integrated education?

Mr. Woodward: Academic selection is the issue that my hon. Friend touches on. It is entirely a matter for the devolved Administration. The Minister of Education has set out her vision for the education system. That is now a devolved matter, but I look forward to hearing more about the details of how she will take it forward.

Mr. Owen Paterson (North Shropshire) (Con): I wish the Secretary of State a happy new year. I am sure that he is relieved to be in his place and that the predictions made by the new year blogs have so far proved incorrect. In his own new year message, the Secretary of State said that devolution would be effectively completed by the transfer of justice and policing in 2008. Further to his reply to the hon. Member for Belfast, North (Mr. Dodds), does he think that that will happen this year?

Mr. Woodward: Yes, I do, and I do because I see that this is something that the people of Northern Ireland want, and from which the people of Northern Ireland continue to draw every confidence. They see an Executive working effectively, being prepared to make difficult decisions and being able to embrace the clear vision and future for those areas that have been devolved. The appetite for devolution of policing and criminal justice is growing in Northern Ireland. Of course, it is based on confidence, but the embracing by

Sinn Fein of policing and criminal justice and the steps that have been taken in the last few months are yet more signals of that. It is now up to local politicians to push the agenda forward and to adopt stage two.

Mr. Paterson: But in the past six months, I have not met a single Unionist who either expects or wants that to happen in 2008. In the short time that the right hon. Gentleman has left, how does he propose to persuade the Unionist community that he is right and it is wrong?

Mr. Woodward: I am sorry to disturb the cosy consensus in my turn, but I do not really think that it is a judgment of right and wrong. Most Northern Ireland politicians believe that it is right to move to stage 2; the issue is when. Therefore, this is not a matter of right and wrong; it is a matter of whether we should move within the St. Andrews timetable, which I believe that we should, and on which the Government will be ready to deliver. It is a matter for consensus to be achieved between the politicians and the Executive, but whenever they stand ready to ask for it, we will be ready to deliver devolution, and I believe that the confidence will be there to deliver that this year.

Antisocial Behaviour

3. **John Robertson** (Glasgow, North-West) (Lab): What recent discussions he has had with the Police Service of Northern Ireland on measures to deal with antisocial behaviour. [175918]

The Minister of State, Northern Ireland Office (Paul Goggins): Tackling antisocial behaviour is a central theme of the community safety strategy and a priority for community safety partnerships. The police and other agencies work closely through the partnerships to reduce antisocial behaviour and the fear of crime.

John Robertson: My hon. Friend will be aware that antisocial behaviour is not just specific to Northern Ireland, but occurs throughout the United Kingdom, and devolved Administrations have different solutions for different problems. Is it not time that we got together with the devolved areas and set up a national taskforce under the UK Government to bring together all the good practice to stamp out such behaviour once and for all?

Paul Goggins: My hon. Friend is absolutely right that antisocial behaviour is an issue throughout the United Kingdom, in his constituency and mine and throughout Northern Ireland. He makes an interesting suggestion. Although it would need more than my agreement before such a taskforce could be established, I am happy to consider his proposal, to discuss it with ministerial colleagues and to report back to him. But most important of all is that we must learn the lessons of good practice wherever they occur throughout the United Kingdom.

Sammy Wilson (East Antrim) (DUP): One of the tests of policing in Northern Ireland and making the police acceptable is how they deal with antisocial behaviour. Does the Minister agree that it is difficult to persuade the public that the police are serious about antisocial behaviour when some senior officers seem to suggest that the police should empathise with gangs of youths rather than deal with them when they engage in criminal acts? In Northern Ireland, antisocial behaviour orders are rarely used by the police. What, in his discussions with the Chief Constable, will the Minister push the police to do to ensure that antisocial behaviour is dealt with?

Paul Goggins: I have regular discussions with the Chief Constable and I had a meeting with him earlier this week when we discussed antisocial behaviour. It is a priority for him and for the PSNI, and he was able to report to me that antisocial behaviour is down by more than 3 per cent. compared with last year. So rest assured that this is a priority for him and the police, but in the end, for the short term—this is relevant to the devolution of policing and justice powers—we can manage a situation where some agencies, such as the police and the Youth Justice Agency, are accountable to Northern Ireland Ministers, but other agencies, such as the Housing Executive and social services, are accountable to locally elected Ministers. But surely the day must come soon—people should have confidence in this—when the system is joined up and accountable at a local level.

Dr. Alasdair McDonnell (Belfast, South) (SDLP): Does the Minister accept that in my constituency the police claim time and again that a lack of resources, particularly human resources—manpower and womanpower—restricts them in dealing with antisocial behaviour? How will we reconcile that situation? Can we get extra resources into policing, and not only into Belfast, South? This morning, I heard the mayor of Antrim on the radio discussing the same problem in Antrim town. Can the Minister give us some assurance that the resources will be provided and that the police are not simply left saying that they are too overstretched to tackle antisocial behaviour?

Paul Goggins: I do not accept the argument on resources; we have just had a superb settlement on financing policing for the next three financial years. It will enable the Policing Board and the Chief Constable to keep in place 7,500 police officers in Northern Ireland over the next three years.

The hon. Gentleman is right to say that that the police need to be applied and focused at the community level. Indeed, the Chief Constable himself is committed to the development of community policing in Northern Ireland and to working in partnership with other agencies and the community. The police cannot resolve the issues alone; they have to work with other partners. I assure the hon. Gentleman that the PSNI is committed to that.

Crime

4. **Mr. Stewart Jackson** (Peterborough) (Con): What assessment he has made of trends in crime in Northern Ireland. [175919]

6. **Mr. Nigel Evans** (Ribble Valley) (Con): If he will make a statement on levels of crime in Northern Ireland. [175921]

The Minister of State, Northern Ireland Office (Paul Goggins): In the past five years, crime overall fell by 15 per cent. in Northern Ireland. Domestic burglary

fell by 33 per cent., and car crime by 52 per cent. Figures released by the police before Christmas showed a further reduction in crime during the current financial year.

Mr. Stewart Jackson: Does the Minister share my concern at the findings of the Independent Monitoring Commission that vigilantism and extra-judicial violence, threats and intimidation by Sinn Fein-IRA are still prevalent in many areas?

Paul Goggins: Whenever such actions by paramilitary organisations and others take place, they are to be deplored. However, I put it to the hon. Gentleman that between 2001 and 2005, paramilitary attacks reduced by half; indeed, in the following year—2005-06—they halved again.

We have moved to far more normal times in Northern Ireland, where paramilitary attacks are becoming a thing of the past. However, of course criminality continues. We need to bear down on it and all the agencies concerned are committed to that.

Mr. Evans: Is the Minister content that enough is being done to tackle fuel fraud in Northern Ireland? He will know that recent figures show that only 1 per cent. of seizures end up in convictions. Has that something to do with the fact that in many cases fuel fraud results in intimidation of petrol retailers and their families? What more can be done to close down the illicit trade of the fuel thugs in Northern Ireland?

Paul Goggins: We need to do everything that we can to crack down on those dealing in fuel fraud in Northern Ireland. Criminal convictions alone are not the only measure that we should use, however, because disruption of such activities is also an important aspect of the strategy. I assure the hon. Gentleman and the House that in December I had a meeting with Her Majesty's Revenue and Customs and with the PSNI. We intend to establish within the Organised Crime Task Force a specific action group to deal with fuel fraud. I am determined to crack down on it wherever we can.

Chris Ruane (Vale of Clwyd) (Lab): Does my hon. Friend agree that, as elsewhere in the UK, much of the crime in Northern Ireland is low level crime and disorder, which can be effectively dealt with by crime and disorder partnerships? If my hon. Friend is taking up the suggestion of my hon. Friend the Member for Glasgow, North-West (John Robertson)—to have a national-level crime and disorder partnership—will he look at the best practice in Wales? Of the 376 crime and disorder partnerships in the UK, the one in my constituency, in my county of Denbighshire, is the third best.

Paul Goggins: We are always happy to learn lessons from colleagues in Wales, and I am sure that the whole House will be interested in my hon. Friend's experience there. In the end, cracking down on low level criminality, social disorder and antisocial behaviour requires effective local partnerships. In Northern Ireland there are 26 local community safety partnerships in which the police work with local councils and a range of other agencies to make sure that those issues are dealt with. That will be in common with my hon. Friend's experience; that is the kind of approach that works.

David Simpson (Upper Bann) (DUP): The Minister will be aware of recent criminal and sectarian attacks on Orange halls; most have taken place in my constituency. Will the Minister confirm that by February of this year he will move legislation through the House to enable those Orange halls and lodges to claim compensation?

Paul Goggins: We all condemn unreservedly the attacks on Orange halls. I was able to join the hon. Gentleman in a visit to Ballyworkan in his constituency, where a deplorable attack took place before Christmas. Members of the Orange Order are trying to do their best to put something into communities through their Orange halls, and I condemn unreservedly those who attack them. As he knows, I am committed to ensuring that where Government compensation is due it should be paid quickly, but we need to ensure that the commercial cover works as well. Over the next few weeks, we will do everything possible to ensure that the commercial option is thoroughly investigated and examined. My right hon. Friend the Secretary of State has made a clear commitment to the Orange Order and to members of the hon. Gentleman's party that we will look at this again in early March.

Drug Smuggling

5. **Daniel Kawczynski** (Shrewsbury and Atcham) (Con): What recent discussions he has had with the police authorities in Northern Ireland and the Republic of Ireland on drug smuggling; and if he will make a statement. [175920]

The Minister of State, Northern Ireland Office (Paul Goggins): There is close co-operation between the Police Service of Northern Ireland and An Garda Siochana, and I have regular discussions with all law enforcement agencies about drug smuggling and other forms of organised crime.

Daniel Kawczynski: I thank the Minister for that reply. He will know that drug smuggling is becoming an increasing problem in Northern Ireland. What is he doing to ensure that the drug bosses at the very top are dealt with and prosecuted?

Paul Goggins: What is required is close collaboration between the police forces north and south of the border. They are actively engaged in that; they have regular contact and share intelligence. Indeed, in December—just a few weeks ago—a joint operation north and south of the border intercepted an organised criminal gang, some of whom were arrested north of the border and some south of the border. There have been a number of arrests and some people have been charged. That kind of effective enforcement action will, in the end, remove the drugs barons and others who profit out of the misery of drugs, who should rightly be out of the community and in prison where they belong.

[Interruption.]

Mr. Speaker: Will the House come to order? One corner is very noisy indeed.

Mr. Michael Mates (East Hampshire) (Con): I am sure that the Minister is aware that the Chief Constable feels that he is being severely held back by the amount of time that his force is having to spend looking back over past matters and not getting on with matters such as that which my hon. Friend the Member for Shrewsbury and Atcham (Daniel Kawczynski) mentioned—the joint pursuit of those responsible for the drugs problem. Will the Minister do all that he can to ensure that the Chief Constable is allowed to get on with his job, which is policing for today and tomorrow rather than so much for yesterday?

Paul Goggins: The right hon. Gentleman is entirely right. Every pound that is spent on policing the past is a pound that is not spent on policing the present and making the future absolutely safe. The Government have established, under Robin Eames and Denis Bradley, a commission to investigate whether there is a way of drawing a line under the past that will enable the whole of society in Northern Ireland to move forward, including on policing. We must devote all the resources that we can to ensuring that Northern Ireland is a safe place in which to live and work.

Dr. William McCrea (South Antrim) (DUP): Does the Minister understand the frustration that is felt within communities in Northern Ireland when they see the godfathers of the drug smuggling industry swanning around the countryside endlessly enjoying their ill-gotten gains, many of them not having worked a day in their lives? When will we have effective measures taken against these abusers of society?

Paul Goggins: The hon. Gentleman is right to express his anger about such people. Where possible, they should be arrested, prosecuted and put behind bars. Short of that, it is also possible to seize and remove the assets that they have gained through their criminality. I can tell the hon. Gentleman, and the House, that in the first six months of the current financial year some £10 million-worth of criminal assets were seized and confiscated. That is an encouraging use of the powers that we now have to track down and crack down on those criminals wherever we possibly can.

Security Situation

8. **Andrew Selous** (South-West Bedfordshire) (Con): If he will make a statement on the security situation in Northern Ireland. [175923]

The Secretary of State for Northern Ireland (Mr. Shaun Woodward): The security situation in Northern Ireland has vastly improved in recent years. However, the recent serious, although isolated, incidents highlight the continued threat posed by a small handful of individuals who continue to live in the past, not the future.

Andrew Selous: What success are the police having in dealing with dissident organisations that are now turning their focus from terrorist to criminal activities?

Mr. Woodward: The police continue to make significant progress in dealing with criminality in Northern Ireland, which is why crime figures there are among the best in the UK. However, at no point will we be complacent about those dissident elements in republicanism and loyalism that continue to pose a small and isolated threat. Equally, let it be clear that those people have no support in the community and that we will continue to hunt them down.

Mr. Jeffrey M. Donaldson (Lagan Valley) (DUP): While the security situation has undoubtedly improved, does the Secretary of State agree that it would be entirely wrong and a deep injustice if the perpetrators of terrorist crimes in Northern Ireland were to be granted an amnesty?

Mr. Woodward: The hon. Gentleman makes an important point. I realise that he is effectively commenting on remarks made by the commission on the past. Let me remind him that its deputy chairman, Denis Bradley, has said that nothing is ruled out and that nothing is ruled in, and what matters is that the commission collects views. He accepted that there are some who have a view about an amnesty and that it is for others to have a view about that and for the group to make an assessment of that.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [175851] **Mr. Dai Havard** (Merthyr Tydfil and Rhymney) (Lab): If he will list his official engagements for Wednesday 9 January.

The Prime Minister (Mr. Gordon Brown): This morning, I had meetings with ministerial colleagues and others. In addition to my duties in this House, I shall have further such meetings later today.

Mr. Havard: The Prime Minister will know that economic inactivity in constituencies such as mine will only be successfully tackled with sustained investment in the creation of jobs, and the giving of skills and support to people. However, given the growing economic global uncertainty, will he meet me and colleagues who represent the valleys to look at the work already being successfully done by the Department for Work and Pensions and others to build our economic capacity? Will he assure me that any responses he makes to the global uncertainties that there may be in the economy will not be allowed to damage the sustainability of that investment?

The Prime Minister: Long-term unemployment in my hon. Friend's constituency is down 72 per cent. since 1997. Since 1997, there have been 135,000 new jobs in Wales, and there are nearly 3 million new jobs in the country. I believe that as we face these uncertain global times, when there are difficulties that have started in America that affect the whole of the world economy, it is important to remember that what makes

us well placed to face such difficulties is the low inflation and high levels of employment we have achieved in this country, and the low interest rates that stand us in good stead to face global uncertainties. Of course I will be happy to meet my hon. Friend and his colleagues to talk about those issues.

Mr. David Cameron (Witney) (Con): May I start be welcoming the hon. Member for Sheffield, Hallam (Mr. Clegg) to his post? *[Interruption.]* He is moving away from me already. He is the fourth Liberal Democrat leader that I have faced, and I wish him well—*[Interruption.]*—although not that well. I am simply relieved that it is no longer my party that has this habit of replacing its leader on quite such a regular basis.

A few months ago—*[Interruption.]*

Mr. Speaker: Order.

Mr. Cameron: I am on my second Labour Prime Minister as well.

A few months ago, a Home Office Minister said:

"It is the Government's policy that ID cards should eventually be compulsory for everyone resident in the United Kingdom who is aged 16 or over."—[*Official Report*, 20 March 2007; Vol. 458, c. 784W.]

Is that still the Government's policy?

The Prime Minister: That is the policy, but it is a matter for Parliament to decide after we have looked at the voluntary system in place. All the evidence we have had over the past few months is that where information—*[Interruption.]*

Mr. Speaker: Order. Allow the Prime Minister to answer the question.

The Prime Minister: The whole purpose of identity cards is to protect people's identity and the way to do that is to use, in addition to the passport information that will be part of the identity card, biometrics so that use of the information cannot be triggered other than by the facial or fingerprint data that are part of the biometrics. That is the purpose of identity cards.

The right hon. Gentleman's police adviser, Sir John Stevens, and Lady Neville-Jones, his security spokesman in the House of Lords, both support identity cards.

Mr. Cameron: We have learned in the past few months that it is completely unsafe to trust the Government with any more of our identity information. If the Prime Minister wants to trade quotes, what about one from the Chancellor of the Exchequer? He said that identity cards were "not necessary". He continued:

"I do not want my whole life to be reduced to a magnetic strip on a plastic card."—[*Official Report*, 2 March 1992; Vol. 205, c. 70.]

Compared with being Chancellor in the Government, being a magnetic strip on a plastic card would probably be a welcome relief.

If it is the Government's policy to press for compulsion, why did the Prime Minister say in *The Observer* on Sunday that,

"under our proposals, there is no compulsion for existing British citizens"?

Why did he give such a misleading answer?

The Prime Minister: Because there has to be a vote of Parliament. We have passed the original identity cards proposals. That is a voluntary system. I have to tell the right hon. Gentleman that not only do some members of his party support identity cards, but people recognise that the identity card will contain little more than the information that is now given for passports. I have to ask him: does he support identity cards for foreign nationals, which we are introducing this year?

Mr. Cameron: Everybody in the House wants proper biometric visas for people visiting this country. The question for the Prime Minister is why he cannot give a straight answer on identity cards. Let me try it another way. What is his personal view? My personal view is that I am against compulsory identity cards. What is his view? Is he in favour—yes or no?

The Prime Minister: It is the Government's policy to move ahead with this, but subject to a vote of Parliament, and depending on how the voluntary scheme works. I ask the right hon. Gentleman again: does he support ID cards for foreign nationals—yes or no? He says that he is against them; is he in favour of them for foreign nationals?

Mr. Cameron: I just answered the Prime Minister's question. Does he not recognise that part of his problem is that he cannot give a straight answer to a straight question?

Let us have a look at another vital decision, this time on the economy. It is only three months before the start of the financial year. Businesses throughout the country want to know the capital gains tax rate that they will face in April. Will the Chancellor go ahead with his 80 per cent. increase in capital gains tax rates, or are we set for another humiliating U-turn?

The Prime Minister: I see that the right hon. Gentleman's incursion into identity cards did not last long. He cannot answer the central question of whether he supports ID cards for foreign nationals. He could not give me the answer on two occasions. I suggest that the whole country supports ID cards for foreign nationals, and that that is the best protection we have, and one of the best against illegal immigration. If he cannot answer that question, he is not fit to ask questions about other issues.

On capital gains tax, when we came to power it was 40 per cent. Now, under the Chancellor's proposals, it is 18 per cent. The Chancellor has agreed to consult on its implementation and will report back to the House of Commons in due course. Why did the Conservatives have 18 years of not reducing the rate of capital gains tax?

Mr. Cameron: I remember our cutting taxes and the right hon. Gentleman's opposing every single tax cut we proposed. The Chancellor of the Exchequer promised the House of Commons that he would make a statement on capital gains tax by Christmas. Business needs to have the answer to that question.

Here is something else about the economy. Goldman Sachs, the Prime Minister's advisers, state that

"the UK is slowing more than the rest of Europe, the 'Northern Rock' factor has badly dented the UK's reputation... and the UK balance of payments...deficit is now bigger than that of the US".

Those are the words of the Prime Minister's advisers.

Let us consider another big economic decision that the right hon. Gentleman must take. At a time of financial turmoil the markets need clear leadership, not more dithering from the Prime Minister. Will he confirm, here and now, that he will recommend Mervyn King for another term as Governor of the Bank of England?

The Prime Minister: The choice of the Governor of the Bank of England will be made in the usual way and announced in the usual form. On capital gains tax, again the right hon. Gentleman does not return to the issue. He was principal adviser to the Chancellor of the Exchequer when capital gains tax was 40 per cent. He was also principal adviser to the Chancellor of the Exchequer at the time of Black Wednesday. The difference between our country then and now is that inflation at that time was 10 per cent. and the Conservatives could not reduce interest rates, whereas inflation at the moment is 2 per cent. and the Governor of the Bank of England was able to reduce interest rates. We face the global crisis with higher employment than ever before, and we face the global turbulence with low interest rates and low inflation. It is a record that they could never match.

Hon. Members: More!

Mr. Cameron: There is plenty more. I remember a shadow Chancellor who sat here and supported every aspect of being in the exchange rate mechanism and every single step that was taken. I seem to remember a politician who when he was in his 20s supported wholesale renationalisation and punitive tax rates, and wore his CND badge with pride. That was the Prime Minister. Is it not the case that his capital gains tax policy is in complete confusion, he cannot make up his mind about the Governor of the Bank of England, and his ID policy is in full retreat? All that is from a Prime Minister who has lost everyone's identities, seen a run on a bank, and whose Ministers are rocked from one funding scandal to another. He can talk about long-termism all he likes, but everyone knows that it is just a smokescreen for the short-term mess that he has made. Is that not why his relaunch is utterly doomed to fail?

The Prime Minister: Once again, all these pre-rehearsed lines, all these lines rehearsed in front of the mirror—*[Interruption.]* They mean absolutely nothing. When it comes to the economy—*[Interruption.]* Oh yes, we get all these pre-rehearsed lines. People are asking the question: when will the right hon. Gentleman face up to the big challenges? Nobody knows what he thinks about the big challenges: not the country, not the party, and probably not even himself. He flits through all these issues today. When it comes to the economy, let us remember that there were 3 million unemployed under the Conservatives, and we have created 3 million more jobs. Under the Conservatives, 250,000 people lost their mortgages and were repossessed. There are 2 million more home owners under Labour. Interest rates went as high as 18 per cent. under the Conservatives; they have averaged 5 per cent. under Labour. We will return to his record as chief adviser to the former Chancellor of the Exchequer, because he has no credibility when he talks about the economy.

Hon. Members: More!

Mr. Speaker: Order.

Alun Michael (Cardiff, South and Penarth) (Lab/Co-op): You are aware, Mr. Speaker, that the President of Somaliland and members of his Cabinet are visiting Parliament at present. Will my right hon. Friend the Prime Minister join me in congratulating Somaliland on the way in which it has worked over the past 18 years, very quietly, through local government elections, parliamentary elections and presidential elections? When the people of the south have no real government and are still in a state of chaos, does not that record command respect from the international community?

The Prime Minister: I agree with my right hon. Friend, who is a friend of that country. I welcome the visitors to this country, and we will do everything that we can not only to help with international development for the countries with which we are associated, but to help to build the institutions of democracy.

Mr. Nick Clegg (Sheffield, Hallam) (LD) *rose—*

Hon. Members: Hooray! This is going to be an expensive year for the countless British families who face fuel bills of £1,000 or more for the first time. With as many as 4 million British families unable to afford their fuel bills, does the Prime Minister seriously think that a single letter from the Chancellor to the energy regulator is an adequate response?

The Prime Minister: Let me welcome the hon. Gentleman to the leadership of the Liberal party. I look forward to working with him on many of the issues facing the country. I have said to him in our private conversations that there is an open door for him, and we are ready to discuss the major issues that affect the country where there is common ground.

As far as fuel prices are concerned, it is regrettable that utility prices have to rise, which is as a result of a 60 to 80 per cent. rise in the cost of coal, gas and electricity. That, in turn, is the result of factors that are hitting every economy in the world. What we have done in Britain over the last few years is devote £12 billion to fuel poverty issues. We have had the winter allowance, which I believe the hon. Gentleman's party did not support, and other allowances to help with energy bills. Only in the last few days, companies have announced that those amounts will rise from £40 million to £56 million in order to protect energy users. We will do everything in our power to avoid fuel poverty in this country.

Mr. Clegg: With 25,000 people predicted to die from the cold in this winter alone, we need a more specific commitment from the Prime Minister. Will he agree today to take action to stop the energy companies from

hitting the poorest families with higher bills on prepayment meters so that we can end the scandal of the poorest families paying the most for their energy needs?

The Prime Minister: We have asked the fuel companies to look further into prepayment energy meters and it is very important to do so. I hope that the hon. Gentleman shares our common interest in avoiding loss of lives as well as suffering and illness as a result of fuel poverty and the cold winter weather. I thus hope that he will support us in asking the energy companies to provide extra money to subsidise the fuel bills of people who are lower paid, and that his party will continue to support us in all the measures, including the winter fuel allowance, that we have taken to deal with fuel poverty.

Q2. [175852] **Mr. Jim Cunningham** (Coventry, South) (Lab): Given that there is an ongoing debate in the country regarding the building of nuclear power stations and given that my right hon. Friend will have received advice from all sorts of people about it, can he say whether he has received any advice from Zac Goldsmith, who advised the Leader of the Opposition that building such power stations would be a tragedy?

The Prime Minister: We face a major decision about the future of energy in this country. Tomorrow, the Secretary of State for Business, Enterprise and Regulatory Reform will make a statement on energy and on nuclear power. I hope that we can take a decision that will protect the long-term interests of the country. Without taking such a decision on this matter and on renewable fuels, we will become more dependent on foreign sources of supply. It is therefore a shock to me that other parties are looking in different directions on this issue. I know that the Leader of the Opposition wants to be consistent in what he says. However, he said to the CBI that he wanted to make it easier for people to build fuel stations, while also saying to the readers of *Green Futures* magazine that

"if...we have to keep the lights on, then nuclear might come into the picture".

Nuclear as a last resort—that is not the proper way to plan for the energy needs of our country.

Mr. Nigel Dodds (Belfast, North) (DUP): Will the Prime Minister take the opportunity to pay tribute once again to the gallant service of the security forces of Northern Ireland in the fight against terrorism and crime over many decades of violence? Will he also take the opportunity to rubbish any attempt by the commission on the past in Northern Ireland to validate or vindicate terrorists and criminals in their sordid terrorist war by describing it as a war? Will he utterly rule out any suggestion of an amnesty for terrorists and criminals?

The Prime Minister: Yes, and it is important to say two things. First, our respect for the security services, the police and the armed forces for the difficult job they did over many years and for the loss of life suffered as a result of their difficult work is clear. Secondly, it is important to move forward with reconciliation. The efforts made by a number of bodies, including the one to which the hon. Gentleman referred, are an important element of building for the future. What we want is a safe, secure, peaceful and prosperous Northern Ireland.

Q3. [175853] **Michael Connarty** (Linlithgow and East Falkirk) (Lab): Given that the new deal, including the new deal for the disabled, has been in place for 10 years and that the Government have passed several Acts to deal with disabled people's rights, I hope that there is a consensus in this Parliament that people with disabilities deserve the right to work. Does the Prime Minister share my concern that Leonard Cheshire's report on poverty and disabled people, published this week, shows that 50 per cent. of people with disabilities are unemployed and that one in three children who live with a disabled adult in the household live in poverty? What are we going to do about that?

The Prime Minister: I think it is true that, as my hon. Friend suggests, disabled people are twice as likely to be in poverty as people who are not with disabilities, but it is also true that disabled people should be helped into work when that is possible. That is why about 900,000 disabled people have found jobs over the last 10 years, why our pathways to work programme is so important for the future—it has already put 32,000 people into work—and why, in my view, it would be a mistake to abolish the new deal, which does so much to help people back into work.

Mr. Julian Brazier (Canterbury) (Con): Members in all parts of the House have expressed concern about the conditions in Guantanamo Bay, and most people are glad to see that it is at last winding down, but can the Prime Minister explain why he has just offered places in Britain to five people from Guantanamo Bay not one of whom is a British citizen, although two of them are wanted in connection with the most serious terrorist charges in Spain?

The Prime Minister: When people are wanted for arrest in Britain, they will be arrested. When people have to be returned to other countries, we will expedite the process if at all possible. I think the whole House agrees with the hon. Gentleman that Guantanamo Bay should be closed as soon as possible, but when people have moved to our country we will deal with them if there are offences for which they are to be prosecuted.

Q4. [175854] **Hugh Bayley** (City of York) (Lab): In his speech on Monday, the Prime Minister made an important commitment to patient power—giving patients choice in regard to which hospital they go to, which doctor treats them and when they are treated. Will he ask Lord Darzi to work with the medical royal colleges to develop a series of outcome indicators—indicators of the quality of care, hospital by hospital and doctor by doctor—and publish them, so that patients can make informed choices about who treats them when and where?

The Prime Minister: The future of the national health service means that patients will have more power over the decisions that affect their lives: decisions about where they have their treatment, the times at which they have their treatment, and with whom they have their treatment. That is an important element of the next stage of the development of the health service.

However, it is also important for patients to have information about what is happening in their local hospitals and health areas. One of the next stages of reform—and Professor Darzi is looking into exactly this—is how more information can be made available to patients, and how more patients can become foundation trust members, and how the flow of information can empower patients in a way that gives them more control over their health and their health care. That is the right direction for the 21st century health service.

Q5. [175855] **Bob Spink** (Castle Point) (Con): Does the Prime Minister think it would be acceptable for the Secretary of State with responsibility for the poor to endorse a sub-prime lender and then accept a £5,000 donation from that lender? How does he think the public will see that?

The Prime Minister: As I understand it, the Secretary of State for Wales was visiting a company in Wales, and praising the work that it had done in creating jobs in Wales.

Laura Moffatt (Crawley) (Lab): The education and business communities are working hard in Crawley to attract a university campus. Does my right hon. Friend agree that that is the best way to improve aspiration and get our young people into higher education in their own towns and cities, so that they may strive to make this a better country?

The Prime Minister: In the last 10 years, there have been more than 300,000 more people in higher and further education. We want to create more institutions of higher education—including universities—in areas that do not have that facility, and my hon. Friend has put the case eloquently for new facilities in a range of areas in her constituency. I think it right to say that we want to increase the number of universities, further education colleges and colleges generally in cities and towns that do not already have them, and that will be a big feature of future education in this country.

Q6. [175856] **Steve Webb** (Northavon) (LD): When my hon. Friend the Member for Sheffield, Hallam (Mr. Clegg) asked about fuel prices, the Prime Minister mentioned the winter fuel payment. Is he aware that the typical pensioner household now faces bills at least £300 higher than those of four years ago, which more than wipes out the winter fuel payment? Against that backdrop, why are the Government cutting spending on the Warm Front insulation programme?

The Prime Minister: Over the last 10 years, we have increased spending on home insulation dramatically. We have encouraged people to insulate their homes and have encouraged draught-proofing, and will continue to do so. As for the winter allowance, I remind the hon. Gentleman that it started at £20, was raised to £50, and for the over-80s is now £300.

Q7. [175857] **Paddy Tipping** (Sherwood) (Lab): In the 60th year of the NHS, there remain major challenges such ashealth inequalities and the need to provide preventive care. Will the Prime Minister ensure that in the light of the statement he made on Monday areas of disadvantage such as the Nottinghamshire coalfield receive sufficient focus and a fair share of resources?

The Prime Minister: I am grateful to my hon. Friend because he raises an important question about the disparity in life chances and the disparity in the ages to which people live in different parts of the country, partly as a result of poverty and partly as a result of information about health. It is important to recognise that, as we expand preventive medicine and as more and more people can have check-ups, whether for breast cancer, heart disease or stroke, the people who will benefit most are the people who are most susceptible to those diseases, who will get quicker treatment, will have their illnesses diagnosed earlier and will then be able to lead healthier lives. That will have a major effect on health inequalities in our country.

Q8. [175858] **Mr. Mark Lancaster** (North-East Milton Keynes) (Con): Only yesterday, the Prime Minister said that he wanted to do more to help the Open university, yet last night the Government voted effectively to cut its budget. How exactly does his decision to stop people studying for second degrees square with his supposed commitment to lifelong learning?

The Prime Minister: Our commitment to lifelong learning is, first, that those people who have no qualifications whatever should get better chances than they have had in the past to enable them to get both qualifications and in many cases degrees. If the hon. Gentleman has read the report that was done by Lord Leitch, he will know that he says that by 2020 we will need 40 per cent. of the country with degree-level qualifications. Therefore, the first priority for money—that is why there has been that transfer of money—is first degrees and qualifications for those who do not have them at the moment. There is no cut in the overall budget. There is more money going to education than ever happened under the Conservative Government. The difference is between cuts under the Conservatives and expansion under Labour.

Q9. [175859] **Mrs. Louise Ellman** (Liverpool, Riverside) (Lab/Co-op): Now that Liverpool's year as European capital of culture is well under way, has the Prime Minister booked a seat at Anfield for the Paul McCartney concert? Does he recognise the outstanding work being done by Phil Redmond and the Northwest Regional Development Agency? How can the Prime Minister help Liverpool to ensure that the benefits last well beyond 2008?

The Prime Minister: The Paul McCartney concert is not the only major event in Liverpool during the year of culture. People not only in Liverpool but all over the country are looking forward to a great success for Liverpool in this year of culture. It is already one of the greatest cities in the world for music, sport and the arts. More people go to museums and art galleries in Liverpool than in any other city, so we wish it well as the city of culture.

Q10. [175860] **Mr. Crispin Blunt** (Reigate) (Con): When the right hon. Gentleman started as Chancellor, he was told by the Treasury, "These are fantastically good figures." Now there is a record trade deficit, record private and public debt and record insolvencies. We know that he has never thanked his predecessor, but will he now say to his right hon. Friend, "Sorry, Darling"?

The Prime Minister: When I arrived at the Treasury, I was told that, because inflation was rising and as a result of the failure of the previous Conservative Government to increase interest rates, interest rates had to rise. That was the first statement made to me at the Treasury. That is why we made the Bank of England independent, a more opposed by the Conservative party, and that is why, as a result of our actions, interest rates are half what they were under the Conservative Government on average, inflation is half what it was, and employment is at a record level. We are proud of our record as a Labour Government.

Q11. [175861] **Miss Anne Begg** (Aberdeen, South) (Lab): What is my right hon. Friend's analysis of the best way to get people from welfare into work? Is it the expansion of the new deal, pathways to work and good-quality child care to help people to overcome the barriers that they face, or is it to force them into work gangs— or be stripped of all their benefits?

The Prime Minister: The right policy for getting people back to work is to work with employers who will help people to find the jobs. That is why the local employment partnerships now have 200 companies signed up to them, and it will be 300 very soon. The right way to get people back to work is not to abolish the new deal, as the Conservative party would do, but to place a duty on people to have skills for the future. That is why we will move forward with our plans to create jobs.

Q12. [175863] **Mr. John Randall** (Uxbridge) (Con): Does the Prime Minister agree that the forcible removal of people from their homes, such as happened during the highland clearances, has no place in the 21st century? If so, why are he and his Government doing exactly that to hundreds of people around Heathrow?

The Prime Minister: A consultation is taking place at the moment. I understand that it goes through to the end of February. The proposal is for a third passenger runway at Heathrow. I believe that many people think that that is in the national interest, but I also believe that local views must be taken into account and that is why the consultation is taking place.

Ms Patricia Hewitt (Leicester, West) (Lab): Will my right hon. Friend join me in sending the deepest condolences to the family, friends and fellow students of my 16-year-old constituent, Bradley Whitfield, who was killed in the early hours of new year's day, and will he reassure them that he and the Government will do everything possible—that we will redouble our efforts—to work with the police, schools and community groups to try to protect young people from such appalling acts of violence?

The Prime Minister: I agree. The whole country was shocked by what my right hon. Friend refers to, and my sympathies go to the family—I believe that the whole House will join her in wanting to pay tribute to the family. We are determined to do everything in our power to deal with these crimes of violence. That is why the Home Secretary will be announcing new measures very soon. That is why we will step up all the actions we are taking against gangs and knives, and against guns as well. We are determined that in those areas where there is the greatest violence, we have the greatest surveillance as well, and we will also take action against the hot spots. My sympathies go to the family of my right hon. Friend's constituent.

Runaway and Missing Children

12.32 pm

Helen Southworth (Warrington, South) (Lab): I beg to move,

That leave be given to bring in a Bill to make requirements regarding the safeguarding of runaway and missing children; and for connected purposes.

Every year in the United Kingdom, more than 100,000 children go missing from home or care. Most of them return home safely, but research by the Children's Society indicates that about 10,000 children every year are hurt or harmed while they are missing. Many thousands of those children are running away to escape abuse in the first place; they have no safe home to return to. Some children are hurt very severely while they are away and suffer lifelong consequences. Vulnerable children on their own are targeted by predatory adults. Evidence from police and children's charities has identified children drawn into prostitution, trafficked or groomed into drug-running by adults who pretend friendship. Some children disappear without trace. Police estimate that about 50 children every year die or are killed while they are missing; that is a child death each week that could be prevented.

All such figures are estimates because, astonishingly, there is no requirement for data to be recorded or collected nationally; and without data identifying need, statutory bodies are not allocating resources to safeguard these vulnerable children. A small number of police forces are leading initiatives to identify and protect runaway and missing children and the Association of Chief Police Officers issued guidance on the management and reporting of missing persons in 2005, but a number of police forces are still using paper-based systems. Better information is still available nationally on missing cars than on missing children. Police have a key performance indicator set by the Government on vehicle crime, so they allocate resources and collect information. Children are more important than cars, but the Department for Children, Schools and Families—the lead Department—collects no data on runaway and missing children.

Recently, a welcome announcement was made that children missing from home and care will be included as a national performance indicator for local authorities from April 2009. But the relationship between the police and local authorities is crucial, because people report a missing child to the police, not the local authority. Police forces must have a proper and effective method of collecting and analysing information about missing children. Some 40 per cent. of police forces are unable to provide information about the level of need in respect of runaway and missing children in their area.

In November 2005, and again in January 2007, this House gave consent to publish a Bill to protect runaway and missing children. Both Bills received support from Missing People, the Children's Society, Parents and Abducted Children Together, the National Society for the Prevention of Cruelty to Children, Crisis, the lead officer for runaways from the Association of Chief Police Officers and many hon. Members. In the previous Session, more than 200 hon. Members supported the call for time to be granted for this Bill's consideration. It does not seem too much to ask that vulnerable children are identified so that they can be helped, that information is collected when a child is reported missing to the police and that there is effective co-ordination between the police, health authorities and local authorities.

We must ensure that a child who is calling for help can get it. In October, the sponsors of this Bill and other hon. Members held parliamentary hearings, where we received evidence from a range of charities, police forces, local authorities and Government bodies. We heard about some excellent joint local working between the police, local authorities and voluntary organisations. Such partnerships demonstrated effectiveness in reducing the incidence of running away, in better protecting children who had gone missing and in tackling predatory adults who target runaway children to prey on them. Such effective partnerships are few and far between, and the reality for many children is bleak, with no local service either in place or planned.

The Children's Society has just completed an extensive review of services for runaways in England on behalf of the Department for Children, Schools and Families. It told us that there was exemplary practice in few locations and that adequate services do not exist in the majority of places. The survey identified that only about 12 per cent. of local authorities have organised responses to the needs of young runways. More than two thirds of local authorities are not even planning a response, despite the fact that having a plan is part of the local authority guidance issued under a local authority circular by the Department of Health in 2002. More than two thirds of local authorities are not fulfilling even that part of the existing guidance, and that serious failure is leaving some very vulnerable children and young people without any protection. Poor data collection is making it impossible to identify failures or to direct resources and allocate priorities. We received a wealth of evidence relating to real dangers that are being faced by some young people who are alone in Britain's streets today and identifying that this issue must be made a clear and urgent safeguarding priority.

Lancashire police's "Mountains into Molehills" project produced significant evidence of risk levels to young individuals and the successful results of early intervention. The force also identified the hugely wasteful cost to police authorities and the hugely attritional effect on children's life chances of having only a reactive approach to missing children. It worked out that just investigating cases was costing Lancashire police about £6.2 million a year. Some 77 per cent. of the force's missing person cases involved young people under the age of 18, and the same people were going missing over and over again—one girl from a care home was the subject of 78 missing person investigations. Three children did not survive: one was killed in a road traffic collision while missing, one was murdered and her body was never found and the other visited some adults who had chaotic lifestyles and who plied her with drink and prescription drugs—she died as a result.

Many runaway children return home safely, but we repeatedly heard evidence of children being targeted by predatory adults for sexual or drug-related exploitation. Such children were being encouraged to run away repeatedly

[Helen Southworth]

by people who were pretending to be their friends. The police's ability to tackle such predators depends on the good retrieval and recording of information from young victims, who often feel no trust in authority figures.

The most effective local action depends on a good working relationship between police, local authorities, health authorities and the voluntary sector. The voluntary sector was consistently cited as a key partner because of its role as a trusted friend for young people. However, despite their crucial role in supporting children at risk, most of the charities working to provide support for runaway and missing children are uncertain about continued funding for their work. Most do not know whether they will have funding to continue in just three months' time. Even Missing People, the national charity that provides 24/7 helplines for missing people and their families and a runaway helpline that took 50,000 calls last year, receives only modest core support from Government and does not know whether it will receive any funding beyond March this year. More alarmingly, the National Policing Improvement Agency, which took responsibility for missing people, including missing children, from September, has been allocated a budget of only £261,000 from the Home Office in this financial year.

ACPO has calculated that the social cost of policing runaway and missing children is £220 million a year, which is set against a total Government investment to tackle the issue of £1.1 million in the last year. It beggars belief. Targeted early intervention, using data to identify children at risk and involving senior-level leadership are proven to reduce the number of children who run away, to help those who do run and to tackle the underlying problems. Early intervention saves money and saves children. Urgent action must be taken to make the simple changes that are needed to reduce the number of children who run away or go missing in the first place and to ensure the immediate safety of those children who go missing. The Bill is a simple measure to require the collection and reporting of information. It is our job to protect those children and it is about time we did it. I commend the Bill to the House.

Question put and agreed to.

Bill ordered to be brought in by Helen Southworth, Ann Coffey, Dan Norris, Mr. Barry Sheerman, Mr. Russell Brown, Alan Keen, Fiona Mactaggart, Mr. David Chaytor, Mr. Kevin Barron, Ms Dari Taylor, Annette Brooke and John Bercow.

Runaway and Missing Children

Helen Southworth accordingly presented a Bill to make requirements regarding the safeguarding of runaway and missing children; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Friday 20 June, and to be printed [Bill 51].

Criminal Justice and Immigration Bill (Programme) (No. 3)

12.43 pm

The Minister of State, Ministry of Justice (Mr. David Hanson): I beg to move,

That the Order of 8th October 2007, in the last Session of Parliament, (Criminal Justice and Immigration Bill (Programme)), as varied by the Order of 11th October 2007 in that Session (Criminal Justice and Immigration Bill (Programme) (No. 2)), be further varied as follows:

1. Paragraphs 4 and 5 of the Order of 8th October 2007 shall be omitted.

2. Proceedings on consideration shall be taken in the order shown in the first column of the following Table.

3. The proceedings shall (so far as not previously concluded) be brought to a conclusion at the times specified in the second column of the Table.

TABLE

Proceedings	*Time for conclusion of proceedings*
New Clauses relating to section 127 of the Criminal Justice and Public Order Act 1994; amendments relating to those new Clauses.	Two hours after the commencement of proceedings on the Motion for this Order.
New Clauses relating to self-defence; amendments relating to those new Clauses.	Three and a quarter hours after the commencement of proceedings on the Motion for this Order.
New Clauses and new Schedules standing in the name of a Minister of the Crown relating to sentencing, the release or recall of prisoners, or bail, except those relating to the Repatriation of Prisoners Act 1984 or referral orders; amendments relating to those new Clauses and Schedules.	Four and a-half hours after the commencement of proceedings on the Motion for this Order.
Remaining proceedings on consideration.	Seven hours after the commencement of proceedings on the Motion for this Order, or 7.45 p.m., whichever is the earlier.

4. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion eight hours after the commencement of proceedings on the Motion for this Order, or at 8.45 p.m., whichever is the earlier.

I recognise that the Opposition will undoubtedly not share the Government's wish to support the programme motion. I almost anticipate the fact that the official Opposition and the Liberal Democrats will oppose it. Indeed, Mr. Speaker, I shall let you into a little secret, between ourselves: if I were an Opposition Member I might well oppose the motion myself. I know that it will be very difficult for us to discuss some of the amendments before the House in the time that we have allocated for today's debate. I am sincerely grateful to the Government Chief Whip, my right hon. Friend the Member for Ashfield (Mr. Hoon), for securing extra time for today's business, beyond the normal point of interruption, so that we can continue the Third Reading debate until about 8.45 pm.

My right hon. Friend the Lord Chancellor and I understand that the official Opposition and others would like to have more time. We have tried to use the programme motion to make available as much as possible, consistent with the need to get the Bill to the other place on time.

Mr. Richard Shepherd (Aldridge-Brownhills) (Con): I do not understand the logic of the Minister's argument. He concedes the position of those who oppose this dire programme motion and says that we must complete our deliberations in the time available, but it is in the Government's power to ensure that legislation is not forced or rushed through. It should not be left to the House of Lords to deal with the Bill, so why do not the Government withdraw the motion so that we can adopt a proper approach to the business?

Mr. Hanson: I understand the concerns of the Opposition. With my right hon. Friends the Lord Chancellor and the Chief Whip, I have tried to make available as much time as is practicable, consistent with the need to get the Bill through this House and the other place.

The programme motion ensures that the House will have eight hours today for Report and Third Reading, on top of the 47 hours that we had in Committee. The Bill was debated fully in Committee, where hon. Members of all parties supported the Government's programming provisions.

James Duddridge (Rochford and Southend, East) (Con): I note what the Minister has said about the Committee proceedings, but hon. Members had no opportunity to discuss the new clauses being introduced today. They include new clause 1 on blasphemy, new clause 2 on prostitution and, to a lesser degree, new clause 17 on graffiti. That last new clause is my own modest contribution to the Bill, but although I believe that the Secretary of State is sympathetic to it, we are not likely to reach it.

Mr. Hanson: As I have said, my right hon. Friend the Lord Chancellor and I have tried to structure today's proceedings so that there is a reasonable amount of time to debate three significant new additions to the Bill. We had a full debate in Committee and covered all the matters that arose then. In fact, we completed the Committee stage 15 minutes before the allotted time expired, but we have made available a reasonable amount of time so that the new clauses that we have had to introduce—on the reserve statutory prohibition on prison officers taking industrial action, the clarification of the law on self-defence, and the proposed changes to sentencing and bail arrangements following Lord Carter's review of prisons—can be considered by the House.

I recognise that the programme motion will be debated, and that the Opposition will not support it. However, given the circumstances and the extra time that we have been able to secure today, I commend it to the House.

12.47 pm

Mr. Edward Garnier (Harborough) (Con): May I begin by congratulating the Minister on his ability to keep a straight face?

This Bill was first presented to the House before the summer recess and its Second Reading debate took place in the spillover period of the previous Session. In those days—at a time when the Government and their spin doctors were threading their wobbly way through the Corridors, bars and Lobbies of this building, having returned from the hazy pleasure domes of Bournemouth—a general election was in the air. We all expected the Prime Minister to announce when it would be held: certainly, the topic and was being spoken of by journalists and by the younger and more excitable members of the Cabinet.

Indeed, political commentators were promised not only an election in the first week of November but a crushing victory for the Labour party that would see the end of the Conservatives as a credible party of opposition. What that meant, of course, was that the Bill that we now have the misfortune to be considering was intended to die with the Parliament. It was, as anyone who has given it even the most cursory glance will know, a disastrously muddled Bill. As I suspected when it was published—and my suspicions have only got stronger since—the Bill was not meant to be passed into law; instead, it was intended as a headline catcher to give the impression that the Government, despite the departure of Tony Blair, were still at work.

Today is a dark day for the House and for parliamentary democracy as a whole. The Government—who do not enjoy the public's trust or confidence, or the respect of the membership of this House—now tell us that this Bill should complete its remaining stages by 7.45 pm, or possibly earlier. Were this a 10-clause Bill that had gone through Committee with a few amendments, this timetable would not be objectionable and the motion would pass without debate, let alone a Division, but let us see what sort of Bill this is and the timetable into which the Government intend to fit our debate. The Bill that left Committee bore little resemblance to the Bill that was debated on Second Reading, and the Bill that we are debating this afternoon bears little resemblance to the one that left Committee. It had 128 clauses and 23 schedules on Second Reading.

It was, by any standards, a large Bill. That had much to do with the fact that it was the product of two ministries, the Home Office and the Ministry of Justice. I suspect that Ministers from both Departments would privately prefer that this Bill had nothing to do with them because neither ministerial team wants to take responsibility for the mess it has become—and I do not blame them. Success has a thousand parents and failure is always an orphan, and this Bill is a legislative failure. It has been used as a dumping ground for every half or ill-considered idea that has been languishing on the shelves of the Home Office, the Ministry of Justice and Downing street.

We heard evidence in Committee from several witnesses who pointed out numerous deficiencies in the Bill that were the result of the omission of necessary or desirable provisions and the inclusion of provisions that would not work or were not likely to deal with the problem they were said to be curing. Of course, the Government paid no attention to that.

Ministers have seen this Bill—as will become evident this afternoon—not as an opportunity to improve the criminal law, but as a chance to invent new laws and

[Mr. Edward Garnier]

offences and to stick them, like decorations on a Christmas tree, anywhere they could reach. It was a mis-shapen tree in the first place—how else can one describe a Bill that deals with youth justice, adult sentencing, the creation of a commissioner for offender management and prisons, a Northern Ireland commissioner for prison complaints, proceedings in magistrates courts, international co-operation in criminal justice matters, violent offender orders, antisocial behaviour and disturbances in hospitals, parenting orders, financial assistance for police authorities, inspection of police authorities, misconduct proceedings against police officers, special immigration status, the disclosure of information about sex offenders, sales of tobacco to those under 18, and amendments to armed forces legislation?

I now come to a stark illustration of the chaotic nature of this incoherent Bill, because the following subjects are not just in the same Bill, but in the same part of the Bill. Part 7 includes provisions on pornography, prostitution, sex offences committed abroad, adoption and offences relating to nuclear facilities.

It gets worse, because in Committee the Government introduced 85 new clauses and 11 new schedules, only one of which—that covering the offence of hatred on the grounds of sexual orientation—was mentioned on Second Reading. Where have the Government stuck this addition? It is to be found in clause 107—right next to clause 108 on offences relating to the protection of nuclear material and facilities. In addition, the Government introduced 400 amendments in Committee. We have a Bill that now—by that I mean as at midday today—runs to 176 clauses and 34 schedules. Some of those schedules have as many as five, eight or 10 separate parts. Today we have a Bill that can only be contained in two volumes of 121 and 131 pages respectively, whereas on Second Reading it was contained in one volume, albeit big enough at 239 pages.

One might have thought that the Government would stop there, but, no, not content with the mess they have already created, they have sought to go further. A further 204 new Government provisions—new clauses, new schedules and amendments—have been tabled for discussion today. Some were tabled as recently as Monday, and some were tabled at the end of last week before the House returned. Issues as important to the management of our prisons as the restoration of the statutory denial of prison officers' right to strike—a fundamental U-turn in Government policy—were brought forward only on Monday, although quite where that fits into the long title escapes me at the moment; further elucidation might be provided in the short debate to come.

Government proposals on issues as important as the repatriation of foreign prisoners and the return of British criminals from abroad, sentences for public protection and for serious sex offenders, on extended sentences—whether time spent on tag before sentence is to be treated the same as time spent in custody before sentence—and the adjustment in the law of self-defence have all been put before the House for the first time today.

This timetable motion, even if it permits us to debate just a few of these important issues for the first time in this House and even if it allows us seven hours from now, is not just inadequate: it is an abuse of power and an affront to this House and the public on whose behalf we make laws. The Government have the numerical majority in the House so I have no doubt what the result of the Division will be. But that is not the point. This is not the Bill that came to this House in October. This is not the Bill that the House permitted to carry over into the new Session. This is not the Bill that Ministers and other witnesses gave evidence about in October. This is not the Bill that left Committee after 16 sittings on 29 November. This is not even the Bill that the House expected to be dealing with even as recently as last Wednesday. This is a vastly expanded, vastly more incoherent and vastly more ridiculous Bill than it was at any stage before today.

I said to the Minister for State last year that this Bill was a plum duff with a lot more duff than plums. In response, the Government have added to the duff, but given us no time to digest it. The Government are beyond hope and beyond rescue, but this House need not follow them into the abyss. Let us do what we were elected to do—hold this Government to account. Let us throw out this disgraceful, shameful motion.

12.56 pm

Mr. David Heath (Somerton and Frome) (LD): It really will not do for the Minister of State to open this debate by saying how much he agrees with the Opposition about the inadequacy of the timetable for the Bill. I do not take, and never have taken, the reflex view that all timetable motions are of necessity inadequate for the purposes of the House. However, I do say that if the House is prepared to forgo its responsibility to consider some of the most basic legislation that we are here to consider—criminal law—and to sub-contract it to the other place to do the job that we are supposed to do, all the guff about the primacy of the House of Commons and how important this place is as a debating Chamber means absolutely nothing.

These are matters of life and liberty and we are being asked to pass them on the nod because of a timetable exercise by the Whips, against the interests of the Department that leads on the Bill. We are asked to believe that there is no time in January, in a Session that started in November, to find a second day for a Bill that comprises two volumes, 176 clauses and 34 schedules, and to which hundreds of substantive amendments have been tabled today. Many of us could have tabled many more amendments if we had felt that there was the slightest chance that they would be considered.

We are being asked to agree that the House of Commons cannot find the time to discuss criminal law properly and to pass it, without consideration, to the other place. The hon. and learned Member for Harborough (Mr. Garnier) has already said that many new clauses—which were not in the original published Bill—were introduced in Committee, often at short notice. Since then, we have had whole new provisions introduced, some of which we are seeing for the very first time today. They are not trivial matters, because they include provisions that affect the governance of

our prisons, the basic law of self-defence, the terms for recall of prisoners and public protection. Those are not trivial, but even if none of them had been introduced today, I question whether it is right that the House should be given a mere few hours to deal with fundamental issues such as homophobic hatred crime. Parallel offences were discussed for days and days, but today we are expected to dispose of the provision in a matter of minutes.

Repeal of the law of blasphemy is an important issue on which the House is entitled to have an opinion. People are concerned to make sure that we get right the law on prostitution, both to reduce the incidence of prostitution and to avoid the trafficking of women and men for the purposes of prostitution. However, we may not even have the opportunity to debate those measures.

The Bill introduces what could be termed a Sarah's law or Megan's law. It would certainly be an important change to our criminal procedure in protecting children against those who have been found guilty of sexual offences against minors. We may not have a chance to say a word about those proposals because of the timetable. There are to be huge changes to the role of the Court of Appeal, and we are being asked simply to pass the issue down the corridor; the attitude is, "The Lords will sort out the Court of Appeal. It is not for the Members of the House of Commons to have an opinion about its role in the judicial process."

We are talking about an abuse of the House, made that much more difficult to stomach by the fact that the Lord Chancellor—I am sorry that he is not in the Chamber—told the Commons when he was Leader of the House how important it was that we respected the House's role, the rights of Back Benchers to intervene in debate, and the importance of Report as a part of the legislative process in which the whole House had the opportunity to debate matters that would otherwise be considered only by members of a Committee. That same Leader of the House was to reform and improve the House's procedures, to make it capable of doing the work entrusted to it. It is he who puts before us today an abuse of process that will prevent us from doing our work. It means that eventually we will have to rely on an unelected House to do the work that we should do. That is quite wrong.

The Minister of State knows that I have argued from day one that this is a big Bill that needs proper consideration. He knows that, whenever possible, I have tried to argue that we need sufficient time for Report. The answer is wholly inadequate. It will not do, and I hope that the House will, for once, take it upon itself to do its job properly by rejecting the programme motion.

Mr. Roger Gale (North Thanet) (Con): On a point of order, Mr. Speaker. We have now heard from all three Front Benchers, and it is abundantly plain that what is taking place today is an abuse of the processes of the House. The Procedure Committee sits at 2.30 pm. I will ask the Chairman of that Committee, on which I sit, whether he considers the issue to be within his remit. When you leave the Chair, as no doubt you will fairly shortly, will you be kind enough to summon the Leader of the House to your apartments, and ask her to look carefully at what is happening today, with a view to extending Report for a further day?

Mr. Speaker: As I have said to the House on many occasions, the House expresses its opinions, but the Speaker cannot be drawn into such matters. The House is debating the motion and making its views known, and I will not be summoning the Leader of the House. It is for the House to make its views known at this stage. Everything has been done in perfect order; I am therefore bound by the rules of the House.

1.3 pm

Mr. Neil Gerrard (Walthamstow) (Lab): I will be brief, because I want to get on to debating the amendments, particularly the first group, in which I have a considerable interest. The Opposition Front Bencher says that the timetable is an abuse, but I am confident that if there were a Tory Government—I trust that that will not happen—and they wished to get a controversial Bill through the House, they would use the same process of introducing a timetable motion and not leaving much time for debate. They would do that because it suits Governments to be able to get their business through.

This afternoon we are being asked to deal with 100 pages of amendments. I know that a considerable time was spent in Committee, but those of us who are not on the Committee have a legitimate right to take part in debates on Report, and to raise issues about which we have concerns. Looking at the timetable, I can see that in the last two and a half hours of the time available, there are a dozen groups of amendments to be dealt with, and some are on issues, including blasphemy and prostitution, that are of major interest to a lot of Members on both sides of the House. There are issues that may not be of great interest to everyone, but about which some of us have concerns. For example, my hon. Friend the Member for Hayes and Harlington (John McDonnell) and I have tabled an amendment on violent offender orders, but we can be almost 100 per cent. sure that the group of amendments concerned will never be reached. It does the House's reputation no good when we try to rush through 100 pages of amendments in a limited time.

When it comes to such Bills, I ask my right hon. and hon. Friends on the Front Bench to think not only about getting the business through, although clearly they have a legitimate, perfect right to get the Government's business through, but about Back Benchers who have an interest and wish to take part in the debates. Almost certainly, they will find this afternoon that there are issues in which they take a real interest, but on which they will not be able to say a word.

Mr. Garnier: Does the hon. Gentleman accept that his concerns are shared by those of us who were on the Committee, because many of the issues that we are to debate today—or rather that we will not debate—are wholly new to the Bill, and not just to the Committee?

Mr. Gerrard: Of course there are many issues that are to be discussed that are new to the Bill, and people who were on the Committee will have a legitimate interest in them. As I say, however, I am under no great illusions: if a Tory Government were dealing with such a Bill, they might well adopt exactly the same process, because it suits the Executive. It does not, however, suit the interests of Back Benchers.

Lynne Jones (Birmingham, Selly Oak) (Lab): Will my hon. Friend give way?

Mr. Gerrard: No, I have finished.

1.6 pm

Stewart Hosie (Dundee, East) (SNP): When the Bill was published, its territorial extent was described. Only minor matters related to Scotland—issues to do with the commissioner for offender management, nuclear material and facilities, the Data Protection Act 1998, the British Transport police, defence policing, and immigration status for foreign nationals. The explanatory notes said that there would be no requirement for a consent to legislate motion. By and large, the measures seemed reasonable. However, I understand that there has since been published in the Scottish Parliament an intention to pass a consent to legislate motion in relation to bribery and corruption by foreign officers, violent offender orders and the repatriation of foreign prisoners. We will not, or are very unlikely to, debate the latter two issues, so in trying to defend the programme motion, will the Minister tell us what the extent is of the changes to Government amendments, which now require a consent to legislate motion from the Scottish Parliament?

1.7 pm

Lynne Jones (Birmingham, Selly Oak) (Lab): Mr. Speaker, I apologise for not being present at the start of the debate, although I was able to listen to the speeches of the two—

Mr. Speaker: Order. I did not know that. If the hon. Lady was not here for the opening of the debate, I am afraid that I must call someone else. She should not have made that known. I call Mr. Shepherd.

1.8 pm

Mr. Richard Shepherd (Aldridge-Brownhills) (Con): Thank you, Mr. Speaker; I have been here from the beginning of the debate. The path to hell is paved with Home Office criminal justice Bills. They have had a long career: the number of criminal justice measures is now well into the 60s. However, that is not the issue. The Government, under the new Prime Minister, started off with the idea of reinforcing the powers of the House of Commons. He was to return to the House its proper functions. Under the presidency, as I suppose I would call it, of the now Lord Chancellor—a former Home Secretary, Leader of the House, and Foreign Secretary: the éminence grise of the new Labour Government—the Government are back to their old role of ensuring the steamrolling of discordant Bills through the House.

How can it be that, as has been set out so adequately by all those who have spoken so far, the House of Commons is to be denied the opportunity to judge on matters relating to the criminal law? With these measures, we will be consigning people to prison for new offences—yet we will not discuss all of those. This is the very antithesis of good government. A compendium Bill that covers every last thought of anyone in the Administration is not easy for the public to understand, is awfully difficult for the world to get to grips with, and casts our hopes, our securities, our freedoms and our liberties into the hands of lawyers.

I am glad to see that the éminence grise has returned. The debate is seminal to his role. We have heard much preaching about every one of us being able to contribute to the process of law. We were all sent here by distinct electorates to be able to affirm or reject propositions for what should be contained in law. The programme motion, as was honourably said by the hon. Member for Walthamstow (Mr. Gerrard), denies Members that right, and deliberately so.

The Minister of State, Ministry of Justice, the right hon. Member for Delyn (Mr. Hanson) spoke honourably and nicely. I do not criticise his approach. It was a humble approach to the House. He understands the position of the Opposition, but he goes on to say that in the circumstances it is necessary to adopt this course of action. What circumstances constrain the Government so that they cannot do away with this guillotine motion—for that is what it is?

Perhaps the éminence grise, the Secretary of State, the lord high panjandrum, will get up off his haunches and tell the House why the circumstances, whatever they are, do not enable the House to discuss the Bill. It is farcical. People outside the House would not begin to understand how, after they have sent Members here to examine criminal matters, the high panjandrum and his cronies deny the House the opportunity to consider those matters. That is what it amounts to.

I have listened to the lord high panjandrum over many years, as both Home Secretary and Foreign Secretary, with all the soothing, the sympathy, the understanding and his love for the House—but he denies the House the basis of its existence. This is fraudulent and we do ourselves a grave disservice. I shall watch to see whether the hon. Member for Walthamstow votes against the motion. It is appalling. I should like to see every one of those brave new Labourites who believe passionately in the chance and opportunity to change Britain voting in the Lobby to deny the British people representation on criminal law.

The Bill is a mess. Everyone knows that it is a mess. I am surprised that it has not been reconsigned to Committee. That is how serious the matter is. This is not the Bill that originally came before the House, yet the high panjandrum chews his chewing gum and gets on with other business, instead of addressing the House. The House should reject the motion.

1.13 pm

Bob Spink (Castle Point) (Con): It is difficult to follow my hon. Friend the Member for Aldridge-Brownhills (Mr. Shepherd), who speaks with such eloquence and passion—more than almost any other Member in the Chamber. We should respect what he says and how he says it.

Let me say in my own words that politicians and the House have never in my memory been held in such great contempt by the public. We see one of the root causes of that before us today—the railroading of a confused, incoherent and deeply flawed Bill, without adequate time for consideration of the 100 pages of amendments. That typifies the root cause of the political malaise and the Executive's contempt for the House.

Issues such as self-defence, the repatriation of prisoners, blasphemy and incitement to hatred, pornography and sex offenders, and violent offender orders will be rushed through with little or no consideration today. We could spend all the available time on each of the 14 main groups of amendments that we have to consider. With the timetable before us, it is patently impossible to do our job as Members of Parliament, representing our unique group of constituents and legislating properly in the important area of criminal law. That is why I intend to oppose the programme motion.

1.14 pm

Fiona Mactaggart (Slough) (Lab): I have never opposed a programme motion before, because I know that Governments need to get their business through, but I am extremely concerned about this motion. I understand the urgency of some of the matters before us. There is a timing issue in relation to the prison officers' dispute, but there are other matters, such as self-defence, which were not debated in Committee, but which have arrived at this point and will be debated. As a result, matters that were originally in the Bill, such as prostitution, which the House so rarely has the opportunity to debate, will probably not be debated today. That is why timetable motions should not be employed.

The Government have noticed the problem, which is why the business is not scheduled to end at the usual time. That is not good enough. I feel pretty sure that the new clause that I tabled on prostitution, which is a significant proposal, will not be discussed for years to come, if legislative opportunities follow the usual path. That is not right for the House, and the House has not been treated with sufficient respect.

The problem with the speech by the hon. Member for Aldridge-Brownhills (Mr. Shepherd) is that he always says that, doesn't he? On this occasion, however, he has a better point than usual. The Government's approach is better than it might have been, but it is not good enough. It is not right that matters such as self-defence, which the House has debated before, should not be considered in Committee. It just is not right.

1.17 pm

Mr. Crispin Blunt (Reigate) (Con): I entirely agree with the hon. Member for Slough (Fiona Mactaggart). On any reasonable assessment of the House's consideration of the Bill, the arguments made particularly well by my hon. and learned Friend the Member for Harborough (Mr. Garnier) when he set out the case against the programme motion are overwhelming. It is almost certain that the hon. Lady's amendment will not be reached for debate. It would be a great surprise if it were.

As my hon. Friend the Member for Aldridge-Brownhills (Mr. Shepherd) said, on 27 June we were promised a new beginning for the House, which was to be treated with respect. If the Government intend to insist on the disgraceful programme motion and their disgraceful treatment of the House of Commons, will the Prime Minister at least come to the House, less than an hour after he was here to answer questions on his own account, and vote for the motion?

1.18 pm

Mr. Roger Gale (North Thanet) (Con): When the Minister moved the motion, he suggested that the Government had to terminate their business today in order to get such an important Bill through. All the arguments that have been deployed suggest that the Bill is a mess, that it has been and will further be severely amended, and that it is being railroaded through.

When the Minister responds, will he deal with this question? Tomorrow's business in the House is a debate on the Adjournment. There is no vote. It would have been perfectly possible to reschedule that important debate in order to debate the Bill tomorrow. It would have been equally possible to suspend the 7 o'clock rule, as we shall in fact do, and to sit, if necessary, later into the night in order to debate these matters properly. Why are the Government not prepared to do that?

1.18 pm

Mr. Nick Hurd (Ruislip-Northwood) (Con): I, too, wish to place on record my extreme disquiet about the programme motion. All the other speakers have been experienced Members of the House, but I speak as someone who was elected only at the last election. I came to this place to play whatever part I could in effective scrutiny of legislation, to make sure that laws came out of this place as good as they could be. I find this process utterly demoralising, and a disgrace. When the Minister winds up, will he tell us what possible reason there is for not suspending the increasingly irrelevant gimmick of a topical debate tomorrow to make room for a proper debate on some of the measures before the House?

1.19 pm

Mr. David Winnick (Walsall, North) (Lab): As my hon. Friend the Member for Slough (Fiona Mactaggart) said, all Governments have programme motions, and there is nothing unique about this one. We saw that when we were in opposition. Usually, rightly or wrongly, I vote for programme motions, but I have the greatest hesitation in doing so today. The debate on industrial action by prison officers must end at 2.43, and whatever view one takes on whether the Government's proposal should be pursued, surely there should be more time. If there is a Division on the programme motion, there will be less than one hour to debate that important issue. The Government are wrong on this matter. There are many other important issues, as my hon. Friend and others have mentioned, and not to provide anywhere near adequate time to debate them shows a lack of sensitivity towards the House of Commons. For that reason, I will not be able to support the programme motion.

1.20 pm

Mr. Oliver Heald (North-East Hertfordshire) (Con): I add my voice to those that have already been raised against the programme motion. It is particularly important on Report that all hon. Members have an opportunity to debate some of the detail of the Bill, and—

Mr. Speaker: Order. I know that the hon. Member does not mean to be discourteous, but I have already prevented an hon. Member from entering the debate

[Mr. Speaker]

because she was not here for the opening speeches, and it has been brought to my attention that that is also the case with the hon. Gentleman.

Mr. Heald: I apologise.

1.21 pm

Mark Durkan (Foyle) (SDLP): I was here at the start of the debate, Mr. Speaker, and I simply wish to make the brief point that, as legislators, we will be voting ourselves into disrepute if we vote for this programme motion. Whatever the requirements and pressures of government, we as legislators are charged specifically with care and consideration for the law of the land. The Bill contains wide-ranging and deep-reaching changes to the criminal law that affects so many aspects of individual life and community and national life. Under the programme motion, new clauses and amendments will be microwaved on to the statute book, undebated, untested and unread by many hon. Members, and that is a democratic scandal. When many parties are competing as to who will tell people who are not working that they must work, we as a democratically elected Chamber should not be shirking our work and leaving it to unelected people in another place to give more care and consideration to what goes into the law of the land. We as legislators should pass only that which we, according to our conscience and consideration, deem fit to be in the law of the land. More consideration and care has been given to who stays in various celebrity television reality shows than hon. Members are prepared to give to what should be in the law of the land. I appeal to hon. Members to vote not according to party but as conscientious legislators, and to reject this programme motion.

1.23 pm

Mr. Hanson: With the leave of the House, Mr. Speaker, I shall respond to the debate. I said at the start that I understood that there would be concerns on the part of the official Opposition and other hon. Members about the nature of the programme motion, but I also said that I agreed wholeheartedly with my right hon. Friends the Lord Chancellor and the Chief Whip that every effort has been made to give sufficient time today to debate these matters. We will continue beyond the normal time of interruption, to 8.45.

I have been in the House only 16 years, which is not as long as some hon. Members who have spoken, but I can recall five years of opposition with guillotine motions from the Conservative Government, and there has been no discussion by the Conservative party about repealing the ability to table programme motions. Any Conservative Government, if there ever were one in the future, would have the same regard to getting legislation through this House and the other place within time, as we seek to do today. We have had 47 hours in Committee, when we sat late into the night, and the House has eight hours today for consideration—

Mr. Shepherd: This is a question not of programme motions but of rationality. Everyone who has spoken on the matter has criticised the rationality of the process of dealing with the matter before us today. The Minister referred to the Chief Whip, who is not present, and the lord high panjandrum, but neither has spoken on this matter and we know nothing about their arrangements; that is the essence of the indignation and anger that some of us feel, particularly after all the promises made by the new Prime Minister. It is a question of trust.

Mr. Hanson: As has been said, the hon. Gentleman makes the same speech on such matters on every occasion—occasionally with some justification. But we had 47 hours in Committee and we will have eight hours today. We have had trailed before the House in statements by my right hon. Friend the Lord Chancellor the measures that we are bringing forward today on the Prison Service, on imprisonment for public protection and on the Carter reforms. On Monday, my right hon. Friend made a statement to the House giving hon. Members an opportunity to comment—unheard of in normal practice.

Mr. Garnier: I do not want the right hon. Gentleman to lose his rag, because he contained himself admirably in Committee. As I said, we had a happy Committee, although we had a very unhappy Bill to deal with. But it will not do for him to pray in aid the amount of time that we spent in Committee, because we were dealing with matters that are completely outside the ambit of today's debate. Regardless of the merits of the measure on prison officers' right to strike, we are debating today a wholly new addition to the Bill. There are hundreds of new clauses and amendments, and if he cannot get that into his head we are in trouble.

Mr. Speaker: Order. Interventions should be brief.

Mr. Hanson: On Monday my right hon. Friend the Lord Chancellor, in an unprecedented way, made a statement to the House telling hon. Members that he was introducing the clauses that are before us today. We have an opportunity today to debate those clauses and the points brought before the House, and I repeat that we had 47 hours in Committee, with late nights—which as the hon. and learned Member for Harborough said, it was a very friendly Committee, and—

Mr. Hurd: Did the right hon. Gentleman, or the Lord High Chancellor, ask for more time than the Chief Whip has given?

Mr. Hanson: These matters are for discussion and agreement, and the Chief Whip, my right hon. Friend the Member for Ashfield (Mr. Hoon), and my right hon. Friend the Lord High Chancellor, and I, as the Minister responsible, are content with the motion before the House today. If we were not content, I would not be standing at the Dispatch Box proposing that motion.

The question before the House today is whether it supports the motion. I contend that we have had considerable time in Committee, and we have today opportunities to debate the key issues: indeed, we have until 8.45 to complete our proceedings on the Bill. I commend the motion to the House.

Question put:—

The House proceeded to a Division.

Mr. Deputy Speaker (Sir Michael Lord): I ask the Serjeant at Arms to investigate the delay in the Aye Lobby.

The House having divided: Ayes 279, Noes 224.

Division No. 038] **[1.27 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
David, Mr. Wayne
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Field, rh Mr. Frank
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gardiner, Barry
George, rh Mr. Bruce
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Patrick
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hopkins, Kelvin
Howarth, rh Mr. George
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Joyce, Mr. Eric
Keeley, Barbara
Keen, Alan
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacShane, rh Mr. Denis
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFall, rh John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Reed, Mr. Andy
Reed, Mr. Jamie
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Salter, Martin
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan

Wicks, Malcolm
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Mr. Bob Blizzard and Steve McCabe

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Bellingham, Mr. Henry
Beresford, Sir Paul
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Cameron, rh Mr. David
Campbell, Mr. Gregory
Carmichael, Mr. Alistair
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David *(Haltemprice and Howden)*
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Duddridge, James
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Durkan, Mark
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Heald, Mr. Oliver
Heath, Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holmes, Paul
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jones, Mr. David
Jones, Lynne
Kawczynski, Daniel
Keetch, Mr. Paul
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Letwin, rh Mr. Oliver
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Mactaggart, Fiona
Malins, Mr. Humfrey
Maples, Mr. John
Mates, rh Mr. Michael
May, rh Mrs. Theresa
McCrea, Dr. William
McDonnell, Dr. Alasdair
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Moore, Mr. Michael
Mulholland, Greg
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Öpik, Lembit
Paice, Mr. James
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Widdecombe, rh Miss Ann
Wiggin, Bill
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Mr. Richard Benyon and Mr. Crispin Blunt

Question accordingly agreed to.

Orders of the Day

Criminal Justice and Immigration Bill

As amended in the Public Bill Committee, considered.

[*Relevant documents: Letter from the Chairman of the Joint Committee on Human Rights to the Minister of State, Ministry of Justice, of 29th October 2007; and the Department's replies to the Chairman of the Committee of 25th November and 10th December 2007.*]

New Clause 36

AMENDMENT OF SECTION 127 OF THE CRIMINAL JUSTICE AND PUBLIC ORDER ACT 1994

"(1) Section 127 of the Criminal Justice and Public Order Act 1994 (c. 33) (inducements to prison officers to withhold services or breach discipline) is amended as follows.

(2) In subsection (1), for paragraph (a) substitute—

"(a) to take (or continue to take) any industrial action;".

(3) After subsection (1) insert—

"(1A) In subsection (1) "industrial action" includes the withholding of services as a prison officer and any other action likely to affect the normal working of a prison."

(4) In subsection (4), after paragraph (a) insert—

"(aa) holds any post, other than as a chaplain or assistant chaplain, to which he has been appointed for the purposes of section 7 of the Prison Act 1952 (appointment of prison staff).".' *[Mr. Straw.]*

Brought up, and read the First time.

1.45 pm

The Secretary of State for Justice and Lord Chancellor (Mr. Jack Straw): I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker (Sir Michael Lord): With this it will be convenient to discuss amendment (a) to the proposed new clause, in subsection (3), leave out from 'officer' to end of subsection.

Government new clause 37—*Power to suspend the operation of section 127 of the Criminal Justice and Public Order Act 1994:*

Government amendments Nos. 169 and 170.

Mr. David Winnick (Walsall, North) (Lab): On a point of order, Mr. Deputy Speaker. Could you confirm that the series of debates that we are about to have on these amendments must be concluded by 2.43 pm?

Mr. Deputy Speaker: That is absolutely correct, and any time that we take up now will be taken out of that time, so I suggest to the House that we get on with it.

Mr. Straw: On Monday, for an hour, I gave a statement, in the course of which I obviously took questions, to set out why the Government have reluctantly felt compelled to come forward with these amendments to the law, which are to be included in the Bill. Let me now set out some of the background. I am of course ready to take interventions from either side of the House, as I always do.

In the 1970s, 1980s and early 1990s, there was, for a variety of reasons, serious industrial action—often not direct strike action but other kinds of industrial action—within the Prison Service, which made the management of the Prison Service extremely difficult and placed public safety at risk, as well as placing the welfare of prisoners in serious jeopardy. The Government of the day did two things. In 1993, they went to court to seek an injunction restraining prison officers under the existing law, which they succeeded in obtaining. Then, in what became the Criminal Justice and Public Order Act 1994, they moved amendments, which became sections 127 and 128 of that Act, to prohibit industrial action by prison officers. At that time, as we were reminded yesterday—and it has been a point that the Prison Officers Association has raised—the Labour Opposition spoke and voted against those amendments. However, I want to make it clear that in doing so, my right hon. Friend the Member for Cardiff, South and Penarth (Alun Michael) did not give an undertaking to repeal section 127 and made it clear that there could be circumstances in which we would accept that such a restriction on industrial action in the Prison Service should be on the statute book. He said:

"It could be argued that when there are people who have special responsibilities—the police are in such a category and it may be argued that prison officers are as well—and therefore there are difficulties about taking specific forms of...industrial action, there should be a guarantee against that. If that is desired, such people should be given something in return—for example, a right that guarantees fairness in any negotiations."—[*Official Report*, 13 April 1994; Vol. 241, c. 335.]

He referred to agreements that existed at the time in respect of the fire service. It is also the case that our former Prime Minister, when he was Leader of the Opposition, gave undertakings in general terms about what was regarded as anti-trade union legislation in that Bill and elsewhere. I have to say to my hon. Friends that there were particular things in the measure as originally proposed by the Conservative Government that were plainly totally unacceptable and raised the temperature. They included measures that would have resulted in the certification officer being able to certify the Prison Officers Association as an independent trade union. It was only under pressure from the Labour Opposition that those matters were sorted out.

I also want to make it clear that when I became shadow Home Secretary in the summer of 1994 and considered, in full consultation with the shadow Cabinet of the day, whether we should repeal that legislation, I decided that, without more such legislation, we should not, because of the very special circumstances that apply in respect of the running of a prison, which, I suggest, are similar to those of the services to the state and to the community provided by the police and the armed forces. I say to the House, and remind my colleagues, that at no stage did anybody, be it the then Leader of the Opposition, me or anybody else, ever give undertakings that section 127 would be repealed, nor was it in any manifesto, either in 1997 or 2001. Indeed, on three occasions I had to make use of the injunctive power under section 127 to avoid a very serious situation within the Prison Service. I have no recollection of that ever being the subject of complaint from anyone in the House. However, we were concerned to do what my right hon. Friend the Member for Cardiff, South and Penarth said, by ensuring that reciprocal arrangements

[Mr. Straw]

were put in place to balance the fact that prison officers were not able to take industrial action. First, we sought to bring into force part of the 1994 Act, which could easily have been brought into force by the Conservative Administration, but was not, to set up an independent pay review body in place of the previous ramshackle arrangements for settling prison officers' pay.

John McDonnell (Hayes and Harlington) (Lab): My right hon. Friend has suggested that in the summer of 1994, he took a decision on behalf of the Opposition, and the Labour party, that there would be no abolition of section 127. However, a letter of 6 July from Mr. Tony Blair MP to the Prison Officers Association says clearly:

"An incoming Labour Government will want to put this situation right"

that is, the issue of the Criminal Justice and Public Order Bill—

"and ensure, once again, that prison officers are treated in the same way and with the same working rights as other public servants, and recognises the status of the Prison Officers Association as an independent Trade Union".

I believe that the POA and the labour and trade union movement generally interpreted that accurately as a Government commitment to restore the trade union rights of the POA, which means the right to withdraw one's labour.

Mr. Straw: I understand what my hon. Friend says, but the simple fact is that I made the judgment during the period between summer 1994 and 1997. I do not recall any pressure—except from the Prison Officers Association, which I explained I could not accept—to include a specific commitment to repeal section 127, and no such commitment went into the manifesto. I do not recall any suggestion at the so-called clause 5 meetings that take place with the national executive, or at meetings of the shadow Cabinet of the day, that we should have such a specific commitment, nor was one made.

Winding forward, I have set out—as did Paul Boateng on my behalf in 2000—how we have sought to negotiate a voluntary agreement and a comprehensive package of reforms of industrial relations in the Prison Service to obviate the need for reliance on section 127. That is what Paul Boateng told the House on my behalf in summer 2000. We introduced the pay review body and the then Home Secretary, my right hon. Friend the Member for Sheffield, Brightside (Mr. Blunkett), took the matter forward with the then Prisons Minister, my hon. Friend the Member for Wythenshawe and Sale, East (Paul Goggins). There was then a series of intensive negotiations with the POA about establishing a new, comprehensive voluntary agreement in return for a suspension and/or repeal of section 127.

My hon. Friend the Member for Wythenshawe and Sale, East, who led those negotiations, has authorised me to say that throughout the negotiations with the POA it was made clear at every stage that the voluntary agreement to which we could assent had to include a comprehensive and legally binding undertaking by the association not to take industrial action. It was only in respect of that that the Government moved, by an order under the Regulatory Reform Act 2001, to repeal section 127 of the Criminal Justice and Public Order Act 1994. When that repeal occurred, it was made clear—initially in the other place because that was where it was dealt with, and subsequently in this House—by my hon. Friend the Member for Bradford, South (Mr. Sutcliffe), who had taken over as Prisons Minister, that

"If the POA gives notice to terminate the agreement with no alternative arrangements being in place, the Secretary of State would ask Parliament to reintroduce statutory constraints such as existed prior to disapplication of Section 127." [*Official Report*, 4 September 2006; Vol. 449, c. 1897W.]

That is absolutely fundamental to this part of the story, which is why I ask all my right hon. and hon. Friends, as well as the House more generally, to support the introduction of what will be a reserve power in the event that we cannot reach a further voluntary agreement.

By the time that the POA had signed up to the 2005 joint industrial relations procedural agreement, or JIRPA, it had voluntarily accepted that whatever else happened in the Prison Service, there could not be industrial action because of the risk to public safety and, I have to say, to the welfare of prisoners. We saw on 29 August the serious risk to prisoners if there is industrial action or a strike: they are literally locked in their cells with no idea when the next meal or exercise is coming, and the quite large number of prisoners with health needs have no idea when their medication will next turn up.

The POA accepted that, but now in a round robin to MPs it says that it signed up to the agreement only under duress—its exact words. But that is not the case. It did not sign up to it under duress, but voluntarily. Indeed, I think that the matter went to a delegate conference. The association examined every single word in that agreement. It signed it and accepted the case voluntarily that I am now making to the House, which is that we have to have arrangements for dealing with industrial disputes in the Prison Service other than the possibility of industrial action because of the risk to the public and the dangers to the welfare of prisoners.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): May I remind the right hon. Gentleman that I was the Prisons Minister at the time of the Wandsworth strike? I therefore approach this matter as one who had to deal with a strike by prison officers. I agree with the analogy made between prison officers and police officers, but I fail to see why we should ever have contemplated relying on a voluntary agreement with the POA. Either now or in the future, there needs to be a statutory prohibition in force that is in no way the subject of a voluntary agreement.

Mr. Straw: I understand the right hon. and learned Gentleman's point of view. However, the POA came along and said—I paraphrase and summarise, but entirely accurately—that it was ready for a voluntary agreement. It accepted that the voluntary agreement would be comprehensive. It accepted the terms of the voluntary agreement, which I shall read out in a second, and it also knew all the way through the negotiations that the deal it had signed up to consisted of clear, legally binding and enforceable undertakings

not to take industrial action of almost all kinds, and that we would only seek the repeal or suspension of section 127 on that basis. When we sought that repeal, absolutely categorical undertakings were given to the other place, and to this House, in the terms I have read out, that should notice of termination of the agreement be given over a period of a year, as it has now been, we would bring back those powers.

We were given notice of termination last May, which runs out on 8 May this year. I was asked why I have introduced this legislation now. In practice, because of the time it takes a large Bill to go through the Lords, this is the last possible moment, more or less, for legislation to go through in normal time. The only alternative would have been to wait until 8 May and then introduce emergency legislation. In such circumstances, I would have been asked by the Opposition what the emergency was, given that we had known about this possibility for a year. My view was that it would be quite false to suggest at that stage that there was some kind of emergency when there was not.

Moreover, I also had to take into account the following. On 29 August, at 45 minutes' notice, the POA decided to take 24-hour strike action to protest against the phasing of its pay award. I understand its anger. However, in doing what it did, it broke the undertakings that it had already given, because the agreement was current at that time.

2 pm

I appreciate that the matter is difficult, especially for our side. However, we have accepted that the police and the armed forces cannot go on strike. Anyone who had to deal with the strike, as I did, on 29 August, would have had any doubts that they may have harboured about the need for restrictions on industrial action by prison officers removed by what happened. Only as a result of obtaining an injunction and talking matters through with Colin Moses and with great help from third parties did we manage to persuade the prison officers to call off their strike during that afternoon.

Notwithstanding that, there was a total breakdown of order in Lancaster Farms' Buttermere wing, which houses unstable and potentially violent young offenders, aged 15 to 18. They had been locked in their cells, with only a dozen governor-grade officers on duty to cover the whole youth offender institution, which has a total of 500 young prisoners. It became very clear that those young prisoners were rioting in their cells. I saw the damage and spoke to the staff who had to try to deal with it. The prisoners had completely wrecked their cells, pulled out all the sanitary ware, started fires and so on. Members of the POA outside the gates were asked to come back to help to restore order and they failed to do so. I have to take that into account.

Notwithstanding all that, the moment we had notice from the POA that it would terminate the agreement in May, my right hon. Friend the Minister with responsibility for prisons got in touch with the Trades Union Congress and asked it to appoint someone to be an intermediary to help us to resolve the matter and facilitate negotiations for a new joint industrial procedure agreement. That is an important point, especially for my hon. Friends, but I hope for all hon. Members. Ed Sweeney, who is well known from Amicus to many people, and is now the chairman of ACAS, was appointed to undertake the work.

Ed Sweeney reported on the matter. I decided that I should wait until he had reported to both sides before coming to the House. Copies of his report are available on the website and I know that many colleagues have read it. He lays down a road map for far better industrial relations in the Prison Service. He does not propose at this stage to have no statutory protection against industrial action. Paragraph 4.16 of the report says that, of course, he is aware of the POA's rights and its position. It states:

"This is a clear policy position from POA. However, given the state of employment relations in the Prison Service, I do not believe at this point in time it will be possible to meet this policy position of the POA. Employment relations in the Prison Service actually mitigate against meeting this policy consideration as does the absence of any form of minimum cover arrangements."

He goes on to say that there are minimum cover arrangements in, for example, the fire service and the ambulance service, and that they have worked satisfactorily. He suggests that, after a successful agreement and two years of stability, discussion should take place between the Prison Service and the POA with a view to establishing minimum cover arrangements instead of a statutory ban. I committed myself to that in the House on Monday.

John McDonnell: I apologise to my right hon. Friend for not being able to remain for the rest of the debate, but I have an Adjournment debate in Westminster Hall on police pay—another uncontentious issue.

The whole House will understand the circumstances in which my right hon. Friend found himself in August. That is why mediation by the TUC, with Ed Sweeney bringing all sides together and developing a process through agreement, was welcomed by all parties. However, we now have the memorandum, dated 4 January, from Ed Sweeney. It reads:

"Dear All,

As you know, a couple of weeks ago I sent you a draft copy of my proposals"

we have now seen the report—

"arising from the review that I have been undertaking over the past few months and we are due to meet on January 24."

The parties have only just seen the proposals. A meeting will take place on 24 January, yet we are now souring the process by precipitate action in introducing the new clause, which builds on the distrust that already existed before September in the POA and the Prison Service generally about the Government's intentions. Does my right hon. Friend believe that it was wise to introduce the new clause now? Would it not have been better, if necessary with the agreement of all parties in the House, to introduce emergency legislation if no resolution was found through discussion?

Mr. Straw: The action is not precipitate—far from it. The parties had the draft, which is exactly the same as the final version, of the Ed Sweeney report before Christmas. The POA has been left in no doubt about the Government's intentions. Its members knew the position when it negotiated the agreement. They knew what my hon. Friend the Member for Bradford, South had said. They heard exactly what I said before the Select Committee on Constitutional Affairs on 9 October, when I made it clear that reintroduction of section 127 was under active consideration. I have also discussed

[Mr. Straw]

the matter with them and I am due to meet them next Monday. There is no reason for the new clause to sour relations.

Mr. Peter Bone (Wellingborough) (Con): On the August strike, was not one of the problems with the voluntary agreement the fact that the union expected the Government to honour their side of the bargain? When they clearly did not, by phasing in the pay review, it believed that the Government had broken the agreement and that is why it took strike action. Do the Government not bear some responsibility for what happened?

Mr. Straw: I understand that that is the POA's case. I do not want to make points about the matter, but it has always been clear that pay review body reports would be accepted apart from in exceptional economic circumstances. However, the POA made the point that the hon. Gentleman raised.

Mike Penning (Hemel Hempstead) (Con): I thank the Secretary of State for being so generous in giving way.

We are considering a serious issue. As a trade unionist, I am worried about the speed at which the Secretary of State is trying to push the new clause through. We have 58 minutes to debate the union rights of the prison workers of this country. Surely there must be another mechanism. Loads of Members from all parties wanted to discuss the matter. Is not 58 minutes an insult to prison officers?

Mr. Straw: I do not believe that it is an insult. Were we starting from scratch, the hon. Gentleman's point might be justified, but the new clause is no surprise.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): First, I want to emphasise the point that breaching the agreement angered the POA. At no time was there an agreement about phasing awards from the board.

Secondly, with respect to the Secretary of State, he was serially unavailable to speak to the POA in the months after August—*[Interruption.]* That is what Colin Moses told me. If I am wrong, I withdraw the remark. However, we are taking precipitate action, which is unlikely to assist matters. We are all concerned about that.

Several hon. Members *rose—*

Mr. Straw: I shall give way again, but I want to make one point before concluding. I happened to be on holiday in August. The day I got back—the day before the strike—I asked my then diary secretary to phone the POA because we needed a meeting with its representatives. They were telephoned and they will admit that they failed to get the message, but I have always made myself available to the POA.

Several hon. Members *rose—*

Mr. Straw: My last substantive point before giving way is that the new clause provides for reserve powers, which can be introduced by order. If we do not have an agreement by 8 May, they would come into force in any event. However, subject to that, they would be introduced and turned off by order. *[Interruption.]* I have just been reminded that I had a telephone call with Colin Moses on 9 July and saw him informally before that, as well as holding a meeting at the end of August. There has never been an issue about his access to me. The POA accepts that.

I emphasise to my hon. Friends that the new clause provides for a reserve power. I said on Monday that I would prefer it if we never had to use it, and that remains my intention. We will work with Mr. Sweeney, the Trades Union Congress and other facilitators to do everything that we can to gain a new agreement. When people both inside and outside the House know the history, they will accept that what we have said has been entirely consistent and honourable. What we propose is the minimum required to protect the public and the welfare of prisoners.

Mr. Winnick: Everyone will recognise that my right hon. Friend would not ask for such powers lightly. Obviously, industrial action taken by prison officers could cause a great deal of difficulties and worse. But does he also recognise the concern that if such powers are agreed to, another Government might use that as an excuse and a justification for taking away the right of people in the emergency services—firefighters, ambulance workers and the rest—to take such action? That is the reason for my hesitation about being able to support him.

Mr. Straw: I understand my hon. Friend's concern, but the wording is very specific. In relation to the fire and ambulance services, these days no Government would be justified in doing what he fears, because there are proper minimum cover arrangements, and in practice there are no strikes or serious industrial disputes in those areas. That is the truth of it. He and I were in opposition for 18 years against the Conservative Government, and if and when the Conservatives come to power they will do what they want to do, regardless of what we do.

Mr. David Anderson (Blaydon) (Lab): The Secretary of State mentioned Ed Sweeney's plan as being a road map. In the view of the prison officers and many Labour Members, however, the wording of the second part of new clause 36(3) is actually a road block. The reference to

"any other action likely to affect the normal working of a prison"

would be a catch-all, whereby people would be guilty of a criminal offence for any simple thing, if such action is defined by the management. Will he remove that provision, alter it, or define clearly what it means?

Mr. Straw: That phraseology picks up the phrasing of paragraph 6 of the annexe to the current agreement.

Mr. Anderson: That is why it did not work.

Mr. Straw: It is not why it did not work, with great respect. In the hope of being helpful, while I cannot give an undertaking now as to the terms I am certainly ready to sit down and consider ways in which that provision can be tightened, with a view to bringing forward amendments in the other place.

Geraldine Smith (Morecambe and Lunesdale) (Lab): The prison officers at Lancaster Farms were grateful to the Secretary of State for visiting them, talking to them and listening to their concerns, but morale is very low at both Lancaster Farms and Lancaster Castle. Staff are losing the right to strike and to industrial action, but what are they getting in return? The solution must be to recognise the difficult and dangerous job that they do, to give them our full support, and to give them adequate financial compensation.

Mr. Straw: I accept the concerns expressed, and I was pleased to meet prison officers, who are dedicated staff, as I have spelled out on many occasions—and I mean it. But they are not losing the right to strike—the POA voluntarily signed up to legally binding undertakings not to take industrial action; it accepted the case that I am now making. It did not have to sign up to it; it did sign up to it.

Geraldine Smith: But it is withdrawing from it.

Mr. Straw: It is withdrawing from it, but it knew precisely what the arrangement was if it withdrew from it—we would have no alternative but to reinstate the equivalent of section 127.

Richard Burden (Birmingham, Northfield) (Lab): For all the reasons that my right hon. Friend has given, I am sure that we all want a successful reintroduction of the voluntary agreement. As has been pointed out, however, the new clause relates to all industrial action, not simply that affecting the safety, welfare, security or health of prisoners. Given that other Governments could use that provision, will he guarantee that in the event of the reserve powers being taken, there would be a specific vote in the House before they were ever exercised?

Mr. Straw: I am ready to give this very clear undertaking. If the powers have to be brought in on Royal Assent, the issue of the affirmative procedure would not arise, because it would have been the subject of considerable debate backwards and forwards in any case. But if, as I hope that we can achieve, they start off as reserve powers, I am ready to ensure that amendments are made to this part of the Bill in the other place, whereby the reintroduction of those powers could take place only through the affirmative procedure. I am happy to consider the reverse situation, whereby they would be turned off, but I do not think that anyone would want that. Once they exist as reserve powers, or have been turned off, their reintroduction could only take place through the affirmative procedure.

I am grateful to the House for listening to me. I have taken a lot of interventions, which I hope has been helpful. I commend the new clause to the House.

2.15 pm

Nick Herbert (Arundel and South Downs) (Con): I shall try to take as little time as possible because I suspect that other hon. Members might wish to contribute to the debate.

The Secretary of State seemed to show little understanding of why the Prison Officers Association is so angry about his statement on Monday. It was taken by surprise by his statement, in the same way that he claims to have been taken by surprise by its wildcat action last year. Far from the Government being entirely consistent, as he claimed, part of that anger arises because the Government's explanation of the history of the legislation and the action that they are now taking has not been straightforward.

On Monday, and again today, the Secretary of State denied that the Labour party had fought tooth and nail against the legislation that outlawed strike action. He took umbrage at the suggestion. We have already heard about the letter from Tony Blair when he was shadow Home Secretary, shortly before he became leader, to the Prison Officers Association. Mr. Blair made it clear in that letter that

"we have strongly opposed the Criminal Justice and Public Order Bill on a number of Clauses which represented a wholly unwarranted attack on the working rights of prison officers".

What is the difference between fighting tooth and nail against such measures and strong opposition? As has been admitted, the Labour party originally opposed the legislation.

On Monday, the Secretary of State also said, and he has repeated, that no undertakings were given to repeal section 127. Again, Tony Blair's letter is explicit. In 1994, he told the Prison Officers Association:

"An incoming Labour Government will want to put this situation right".

It was not just Tony Blair as shadow Home Secretary who was making those promises; Labour Opposition spokesmen were going around the country making such undertakings, giving the impression to members of the POA that section 127 was not only being resisted but would be repealed. The right hon. Member for Kingston upon Hull, East (Mr. Prescott), when he was shadow Employment Secretary in 1994, won great applause, as the record shows, at what was no doubt a Labour party conference, when he talked about the Labour party's decent agenda. He said:

"we will revert and give Prison Officers the right as employees in an employment situation doing a decent and responsible job".

Is it not absolutely clear that the unions were given the impression that section 127 would go? It does the Justice Secretary no good at all to seek to suggest otherwise now.

It is surprising that the Prison Officers Association should have been moved to issue a note yesterday saying:

"It seems to us that despite repeated guarantees, the Labour Party in Government cannot be trusted to honour their promises".

Of course, the Opposition have known that for some time, but it comes to something when a union is forced to issue such a statement.

The fact is that whatever the subsequent justifications, the Labour party opposed the legislation originally, and promised to repeal it. It did not do so fully until three years ago, when it replaced it with a voluntary agreement, which the country was assured would deliver the same protection for prisons as had been delivered by the no-strike provisions. Now, three years later, the Secretary of State is forced into the humiliating position of having to come back and reintroduce provisionally that same legislation.

Mr. Straw: I am listening carefully to the hon. Gentleman, but does he accept that at the time of the repeal, a little less than three years ago, the clearest undertakings were given that if we faced the circumstances that we do today, we would reinstate section 217 or its equivalent?

Nick Herbert: The question I put to the Justice Secretary on Monday, which he did not answer, is why the Government repealed the legislation in the first place. Is it not clear that it was a mistake to do so? If it was not a mistake, why are the Government now coming before the House, after giving 48 hours' notice, to reinstate legislation that they had previously removed? The Government have not yet satisfactorily explained why they took that action in the first place.

The scrutiny committee was clear that the protection afforded was not to the same standard as a no-strike agreement. The unions thought that they had a deal. The quid pro quo for having a no-strike agreement was that there would be a pay review and that any award would be honoured. Today, the Secretary of State justified the staging of the review—in part, the cause of this grievance—by saying that there were "exceptional economic circumstances", which is why the award could not be honoured in full. Conservative Members have been constantly told that we are living through a golden economic age with successive years of economic growth. Now it appears, in the words of the Justice Secretary, that there are "exceptional economic circumstances", which means that this award and that of the police cannot be paid. We are apparently living in such dire economic straits that the awards cannot be honoured. That breach of the deal that the Prison Officers Association believed it had has driven its anger about current arrangements. As I said on Monday, the POA is also concerned about the conditions in prisons over which the Government have presided.

Mr. Hogg: While I accept my hon. Friend's analysis, does he agree that it simply reinforces the proposition that we should never allow a voluntary agreement and that there should always be a statutory prohibition on prison officers taking industrial action—simply because they cannot be relied on to keep to voluntary agreements?

Nick Herbert: Indeed, as my right hon. and learned Friend says, the statutory ban would have afforded greater protection for the public and the wildcat action could not have taken place. Presumably, the fact that the Government have come before the House to reinstate the ban demonstrates that they agree with my right hon. and learned Friend that it is indeed necessary to have statutory protection

On Monday, the Justice Secretary said, and I agree with him, that

"it cannot be acceptable for prisoners to be locked in their cells for an indeterminate period"—[*Official Report*, 7 January 2008; Vol. 470, c. 40.]

Anyone who has visited prisons will know of the great difficulties that prison governors have in dealing with inmates locked up for whole days with only a few staff on account of the wildcat action. Prisons must be places of safety; there is no place in them for such industrial action.

We are aware that locking up prisoners for long periods is rumoured to be about to happen this summer on account of the budgetary situation in the Prison Service. I would be happy if the right hon. Gentleman were to correct me, but I understand that there are proposals to have lockdowns in prisons for entire weekends, during which prisoners will be confined to their cells as there are insufficient staff to look after them. I thus find it surprising to hear the Justice Secretary talking about the unacceptability of locking prisoners up for long periods.

We will support the Government in the reintroduction of this power

Mr. Winnick: No surprise at all.

Nick Herbert: Of course it is no surprise, as we introduced the power and it was clearly a mistake to rescind it in the first place. I would like to congratulate the Secretary of State on his conversion to Thatcherite trade union reforms and on his recognition of the protections they afford the country. When the Prime Minister invited Lady Thatcher to Downing street for tea just a few months ago, we could hardly have thought that it would yield such impressive results. I suggest that the Justice Secretary invite my right hon. and learned Friend the Member for Folkestone and Hythe (Mr. Howard) in for a cup of tea in order to advise him further on how to introduce more of such legislation.

The fact is that the proposed reserve power actually goes further than section 127. The new clause does not just make industrial action by prison officers unlawful, as it applies to

"any other action likely to affect the normal working of a prison".

We have now reached a position of future uncertainty because of how the Government have reneged on the pay award. They have mishandled the situation in prisons and allowed them to become overcrowded, so damaging relations with the POA that it is necessary for them to assume this power again. Being forced into that situation is an indictment of the Government's handling of this matter, so I am not surprised that the Secretary of State looked so sheepish about it both on Monday and today.

Mr. Neil Gerrard (Walthamstow) (Lab): Any doubts about my view of the new clause have been reinforced by the reminder that this is Thatcherite legislation. In fact, some of what it does goes beyond Thatcherism.

We all recognise that operating a prison is exceptional and that it is not like running a factory. There have to be differences in how the trade unions can operate because we cannot allow prisons to be left unstaffed. Prisons have dangerous and violent people within them as well as people with all sorts of mental health problems. There are also many vulnerable people, particularly in some of the young offender institutions. We expect prison officers to keep those people secure, keep them safe and ensure that they are fed, receive appropriate medication and so on.

If we are to achieve that as efficiently as possible, we need good industrial relations within prisons, as the Secretary of State has acknowledged. We need the Prison Officers Association and other unions in the prison system to feel that they can act as trade unions, which is part of having good industrial relations. Recent history, however, has been exactly the opposite, as prisons have had very poor industrial relations. That is one of the reasons why Ed Sweeney's report was undertaken and why both the Government and the POA signed up to it. That report, however, was published only on Monday this week. I realise that my right hon. Friend said that drafts have been seen, but the report was published only on Monday, as I say, and at exactly the same time that he made his statement announcing the amendments to this Bill.

The Sweeney report was set up in the context of poor industrial relations and the need to secure a new voluntary arrangement to replace JIRPA—the joint industrial relations procedural agreement—from which the POA had given notice that it was withdrawing. We can argue about how good JIRPA was and how well it worked. The fact is, though, that it did not work; otherwise, there would not have been any withdrawal from it. The Sweeney report points to some of the issues that the POA raised about JIRPA and how far it allowed the union to raise relevant industrial relations issues as opposed to allowing management to rule them out. Irrespective of arguments about JIRPA, everyone accepts that we need a new and better agreement.

My right hon. Friend says that he does not want to use the powers in the new clauses, but—because of the timing as much as anything else—the POA now undoubtedly sees the new clauses as having been designed to hold a gun to their head in negotiations that have not begun. I know that that is not my right hon. Friend's view, but having spoken to its representatives yesterday afternoon I can assure him that it is the POA's view, and I think that that will make it much more difficult for us to reach the sort of agreement that we want to reach.

2.30 pm

A particular problem is the wording of the new clause, which is why I tabled amendment (a). As has already been pointed out, it does more than just reinstate section 127 of the 1994 Act. My right hon. Friend says that the wording of the definition of industrial relations in the new clause is the same as that in the JIRPA, but I consider that there is a distinct difference between putting that wording in a voluntary agreement and putting it in the law.

Mr. David Anderson: Is not the obvious difference the fact that while under the JIRPA people who took action that was slightly out of order would be guilty of a disciplinary offence, under the new clause they would be guilty of a criminal offence? Those to whom we look to lock up criminals would become criminals themselves.

Mr. Gerrard: That is quite possible. Another possibility is that the wording will become the subject of interpretation by courts. I do not think any of us can be certain what the consequences of that will be: what it might mean in terms of a new definition of industrial action and, once it has happened in this context, into what other contexts it might spill.

Mr. Straw: As I said to our hon. Friend the Member for Blaydon (Mr. Anderson), although I will not give an undertaking on the precise wording until we have reached an agreement, I am prepared to consider points that are raised, and I understand the point that has been raised so powerfully by both my hon. Friends.

Mr. Gerrard: That is helpful. I think that the wording should be examined and, hopefully, changed before it is put into law. Anyone who has read Sweeney's report will know that he had many good points to make about changes to the arbitration system allowing both sides to raise issues, and about binding arbitration. It is very important for the arbitration to be binding on both sides.

Mr. Hogg: The hon. Gentleman says that we need to be sensitive about the rights of prison officers, and I understand that, but we also need to be sensitive about the rights of prisoners. Will the hon. Gentleman cast his mind back to what happened at Strangeways in the early 1990s, when a number of prisoners on rule 43 were effectively attacked in the prison? That is what happens when order in prisons breaks down. We must bear it in mind that prisoners are very vulnerable, and are at risk from other prisoners. We cannot tolerate circumstances in which order in prisons cannot be maintained.

Mr. Gerrard: We all appreciate that order in prisons must be maintained. The issue for me is the timing as much as anything. If we had reached a point at which negotiations were breaking down and it was clear that no voluntary agreement would be reached, I would understand the Government's saying that something must be done; but doing it at this moment and in this form will make it far more difficult to reach the sensible agreement that we want to be reached between the Department and the prison officers.

I do not think that new clause 37 helps. My hon. Friend says that the power will be introduced by order, but my reading of the new clause suggests that it would come into force on Royal Assent. The new clause concerns the ability to suspend the provisions, and my right hon. Friend has said that he will consider allowing that to be done by means of an affirmative resolution. Some of us would be rather happier if the implementation took place by means of an affirmative resolution in the first place, rather than on Royal Assent with the suspension being implemented by means of a negative resolution.

I think that we are in danger of shooting ourselves in the foot by passing a measure that will make it far more difficult to reach the voluntary agreement that we all need. I hope that my right hon. Friend will think again, because I cannot support the new clause in its present form.

Mr David Heath (Somerton and Frome) (LD): It is a pleasure to follow the hon. Member for Walthamstow (Mr. Gerrard), who talked a great deal of common sense. He spoke of the danger of our shooting ourselves in the foot. I suspect that the foot is well and truly shot already by the actions that have been taken, and in particular by the circumstances that have led to what the Lord Chancellor has done today.

[Mr. David Heath]

The problem is not, in fact, what is proposed. We would all prefer a voluntary agreement to a statutory agreement if it could be made to work, but wildcat action took place, and that cannot be ignored. As I said on Monday and am happy to repeat, I do not believe that strike action is ever proper in a prison environment, and that is the end of it. The other side of the coin is that avoiding industrial action, and ensuring that we have an environment in which it is inconceivable, requires proper negotiating machinery and proper, binding arbitration on issues of grievance, and it requires management and Government who listen to what the people in the service are saying. It is transparently obvious that that has not been the case for a good many years.

The hon. Member for Arundel and South Downs (Nick Herbert) spoke of a cosy little teatime chat between the Lord Chancellor and the right hon. and learned Member for Folkestone and Hythe (Mr. Howard). The two of them could reminisce for a long time about the various deficiencies of the prison system under their respective stewardships, although it might be a rather one-sided conversation. I seem to remember that the right hon. and learned Member for Folkestone and Hythe was somewhat reticent when asked questions about the system, and famously found it difficult to give a response. The fact is, however, that we have had a significant problem with industrial relations in our prisons for a long time—in England and Wales. I made that point on Monday. Ed Sweeney's report makes it absolutely clear that the same does not apply in Scotland. We must ask ourselves in all humility what the Liberal Democrat-Labour Administration in Scotland were able to do—*[Interruption.]* It was a Liberal Democrat Minister of Justice, as the hon. Member for Hemsworth (Jon Trickett) may recall. We must ask ourselves what that Administration were able to do that eluded Ministers in this House with the same responsibilities, because we have clearly reached a point at which there has been a breakdown in trust.

I said on Monday, and I say again now, that I believe that the staging of the pay award was a key component. If we do not treat the public services fairly by providing an independent assessment of pay, we must clearly expect a degree of resentment. All I have said to date is that I wish we were not starting from here. But we are starting from here, and I recognise the Lord Chancellor's difficulty. He must deal with a prison system in which there is recent experience of strike action, and that is not acceptable. However, the timing is most unfortunate. The fact that we are legislating today when the Sweeney report was published only on Monday, containing very positive proposals for improving the situation, is extremely regrettable. My fear is that it will poison the well in terms of future negotiations, and we will not secure the successful outcome that we all want.

I am concerned to hear the Lord Chancellor tell his hon. Friends that he did not really mean what the new clauses and amendments say, and that he will rewrite them before the Bill goes to another place. That is yet another example of why it is wrong to legislate on Report on important matters of this kind, and expect us to rubber-stamp the legislation in the context of a very abbreviated time scale when it should be subjected to proper reflection, consideration and scrutiny before moving to the other place. It seems, however, that we must wait until the Government have done their work in the other place and brought the Bill back to us with revised wording which we hope will deal with some of the issues of scope identified by the hon. Member for Walthamstow, and perhaps with the issue of the commencement on Royal Assent—which may or may not be helpful, depending on the circumstances that apply when the Bill reaches its final stages in both Houses.

However, I have to say to the Lord Chancellor that, if there were an affirmative procedure, that would not be a problem in any case. In those circumstances, we would not need to make commencement automatic on Royal Assent. We could bring forward the affirmative procedure at that point in order to bring it into action if it is considered to be necessary to do so.

Although I am prepared to accept for the purposes of today that the Lord Chancellor has to bring forward these proposals, I think that it is intensely regrettable that they are here. It speaks of failure of management and failure of the negotiating machinery between the Government, the management of the Prison Service and the work force. It suggests that industrial relations are at an unacceptable level in a key public service. My message to the Government is: they really must do better.

Mr. Frank Doran (Aberdeen, North) (Lab): We are very short of time so I will make some quick points. This is an industrial relations issue. Of course, it is necessary for the Secretary of State for Justice to see it in the context of the security of the Prison Service. He rightly talks about the statutory position. My recollection is that the Prison Act 1952 makes the prison officer a constable, but the real position is that the Prison Officers Association is different from the trade unions for the police and the Army. The trade unions for the police and Army have always been subject to limitation on their actions and in relation to strikes. For most of its existence over 70 years, the POA has been a normal trade union with all the normal trade union rights.

In the early 1990s, there were a lot of industrial difficulties. There are still industrial difficulties in the prison system, but it was the courts that decided that prison officer trade unions were not to be allowed to operate as normal trade unions. It is an irony that the 1994 Act, introduced by the then Conservative Government, restored some of the rights that they had lost.

There was another event, as well as that legislation and the court case. That was the inquiry into the Strangeways disaster. It is important to put on the record a couple of the decisions made by the report produced by Lord Justice Woolf and Judge Stephen Tumim. They decided that there was no need to abolish the trade union status of the prison officers. They said:

> "We take the view that industrial action by prison officers should not be made unlawful at this stage.
>
> Conditions in prisons have significantly contributed to the present hostile state of industrial relations, just as they have contributed to souring relations between staff and prisoners."

That is important at a time when prisons are full and getting fuller. The report went on to say:

"We are encouraged to take this view because we found from the Inquiry's visits to establishments that those places with satisfactory conditions and constructive regimes appeared more likely than other, less well endowed prisons, to have satisfactory industrial relations."

Therefore, the message from that report is, "If you sort out the prisons, you will sort out the industrial relations." I know it is not quite as easy as that, but I have a strong view, which is shared by most of my colleagues on the Labour Benches—

It being two hours after commencement of proceedings on the programme motion, MR. DEPUTY SPEAKER *put forthwith the Questions necessary for the disposal of business to be concluded at that hour, pursuant to Order [this day].*

The House proceeded to a Division—

Mr. Deputy Speaker: I ask the Serjeant at Arms to investigate the delay in the Aye Lobby.

The House divided: Ayes 481, Noes 46.

Division No. 39] **[2.43 pm**

AYES

Ainger, Nick
Ainsworth, rh Mr. Bob
Ainsworth, Mr. Peter
Allen, Mr. Graham
Amess, Mr. David
Ancram, rh Mr. Michael
Anderson, Mr. David
Anderson, Janet
Arbuthnot, rh Mr. James
Atkins, Charlotte
Atkinson, Mr. Peter
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Baldry, Tony
Balls, rh Ed
Banks, Gordon
Barker, Gregory
Barlow, Ms Celia
Baron, Mr. John
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Bellingham, Mr. Henry
Benn, rh Hilary
Benton, Mr. Joe
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Berry, Roger
Betts, Mr. Clive
Binley, Mr. Brian
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bradshaw, Mr. Ben
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brennan, Kevin
Brokenshire, James
Brooke, Annette
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Bryant, Chris
Buck, Ms Karen
Burnham, rh Andy
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butler, Ms Dawn
Butterfill, Sir John
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Cable, Dr. Vincent
Cairns, David
Cameron, rh Mr. David
Campbell, Mr. Alan
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Cash, Mr. William
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clegg, Mr. Nick
Clelland, Mr. David
Clifton-Brown, Mr. Geoffrey
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Conway, Derek
Cooper, Rosie
Cooper, rh Yvette
Cormack, Sir Patrick
Crabb, Mr. Stephen
Crausby, Mr. David
Cunningham, Mr. Jim
Cunningham, Tony
Curry, rh Mr. David
Davey, Mr. Edward
David, Mr. Wayne
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davies, Mr. Quentin
Dean, Mrs. Janet
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Djanogly, Mr. Jonathan
Dobbin, Jim
Dobson, rh Frank
Dodds, Mr. Nigel
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dorries, Mrs. Nadine
Dowd, Jim
Duddridge, James
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Dunwoody, Mrs. Gwyneth
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ellwood, Mr. Tobias
Ennis, Jeff
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, rh Mr. Frank
Field, Mr. Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Follett, Barbara
Foster, Mr. Don
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Fox, Dr. Liam
Francis, Dr. Hywel
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Gardiner, Barry
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
George, rh Mr. Bruce
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goldsworthy, Julia
Goodman, Helen
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hague, rh Mr. William
Hain, rh Mr. Peter
Hall, Patrick
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harper, Mr. Mark
Harris, Dr. Evan
Harris, Mr. Tom
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Healey, John
Heath, Mr. David
Hemming, John
Hendrick, Mr. Mark
Hendry, Charles
Hepburn, Mr. Stephen
Heppell, Mr. John
Herbert, Nick
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hoban, Mr. Mark
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Howard, rh Mr. Michael
Howarth, David
Howarth, rh Mr. George
Hughes, rh Beverley
Hughes, Simon
Humble, Mrs. Joan
Hunt, Mr. Jeremy
Hunter, Mark
Hutton, rh Mr. John
Iddon, Dr. Brian
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jack, rh Mr. Michael
Jackson, Glenda
Jackson, Mr. Stewart
James, Mrs. Siân C.
Jenkin, Mr. Bernard
Jenkins, Mr. Brian
Johnson, rh Alan
Jones, Mr. David
Jones, Helen

Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Kawczynski, Daniel
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Keetch, Mr. Paul
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Mr. Charles
Kennedy, rh Jane
Key, Robert
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Mr. Greg
Kramer, Susan
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Leech, Mr. John
Leigh, Mr. Edward
Lepper, David
Letwin, rh Mr. Oliver
Levitt, Tom
Lewis, Mr. Ivan
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Linton, Martin
Lloyd, Tony
Loughton, Tim
Love, Mr. Andrew
Lucas, Ian
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
MacShane, rh Mr. Denis
Mactaggart, Fiona
Malik, Mr. Shahid
Malins, Mr. Humfrey
Mallaber, Judy
Mann, John
Maples, Mr. John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Martlew, Mr. Eric
Mates, rh Mr. Michael
May, rh Mrs. Theresa
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIntosh, Miss Anne
McIsaac, Shona
McKechin, Ann
McLoughlin, rh Mr. Patrick
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Mercer, Patrick
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Miller, Mrs. Maria
Milton, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moore, Mr. Michael
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mulholland, Greg
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Murrison, Dr. Andrew
Naysmith, Dr. Doug
Neill, Robert
Newmark, Mr. Brooks
Norris, Dan
O'Brien, Mr. Mike
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Olner, Mr. Bill
Öpik, Lembit
Osborne, Mr. George
Owen, Albert
Paice, Mr. James
Palmer, Dr. Nick
Paterson, Mr. Owen
Pearson, Ian
Penning, Mike
Penrose, John
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prescott, rh Mr. John
Primarolo, rh Dawn
Prisk, Mr. Mark
Pritchard, Mark
Prosser, Gwyn
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Randall, Mr. John
Raynsford, rh Mr. Nick
Redwood, rh Mr. John
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, Mr. Alan
Reid, rh John
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, John
Robertson, Mr. Laurence
Robinson, Mr. Geoffrey
Rogerson, Dan
Rooney, Mr. Terry
Rosindell, Andrew
Rowen, Paul
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Ruffley, Mr. David
Russell, Bob
Russell, Christine
Salter, Martin
Sanders, Mr. Adrian
Scott, Mr. Lee
Seabeck, Alison
Selous, Andrew
Shapps, Grant
Shaw, Jonathan
Sheerman, Mr. Barry
Shepherd, Mr. Richard
Simmonds, Mark
Simon, Mr. Siôn
Simpson, David
Simpson, Mr. Keith
Singh, Mr. Marsha
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Starkey, Dr. Phyllis
Steen, Mr. Anthony
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Streeter, Mr. Gary
Stringer, Graham
Stuart, Ms Gisela
Stuart, Mr. Graham
Stunell, Andrew
Sutcliffe, Mr. Gerry
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tami, Mark
Taylor, Ms Dari
Taylor, Mr. Ian
Taylor, Matthew
Teather, Sarah
Thomas, Mr. Gareth
Thornberry, Emily
Thurso, John
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Tredinnick, David
Truswell, Mr. Paul
Turner, Mr. Andrew
Turner, Mr. Neil
Twigg, Derek
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Vis, Dr. Rudi
Wallace, Mr. Ben
Waltho, Lynda
Ward, Claire
Watkinson, Angela
Watson, Mr. Tom
Watts, Mr. Dave
Webb, Steve
Whitehead, Dr. Alan
Wicks, Malcolm
Widdecombe, rh Miss Ann
Wiggin, Bill
Williams, rh Mr. Alan
Williams, Mrs. Betty
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wills, Mr. Michael
Wiltshire, Mr. David
Wilson, Phil
Wilson, Mr. Rob
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Jeremy
Wright, Dr. Tony
Wyatt, Derek
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Siobhain McDonagh and Ms Diana R. Johnson

NOES

Abbott, Ms Diane
Austin, John
Burgon, Colin
Campbell, Mr. Ronnie
Caton, Mr. Martin
Clapham, Mr. Michael
Clark, Ms Katy
Connarty, Michael
Corbyn, Jeremy
Cousins, Jim
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Davies, Mr. Dai
Donaldson, rh Mr. Jeffrey M.
Drew, Mr. David
Durkan, Mark
Etherington, Bill
Flynn, Paul
Hamilton, Mr. David
Hancock, Mr. Mike
Havard, Mr. Dai
Hoey, Kate
Hopkins, Kelvin

Jones, Lynne
Llwyd, Mr. Elfyn
McCrea, Dr. William
McDonnell, Dr. Alasdair
McDonnell, John
Meale, Mr. Alan
Moffat, Anne
Murphy, Mr. Denis
Prentice, Mr. Gordon
Sheridan, Jim
Skinner, Mr. Dennis
Smith, Geraldine
Taylor, David
Taylor, Dr. Richard
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Vaz, rh Keith
Wareing, Mr. Robert N.
Williams, Hywel
Wilson, Sammy
Winnick, Mr. David

Tellers for the Noes:
Mr. Neil Gerrard and
Dr. Ian Gibson

Question accordingly agreed to.
Clause read a Second time, and added to the Bill.

New Clause 37

POWER TO SUSPEND THE OPERATION OF SECTION 127 OF THE CRIMINAL JUSTICE AND PUBLIC ORDER ACT 1994

After section 127 of the Criminal Justice and Public Order Act 1994 (c. 33) insert—

"127A Power to suspend the operation of section 127

(1) The Secretary of State may make orders suspending, or later reviving, the operation of section 127.

(2) An order under this section may make different provision in relation to different descriptions of prison officer.

(3) The power to make orders under this section is exercisable by statutory instrument subject to annulment in pursuance of a resolution of either House of Parliament."—*[Mr. Straw.]*

Brought up, read the First and Second time, and added to the Bill.

Clause 175

COMMENCEMENT

Amendment made: No. 169, in page 120, line 31 [Clause 175], at end insert—

'( ) sections (Amendment of section 127 of the Criminal Justice and Public Order Act 1994) and (Power to suspend the operation of section 127 of the Criminal Justice and Public Order Act 1994).'—*[Mr. Straw.]*

Amendment made: No. 170, in title, line 9, after 'criminality;' insert

'to amend section 127 of the Criminal Justice and Public Order Act 1994 and confer power to suspend the operation of that section;'.—*[Mr. Straw.]*

New Clause 6

REASONABLE FORCE FOR PURPOSES OF SELF-DEFENCE ETC.

'(1) This section applies where in proceedings for an offence—

(a) an issue arises as to whether a person charged with the offence ("D") is entitled to rely on a defence within subsection (2), and

(b) the question arises whether the degree of force used by D against a person ("V") was reasonable in the circumstances.

(2) The defences are—

(a) the common law defence of self-defence; and

(b) the defences provided by section 3(1) of the Criminal Law Act 1967 (c. 58) or section 3(1) of the Criminal Law Act (Northern Ireland) 1967 (c. 18 (N.I.)) (use of force in prevention of crime or making arrest).

(3) The question whether the degree of force used by D was reasonable in the circumstances is to be decided by reference to the circumstances as D believed them to be, and subsections (4) and (5) also apply in connection with deciding that question.

(4) The degree of force used by D is not to be regarded as having been reasonable in those circumstances if it was disproportionate in those circumstances.

(5) In deciding the question the following considerations are to be taken into account (so far as relevant in the circumstances of the case)—

(a) that a person acting for a legitimate purpose may not be able to weigh to a nicety the exact measure of any necessary action; and

(b) that evidence of a person's having only done what the person honestly and instinctively thought was necessary for a legitimate purpose constitutes strong evidence that only reasonable action was taken by that person for that purpose.

(6) Subsection (5) is not to be read as preventing other matters from being taken into account where they are relevant to deciding the question mentioned in subsection (3).

(7) This section is intended to clarify the operation of the existing defences mentioned in subsection (2).

(8) For the purposes of references in this section to what D believed, it is immaterial whether—

(a) any belief of D's was mistaken, or

(b) (if it was mistaken) the mistake was reasonable.

(9) But subsection (3) does not enable D to rely on any mistaken belief attributable to intoxication that was voluntarily induced.

(10) In this section—

(a) "legitimate purpose" means—

(i) the purpose of self-defence under the common law, or

(ii) the prevention of crime or effecting or assisting in the lawful arrest of persons mentioned in the provisions referred to in subsection (2)(b);

(b) references to self-defence include acting in defence of another person; and

(c) references to the degree of force used are to the type and amount of force used.'.—*[Mr. Straw.]*

Brought up, and read the First time.

Mr. Straw: I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker: With this it will be convenient to discuss the following: amendment (a) to the proposed new clause, in subsection (8)(a), leave out from 'mistaken' to end of that paragraph.

New clause 8—*Amendment of the Criminal Law Act 1967*—

'(1) The Criminal Law Act 1967 (c. 58) is amended as follows.

(2) In section 3 (use of force in making arrest, etc.), after subsection (1), insert—

"(1A) Where a person uses force in the prevention of crime or in the defence of persons or property on another who is in any building or part of a building having entered as a trespasser or is attempting so to enter, that person shall not be guilty of any offence in respect of the use of that force unless—

(a) the degree of force used was grossly disproportionate, and

(b) this was or ought to have been apparent to the person using such force.

(1B) No prosecution shall be brought against a person subject to subsection (1A) without the leave of the Attorney General.

(1C) In this section "building or part of a building" shall have the same meaning as in section 9 of the Theft Act 1968 (c. 60) (burglary).".'.

New clause 9—*Amendment of the Criminal Law Act (Northern Ireland) 1967*—

"(1) The Criminal Law Act (Northern Ireland) 1967 (c. 18 NI)) is amended as follows.

(2) In section 3 (use of force in making arrest, etc.), after subsection (1), insert—

"(1A) Where a person uses force in the prevention of crime or in the defence of persons or property on another who is in any building or part of a building having entered as a trespasser or is attempting so to enter, that person shall not be guilty of any offence in respect of the use of that force unless—

(a) the degree of force used was grossly disproportionate, and

(b) this was or ought to have been apparent to the person using such force.

(1B) No prosecution shall be brought against a person subject to subsection (1A) without the leave of the Attorney General.

(1C) In this section "building or part of a building" shall have the same meaning as in section 9 of the Theft Act (Northern Ireland) 1969 (c. 16 NI)) (burglary).".'.

Government amendment No. 102.

Amendment No. 125, in page 120, line 2, clause 174, at end insert—

'(aa) section [Amendment of the Criminal Law Act (Northern Ireland) 1967];'.

Government amendments No. 103 and 113.

Mr. Straw: The purpose of our provisions is to amend and clarify for the better the law on self-defence. This is a matter of considerable public concern. The House will know of my experiences on four separate occasions of seeking to apprehend someone—there was one burglar and three street robbers. Anyone who has been involved in such circumstances, or who knows of someone who has, will know that on such occasions there is no time to make a careful, fine judgment about the balance of the law. One does these things instinctively. Where people act reasonably, in good faith, the law should clearly be on their side.

I hope and believe that there is general support for new clause 6. I know that there will be a debate about the proposed changes involving something being deemed wholly "disproportionate", but I am afraid that we cannot accept them.

Miss Anne McIntosh (Vale of York) (Con) *rose*—

Mr. Straw: Before I give way to the hon. Lady and to other Conservative Members, I want to place on record my appreciation of the way in which they have brought this matter forward. We are dealing with an issue of considerable public concern. My judgment has always been that, interestingly, it is very rare for a case to become a decision for a court—normally it would be for the jury—where any reasonable person would regard it as unfair. The number of such cases that go to court are very few. In an informal trawl in 2004, the Crown Prosecution Service found 11 cases in the previous 15 where people had been prosecuted for attacking intruders, and seven of them related to household burglaries.

Miss McIntosh *rose*—

Miss Ann Widdecombe (Maidstone and The Weald) (Con) *rose*—

Mr. Straw: I shall give way in a moment, first to the hon. Lady and then to the right hon. Lady.

Something that worries me, hon. Members on both sides of the House and members of the police force is that there have been more occasions when someone has acted reasonably, in good faith and on the spur of the moment, but a police investigation has none the less taken place. Such an investigation may drag on for months, with all the anxiety that that involves. Two years ago, the CPS and the Association of Chief Police Officers produced an excellent joint leaflet that gave guidance about that.

Miss McIntosh *rose*—

Mr. Edward Vaizey (Wantage) (Con) *rose*—

Mr. Straw: I shall give way in a moment. Although such guidance is helpful, it is not the law. The purpose of our proposed changes is to draw on the best and most positive of case law, and to clarify the law.

Miss McIntosh: I am grateful for the Secretary of State's openness in meeting to discuss the text. The leaflet to which he referred weakly states that if the intruder dies, the victim of the crime could be accused of

"acting with very excessive and gratuitous force and could be prosecuted."

Let us consider the wording in new clause 6, in particular subsection (1)(b) and subsection (4). There is general agreement on both sides of the House that we need enhanced legal protection and greater clarity in the wording of the law. I submit to him, given that the wording is the same as it was in my private Member's Bill, that our new clauses 8 and 9 are much clearer in that regard.

Mr. Straw: This has been the subject of considerable debate, but it ultimately comes down to a matter of judgment.

May I just deal with the issue of "grossly disproportionate" force, which I have thought about a lot? I am sure that the hon. Lady and other Conservative Members will say, "Hang on a second". They will do so because as a result of Brendon Fearon seeking compensation over the Tony Martin case, the Labour Government introduced amendments in the Criminal Justice Act 2003 to create a test in respect of any claim by a criminal against a victim who had assaulted or damaged them in some way. Such a claim could be sustained only if the force used against the criminal was grossly disproportionate. The issue is whether that part of the civil law can be imported into the criminal law. I have been clearly advised, and I accept, that that is not possible, not least because of the European convention on human rights—not because of the Human Rights Act 1998.

Mr. Dominic Grieve (Beaconsfield) (Con) *rose*—

Mr. Straw: I say as gently as possible to the hon. Gentleman that I have three interventions to take first, but I look forward to his contribution. The advice that I have received, which I accept, is that such a move

would be outwith the ECHR, and I remind Conservative Members that whatever views they have about the Human Rights Act, they have accepted that we should remain subject to the ECHR.

Patrick Mercer (Newark) (Con) *rose*—

Mr. Straw: I shall give way to the hon. Gentleman.

Patrick Mercer: I am most grateful that the Justice Secretary has brought up the name of my constituent, Brendon Fearon, who was involved in the Tony Martin case. It might be apposite to remind the House that when I introduced a private Member's Bill on this matter, which was taken up ably by my hon. Friends the Member for Vale of York (Miss McIntosh) and for North-West Cambridgeshire (Mr. Vara), Brendon Fearon said how very useful he believed the proposed changes would be, and that if what is currently enshrined in civil law were to be enshrined in criminal law, he, as a professional criminal and a recidivist, would find it deeply deterring.

Mr. Straw: I am not grateful to Mr. Fearon—*[Interruption.]* I was Home Secretary when the Tony Martin case arose. It was a difficult one, although I think that few people argue with the jury's verdict in those exceptional circumstances. I do not regard Mr. Fearon on an equal footing with the judicial Committee of the House of Lords or even with the European Court of Human Rights in Strasbourg. I shall now give way to the right hon. Member for Maidstone and The Weald (Miss Widdecombe).

Miss Widdecombe: Get on with the speech, Jack.

Mr. Straw: I shall give way to the Front-Bench spokesman.

Mr. Grieve: The Lord Chancellor has to accept that his new clause is a restatement of the existing law. As the law envisages that there are perfectly clear cases in which disproportionate force may be legitimate, surely by saying that only in cases of "grossly disproportionate" force should prosecutions lie we are well within the scope of article 2 of the European convention on human rights. I find it difficult to see how we would fall foul of the convention if new clauses 8 or 9 were to be adopted, particularly in the restricted circumstances to which they apply, which concern householders and closed premises when a victim is under a particular difficulty because they are unable to get away, temporise or disengage.

Mr. Straw: To some degree, we may end up arguing about the size of the head of a pin. In the rare cases where such a prosecution reached court, it would be for a jury to decide behind closed doors whether it thought that the force used was acceptable. I put on the record the advice that I have received, which I accept. That is an issue between us.

The new clause seeks to clarify the law in a positive way. It is drawn from the best of existing case law, but everyone knows that not even good lawyers can always access that with ease. We have sought to put on the face of the Bill the circumstances that should be taken into account by the court not only when it decides guilt or innocence, but earlier down the track when it decides whether to initiate an investigation. Proposed new subsection (5) states that in deciding whether someone is guilty of an offence,

"the following considerations are to be taken into account...that a person acting for a legitimate purpose"

that is, to prevent a crime or apprehend a criminal—

"may not be able to weigh to a nicety the exact measure of any necessary action; and...that evidence of a person's having done only what the person honestly and instinctively thought was necessary for a legitimate purpose constitutes strong evidence that only reasonable action was taken by that person for that purpose."

In other words, if that person honestly and instinctively thought that their action was reasonable, that would weigh heavily with the court, leaving aside the issue of whether it was proportionate or grossly disproportionate.

My final point is that proposed new subsection (8) means that in terms of what the defendant believed it is immaterial whether the belief was mistaken and, if it was mistaken, whether the belief was reasonable. I commend the proposals to the House.

Mr. Vaizey *rose*—

Mr. Straw: I want to allow the House time to debate what is proposed, so if I may, on this occasion I shall sit down early and invite the Opposition spokesmen to speak.

Nick Herbert: In accepting Government new clause 6, I want to explain why we do not believe that it goes far enough and why new clauses 8 and 9 remain the approach that the House should adopt.

The private Members' Bills introduced over the past few years by my hon. Friends the Members for Vale of York (Miss McIntosh), for Newark (Patrick Mercer) and for North-West Cambridgeshire (Mr. Vara), all of whom are present today, sought, as we do, to give greater clarity to the law not by introducing the concept of people acting reasonably but by permitting them, when protecting themselves or their property against a trespasser, to use a degree of force provided that that force was not grossly disproportionate and as long as it should not have been apparent to the person that such force was grossly disproportionate.

3.15 pm

The Secretary of State spoke about cases in which victims of crime had their premises, homes or commercial premises entered, which led to their being in fear and using force—sometimes lethal force. The consequence of that use of force was not only an initial police arrest but a subsequent investigation and often a prosecution. The fact that the jury usually acquits the defendant does not remove the great stress that any such actions cause. It is common ground between the Opposition and the Secretary of State, who has recognised that the law inadequately protects the interests of the householder or shopkeeper, that some restatement is needed.

Mr. Henry Bellingham (North-West Norfolk) (Con): My hon. Friend has hit on an important point. The Lord Chancellor said a moment ago that it is up to the jury to decide. My hon. Friend is right that many such

[Mr. Henry Bellingham]

cases should never go to court. How can someone, in the middle of the night and on the spur of the moment, make a judgment in seconds when the law is so complicated? New clause 6 is very complicated. The great virtue of my hon. Friend's proposed alternative is that it simplifies and clarifies the law, and that is why it should be accepted.

Nick Herbert: My hon. Friend is right. The point at issue is that when someone enters a premises—a home or a shop—they cross a physical line. Historically, we have regarded our homes as our castles. People who respond to burglars, fearful of the situation, might feel the need, on the spur of the moment, to use some force in repelling that individual. They make a split-second decision. No codification will help them in making a judgment about the correct level of force to use in those circumstances.

Mr. Shailesh Vara (North-West Cambridgeshire) (Con): In his speech to the Labour party conference, the Justice Secretary said that he would like to

"review the balance of the law"

in this area. Does my hon. Friend agree that the Government's new clause does not amend or review the balance of the law? It simply tinkers with the existing state of affairs. The Opposition new clauses would achieve what the Secretary of State said he would achieve and would amend the balance of the law.

Nick Herbert: I agree. As my hon. Friend the shadow Attorney-General pointed out, the Secretary of State's amendments merely restate case law. It is important that Parliament sends out a clear and unambiguous signal to the owners of homes and premises that the law will be on their side should they have to use force where they are fearful of the actions that a trespasser might take. I do not see how restating existing case law will send out a clear and unambiguous signal from this House.

Mr. Vaizey: Will my hon. Friend confirm that the Secretary of State has opposed changing the law for the past decade? He decided that the law should be changed only when he needed an eye-catching announcement for his Labour conference speech in the run-up to the bottled election. Does not that explain why new clause 6 does not change the law at all? Is not Parliament being taken for a patsy when it is asked to debate new clause 6? Should we not pass new clauses 8 and 9 instead, as they will change the law in the way we have sought for the past decade?

Nick Herbert: I am in a dilemma about how generous to be to the Lord Chancellor. Today he has repented of many sins, such as the Government's repeal of the legislation forbidding strikes in the Prison Service and his opposition to our constant demands that the law in this area be restated. However, my hon. Friend is right to say that the right hon. Gentleman made his party conference pledge precisely because he felt that it would be an eye-catching initiative. I think that he has had great difficulty in persuading his Department that there should be any change in the law to match that pledge.

We have been here before. Precisely the same thing happened with the previous Prime Minister, Tony Blair, who stood at the Dispatch Box and agreed with us that the law needed to be changed. A few months later, however, after a review had been conducted, he said that we needed only a codification, but by then the signal had been sent out and the press headlines obtained. In fact, no real change was made to the law.

Mr. Straw *indicated dissent.*

Mr. John Gummer (Suffolk, Coastal) (Con): The Justice Secretary shakes his head in disapproval. Before my hon. Friend is too kind to the right hon. Gentleman, will he agree that two audiences are being addressed? At the Labour party conference, the right hon. Gentleman was addressing the press, whereas today he is talking to his Back Benchers. [HON. MEMBERS: "Where are they?"] If they were here, and as he well knows, they would oppose any change that gave people the right to protect themselves in the circumstances that have been described.

Nick Herbert: I note that Labour Back Benchers are giving the Justice Secretary no protection at all today. He may need greater assistance from them.

Parliament must send a clear and unambiguous signal on these matters, and that is why we have suggested that the wording of the law should be changed so that a degree of force would be permitted, provided it was not "grossly disproportionate".

David Howarth (Cambridge) (LD): The hon. Gentleman has not mentioned proposed new section (1A)(b) of new clause 8, which uses the phrase

"this was or ought to have been apparent to the person using such force."

Does he agree that the problem is that that leaves in place the very problem that arose from the Martin case? The central problem with the Court of Appeal judgment was that it said that a mistaken belief that danger was threatened could be judged subjectively, but that the degree of danger had to be assessed objectively, using the criterion of reasonableness. New clause 8 does not deal with that problem at all.

Nick Herbert: The purpose of the phrase

"ought to have been apparent to the person using such force",

which is used in new clauses 8 and 9, is to make it clear that we believe that there needs to be an objective test. The matter cannot be left to a test that is entirely subjective. No one who has taken part in the House's deliberations on these matters has suggested that the law should have protected Tony Martin from the consequences of the action that he took. Our new clauses would not do that either, but the Government appear to believe that putting into statute a codification of existing case law will somehow assist people faced with a threat in their homes.

Whether such a codification would be of any use to people in the heat of the moment is open to question. The present Secretary of State for Innovation, Universities and Skills was asked about that in March 2003, and he said:

"Some sort of codification of what level of force is permissible is likely to be of only academic interest to people who suddenly find themselves under attack. Such a code is not likely to be the sort of thing one carries around in one's mind in case it is needed."—[*Official Report, Westminster Hall*, 4 March 2003; Vol. 400, c. 211WH.]

That underlines the point that no codification is needed. We have had guidance from the Home Office, but no sort of codification will help people suddenly faced with an attack in their home.

Patrick Mercer: Does my hon. Friend agree that the law is so unambiguous that the Government were forced—three years ago, when the matter came up in deliberations on a private Member's Bill that I was taking through the House—to issue a wholly risible document that contained illustrations to show how it would work? Now it seems that we need another clarification. Would not the simplest thing be for them to accept new clauses 8 and 9 and use the phrase "grossly disproportionate"? That would clear the whole thing up.

Nick Herbert: I completely agree. What good do the Government think that the proposed clarification will do? Indeed, the Secretary of State did not suggest in his speech to the Labour party conference that there would just be a clarification. He said:

"The law on self-defence works much better than most people think, but not as well as it could or should."

Surely that is a direct admission that the current law is not working, yet he says that he merely wants to restate it.

Mr. Straw: The hon. Gentleman quotes me very accurately, and that is the burden of my position. All hon. Members accept that the number of such cases going to court is tiny, and that there have been only a handful over the past 15 years. The problem that we face has to do with unnecessary and gratuitous investigations at a much earlier stage.

I believe that we need to clarify the law, but that we must choose the best case law, rather than a compendium thereof. Highlighting that case law, as proposed in new clause 6, will be very effective. It will lead to a change in the way the law works, and that is precisely what I was seeking when I made my party conference speech.

I should like to make two other brief points. First, the hon. Member for Arundel and South Downs (Nick Herbert) must be aware that the Joint Committee on Human Rights—one of whose members is a Conservative peer—has said that, in the criminal law, the "grossly disproportionate" use of force is outwith the EU convention on human rights. Secondly, he needs to deal with the very important point raised by the hon. Member for Cambridge (David Howarth). That hon. Gentleman has suggested—rightly, I think—that new clause 8 would give a court less flexibility in defending a victim of crime than would our new clause 6, under which the relevant tests are subjective.

Nick Herbert: First, I believe that the Joint Committee on Human Rights was looking at the Bill introduced by my hon. Friend the Member for North Thanet (Mr. Gale). It contained a different test, and did not use the wording employed in our new clause 8 or in the earlier private Member's Bill. My hon. Friend the Member for Beaconsfield (Mr. Grieve), the shadow Attorney-General, has dealt already with the human rights arguments. At the Labour party conference, the Secretary of State wanted to do more than merely suggest that the law would just be clarified. His words make it clear that the law would be rebalanced, but that is not happening with this Bill. If merely restating case law would amount to greater protection for householders, engender greater confidence or prevent police from arresting and investigating people when they should not, why has not the existing guidance—which the Government introduced after the last review, instituted by Tony Blair—succeeded in achieving that? The Secretary of State apparently accepted the burden of those arguments just a few months ago, but what he now proposes is simply inadequate to send the clear and unambiguous signal, which the Opposition have consistently requested, to the country as a whole that the law is on their side.

3.30 pm

Mr. Vara: Does my hon. Friend agree that Ian Blair, the present Metropolitan Police Commissioner, got it right when he said on this issue:

"I thought reasonableness was quite a difficult concept at 4 o'clock in the morning in your kitchen, whereas something as stark as gross disproportionality did seem to me to be clearer."?

Nick Herbert: On that occasion, Sir Ian did get it right and I am grateful to my hon. Friend for reminding us of that.

I refer the House to the Library research paper on the new offence as it was introduced in the private Member's Bill. It stated:

"The Bill's new test of force which is not grossly disproportionate is likely to be more generous to defendants than the test of reasonable force."

Therein lies the difference between us. The Government are merely seeking to restate existing law in the belief that somehow that will be of comfort or assistance to people under attack in their own homes. We wish to send the clear and unambiguous signal that the law is on the side of the defendants, and that is why, if we have the opportunity, we wish to press the issue to a Division.

The Secretary of State has not delivered on the promise that he made at the Labour party conference, and it is important that the country understands that.

Mr. Straw: Will the hon. Gentleman deal briefly with the point made by the hon. Member for Cambridge (David Howarth)? Does he not accept that the objective test in new clause 8 is more flexible and more restrictive for a defendant than our subjective test in new clause 6?

Nick Herbert: No, I do not accept that and I am happy to rely on the advice of the Library, which says that the new test is likely to be more generous to defendants. If one uses the words "grossly disproportionate", an objective test is the right approach.

The Government are now advancing a different argument and suggesting that the Opposition seek a lower level of protection than the one that they propose. That is plainly nonsense.

David Howarth: The hon. Gentleman is confusing two different aspects of the problem. One is the test of reasonableness or disproportion, including the word "gross"; the other is the mistaken beliefs of the defendant, and whether the court accepts them and

[David Howarth]

does not investigate them, which is what the Government's new clause would appear to propose. Or should the court investigate the reasonableness of the beliefs, which is what the Conservatives' amendment would appear to propose? That is why the Secretary of State is correct in what he says.

Nick Herbert: We think that the balance that we have achieved between the two components of the offence is right, and we are happy with it. I am also happy with the assessment of the Library that our test would be more generous to defendants. The right test is an objective one. I do not think that it is credible that the Liberal Democrats and the Government should rest their opposition to our proposal on the new argument that somehow it would provide less protection than is currently the case under the law. The Library is clear that that is not the case and we have consistently been clear that it is not.

The Secretary of State advanced an entirely different argument earlier, when he said that our provision would somehow be struck down by the human rights legislation. The suggestion was that it would provide protection that was somehow outwith the law, but that argument will not wash. He has been caught out. He undertook a grandstanding exercise at the Labour party conference in search of headlines. It served him well, but he has not subsequently been able to deliver, and we will continue to point that out.

Mr. Heath: I am sorry that the hon. Member for Arundel and South Downs (Nick Herbert) seems incapable of understanding the point made by my hon. Friend the Member for Cambridge (David Howarth); it was not answered by the Library note, which was on a totally different matter.

The Conservatives do, however, have a genuine sense of grievance that the fox of which they have long been in pursuit has been comprehensively shot by the Lord Chancellor. I have been party to the many debates that we have had on the subject, courtesy of the hon. Members for Newark (Patrick Mercer) and for Vale of York (Miss McIntosh) and others, and I have heard the stonewalling from the Government, who said that in no circumstances were they prepared to accept that a change in the law was necessary. For them now to reverse that position takes some brass neck. However, I am prepared to accept that the Lord Chancellor is making the change for the best of reasons.

Let us start with our shared perceptions. All parties have always shared the view that there is a problem with the way in which people in the circumstances that we are discussing are investigated and, occasionally, prosecuted. We also agree that it would be a completely inappropriate interpretation of the law, or of the duties of the police, if a person who had defended themselves, or their family, friends or property, came under suspicion, unless they had behaved entirely improperly in defending what was theirs. There have been too many occasions, although not a great number of them have come before a court, on which people have felt that when they took perfectly proper action to defend themselves against criminal offences, they came under suspicion and were investigated by the investigating and prosecuting authorities. They should have been getting the support of those authorities, rather than finding themselves in difficulties with them.

David T.C. Davies (Monmouth) (Con): I am delighted that a Liberal Democrat is taking such a line. If the hon. Gentleman believes that people should have the right to use force when they are being burgled, does he agree that if the intruder is armed with a weapon, the householder should, reasonably, be able to retaliate with some form of weapon?

Mr. Heath: I think that the hon. Gentleman has just explained what proportionality means; I thought that we understood that. I do not know why he is surprised at the line that I take, as I have taken it consistently for 10 years in the House, but perhaps he has not yet had the opportunity to study *Hansard* with sufficient care.

The Government are reversing from their previous position, and are saying that there is an issue to address. I do not think that the defect lay in the law in the first place. I still believe that, with one exception, which I shall come to, and which concerns the point made by my hon. Friend the Member for Cambridge, the law is perfectly competent to deal with the circumstances that we are discussing; it is, on occasion, the investigating and prosecuting authorities who are incompetent, and who misdirect themselves. I have no objection to restating and reinvigorating the law on that point to prevent mischief from occurring, if that is sensible, and that is the line that I have consistently taken when dealing with private Members' Bills on the subject.

Mr. Bellingham: The hon. Gentleman is something of an expert on the subject, given his experience with private Members' Bills. He wants to remove the current prevalence of investigations, and prevent every single case from being taken to court. Surely basing the law on the concept of "grossly disproportionate" will send a strong signal to the police as regards the Association of Chief Police Officers guidelines, and surely that will mean that very few such cases—only the most extreme ones—will go to court. That, surely, is what we are trying to achieve.

Mr. Heath: I am grateful to the hon. Gentleman, but it is a fact that very few such cases go to court. The problem is not the number of cases that go to court; it is the number that are investigated, and the cases in which there is a fear on the part of the householder, or whoever is involved, that they will be prosecuted. That is what is unacceptable in the eyes of Members of all parties.

I wish that the Conservatives would accept that they have won the argument. The Lord Chancellor has come round to their point of view and has come forward with a formulation that I think actually works. However, if they will persist with new clause 8, I have to say that I think that there are two problems with it. The first is that it would replace one test, that of reasonableness, with another, the test of what is "grossly disproportionate". Both are still subjective, in the sense that interpretation is required—in the first case by the investigation and prosecution authorities,

who have to decide whether to bring the case, and in the second by the jury, who have to interpret the word "grossly".

That does not take us much further. Of course there is a difference in mood between the two, in the sense that, in common parlance, one would expect "grossly disproportionate" to constitute a higher test than what is reasonable, but in reality it leaves a blurring of the edges, which is not acceptable. Where I part company with the hon. Member for North-West Norfolk (Mr. Bellingham), with whom I often agree on such matters, is that, as I have said repeatedly, I do not believe that the purpose of statute law is to send signals. We do not use this place as a means of semaphore; we use it as a means of providing workable law. The problem with new clause 8 is that it replaces a test that is subjective in the eyes of the prosecution and the court with another test that is subjective in the eyes of the prosecution and the court. That is what worries me.

Mr. Vaizey: The hon. Gentleman has just contradicted himself. He said earlier that he was minded to support new clause 6 precisely because it sends a signal to the police not to conduct prosecutions. Now he is saying that he will not support new clause 8 because it is being used to send a signal. Does he not understand that new clause 6 simply sends a signal, whereas new clause 8 would genuinely change the law to protect the householder? The hon. Gentleman should therefore support new clause 8, as it represents a change of the law, not a signal.

Mr. Heath: Quite the reverse. That is the difficulty that I have with the Conservatives' position. I do not think that they have read new clause 6 properly and compared it with their own new clause 8. My view is that new clause 6 provides a more stringent safeguard for the householder than does new clause 8.

That brings me to my second objection, which is the point raised by my hon. Friend the Member for Cambridge. Let us go back to the Tony Martin case. Let us set aside for the moment the person of Tony Martin and the circumstances of that case, and consider the point of law that was exposed by the Court of Appeal. The Court of Appeal distinguished between an error made by that person as to whether he was under attack, and an error made about the danger that was posed by that attack. In the first instance, the statement is subjective.

David Howarth: My hon. Friend is on the right lines. The Court of Appeal said that if the question were simply whether the defendant believed that he was under attack, what the defendant believed would be accepted. But when the question was whether the danger posed by the attack was serious, the question would become a matter of reasonableness for the jury to decide, which is quite different.

Mr. Heath: I wish I had not allowed my hon. Friend to intervene. That is what I was saying. The point is exactly as he makes it. The first test is whether the defendant believed he was under attack. The answer is yes or no. The second test as to the gravity of the attack, and therefore the response, must be tested objectively in terms of reasonableness. That is still the situation under new clause 8, but under the Government's proposals in new clause 6, let us consider subsections (5) and (8).

Subsection (8) is crucial. It states:

"For the purposes of references in this section to what D believed, it is immaterial whether—

(a) any belief if D's was mistaken, or

(b) (if it was mistaken) the mistake was reasonable."

In other words, where a person meets an intruder in his house in the middle of the night and may be entirely mistaken about what the intruder is about to do to him, provided that he reacts in an appropriate way, even if it is not reasonable in the cold light of day, he is protected by the law. Under the Conservative amendment, he would not be protected by the law. That is the distinction that I am trying to make.

3.45 pm

Mr. Grieve: I do not want to get involved in an exercise in semantics, but subsection (4) of new clause 6, which states:

"The degree of force used by D is not to be regarded as having been reasonable in those circumstances if it was disproportionate in those circumstances",

qualifies subsection (3). As a result, the suggestion that in some way the Government have magicked in a wholly subjective test, is wrong. I would have been surprised and rather shattered if the Government had gone that far, and I would have suggested that it was far too far to go.

New clause 8 is far more simply worded and clearly provides that

"this was or ought to have been apparent to the person using such force."

It focuses on the degree of force used, and whether it was grossly disproportionate. That is a much simpler and more straightforward way of viewing it than the convolutions that, the more the interventions have gone on, seem to be coming from those on the Liberal Democrat Benches.

Mr. Heath: The hon. Gentleman says that he does not want to get involved in semantics. I am sorry, but in that case he is in the wrong place. This is what we are about. We are about trying to construe a new piece of legislation here. While he continues in his present position, he will have to grin and bear it, and go through the process of deconstruction of clauses.

I do not agree with the hon. Gentleman. I look at subsection (4) and I see that it is qualified by subsections (5) and (8), which gives that latitude in terms of the state of mind of the person under attack at the time, and allows them to believe something that is wholly wrong, provided that they genuinely believed it at the time and can show that to the court. I look at new clause 8 and I see a quite different test—that it should have been apparent to the person that he was using "grossly disproportionate force", a term that is undefined. So the householder is still left in the quandary: "Is what I am doing grossly disproportionate? Will a court find at the end of the day that what I did was grossly disproportionate? I don't know. It's the middle of the night, I have a golf club in my hand, do I give him a thwack or not?" That is the real problem.

[Mr. Heath]

On that basis, I prefer new clause 6. It is a better formulation. It provides that latitude in law, but at the same time better defines the law. I do not accept that this is a signal, because it goes further than that and changes the ground rules for the legislation that applies. That will be of benefit to householders. New clause 8 may be of benefit, but not as much benefit as the Conservative party appears to think. Its determination to press the new clause to a vote in competition is absurd under the circumstances—grossly disproportionate, I might say.

Miss McIntosh: I congratulate the hon. Member for Somerton and Frome (Mr. Heath) on his sterling performance, but I disagree with most of what he said. I hope that the House welcomes this debate, and I am trying to find the head of the pin on which the Secretary of State for Justice was dancing so that I can join him there.

I hope that the Opposition Front-Bench spokesmen will press new clauses 8 and 9 to a vote. In supporting the Opposition's arguments, I want briefly to show why new clause 6 is defective. As the shadow Attorney-General has said, the law should be simple, precise and easy to apply, and that is why the Secretary of State has had the hindsight to come forward with the new clause, which I welcome. However, as the shadow Justice Secretary has said, it simply does not go far enough.

I want to focus on the two tests. One is the test of force—we are arguing about whether force is grossly disproportionate or disproportionate, so it is a matter of semantics—and the other is reasonableness. The main reason why new clause 6 is defective is that it does not give enough guidance. It would be helpful if the Minister could clarify for the House how the joint Association of Chief Police Officers/Crown Prosecution Service statement is to be amended.

I believe that new clause 8, in particular, is clearer and would make it easier for a jury or court to reach a decision. New clause 6(1)(b) contains the phrase "reasonable in the circumstances", but what would those circumstances be and who would judge? Would the reasonable man on the jury decide, or would the reasonable prosecutor decide whether a prosecution would be brought? Furthermore, subsection (4) states:

"The degree of force…is not to be regarded as having been reasonable in those circumstances".

Again, the Secretary of State's argument is flimsy and unconvincing in that regard.

The right hon. Gentleman is such a nice person; perhaps that is why he chose the word "nicety" for subsection (5)(a). However, "nicety" is not even as clear as the current joint statement, one of whose sentences starts:

"So long as you only do what you honestly and instinctively believe is necessary in the heat of the moment".

I do not believe that new clause 6 brings anything extra to that. Subsection 5(b) states:

"only reasonable action was taken by that person for that purpose"—

presumably, self-defence. New clause 6 is simply too weak.

Mr. Straw: I shall reflect on what the hon. Lady has said, but this has been the subject of a huge amount of work. There is an honest argument about whether new clause 6 or new clause 8 is more effective. A point was missed by Conservative Front-Bench Members as they sought to undermine new clause 6. There seems to be an agreement across the House that that new clause should be the basis of the law for the apprehension of a criminal in all circumstances, save in respect of the apprehension of a burglar. On three occasions I have been involved in the arrest of a street robber; in such circumstances, new clause 6, not new clause 8, would apply. I advise the hon. Lady not to be too destructive of new clause 6, because it seems that she accepts it as well.

Miss McIntosh: With the greatest respect, the right hon. Gentleman has to accept that a robbery in an open space, in a public place on a street, is completely different from being attacked in the privacy of one's own home or business.

Mr. Straw: I do not think that we should have a competition, but I speak from direct experience. Another guy—an elderly gentleman—and I were rolling around in the middle of a carriageway holding a robber whom I had luckily knocked down. He was shouting and screaming for other people of a like mind to join in. I do not think that that was necessarily either a less good or a safer situation than some circumstances—although not all circumstances—in which someone apprehends a burglar. It depends entirely on the precise circumstances of the case. However, no one who has been in the situation that I have described would think that it is easy.

Miss McIntosh: I simply conclude by saying that I rest my case. I commend new clauses 8 and 9 to the House. The prospect of seeing the Secretary of State for Justice embracing or mauling a street robber is too graphic to consider. However, I hope that the right hon. Gentleman will take on board the basis and wording of new clauses 8 and 9 and marry them together with clause 6. Our clauses are clearer, simpler and easier to interpret.

Mr. Bellingham: Members might well believe that I come to this issue entirely on the basis of the Tony Martin case. Tony Martin is a constituent of mine and the case was nearly 10 years ago, when the current Lord Chancellor was Home Secretary. Although I have every sympathy for Tony Martin, I should make it clear that one single case is not a good basis for changing the law. However, the case triggered an unprecedented public debate on householders' rights and the conclusion was that the law was a complete muddle. There were too many investigations taking place and too many cases going to court. In the heat of the moment, when a householder has to react and take a split-second decision, he needs to know that the law is broadly on his side. The vast majority of the public who have been commenting on this issue feel strongly that burglars and intruders should leave the vast majority of their rights outside the building that they break into or intrude on.

Of course, there will be exceptions to that rule. That is why, in essence, the three private Members' Bills on this subject were based on the concept of gross

disproportionality. The first of those Bills was introduced by my hon. Friend the Member for North Thanet (Mr. Gale), the second by my hon. Friend the Member for Newark (Patrick Mercer), and the third by my hon. Friend the Member for Vale of York (Miss McIntosh)—not forgetting my hon. Friend the Member for North-West Cambridgeshire (Mr. Vara), who tried to bring in a Bill but found that there was no time for it. I sat through many of those debates, and in each and every case the Government were incredibly negative, although they had plenty of time to respond positively. Sadly, they are taking action only after a great deal of persuasion and public debate, having eventually realised that the public mood was running against them.

I accept that new clause 6 is a small improvement, but it is incredibly complicated and convoluted. One has to read it about 10 times to make sense of it. As a lawyer, I find it difficult to understand how intelligent lawyers in the Department have come up with a clause that is quite so verbose and complicated. New clauses 8 and 9 have the great virtue of simplicity. The law needs clarifying and changing, and I urge the House to support our new clause. I look forward to hearing what my hon. Friend the Member for Newark has to say.

Patrick Mercer *rose—*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I am sorry to disappoint the hon. Gentleman, but I am going to call Mr. Ed Vaizey.

Mr. Vaizey: It is unprecedented, Mr. Deputy Speaker, that I should take precedence over my hon. Friend the Member for Newark (Patrick Mercer), so I will keep my remarks extremely brief.

We are debating new clause 6 because the Secretary of State for Justice, who has always opposed changing the law in this area, sought an eye-catching initiative at the last Labour party conference, when we were gearing up for a general election. He sat down with his advisers and said, "What can we do to get ourselves on the front page of the newspapers?" They said, "Why not bring forward this policy, which you have always opposed?" The new clause simply restates the law. That is made explicit in subsection (2), which has the gall to cite

"the common law defence of self-defence",

to remind people that there is such a thing, and then to restate the defences in existing legislation. Subsection (5) merely adds into what is already a matter of precedent factors that the courts can take into account. The key difference between new clause 6, which does not change the law at all—

Mr. Deputy Speaker: Order—with apologies to the hon. Member for Newark (Patrick Mercer).

Question put and agreed to.

Clause read a Second time, and added to the Bill.

It being three and a quarter hours after the commencement of proceedings on the programme motion, MR. DEPUTY SPEAKER *proceeded to put forthwith the Questions necessary for the disposal of business to be concluded at that hour, pursuant to Order [this day].*

Clause 174

EXTENT

Amendments made: No. 102, page 119, line 46, at end insert—

'(da) section (Reasonable force for purposes of self-defence etc.);'.

No. 103, page 120, line 22, at end insert—

'(10) Nothing in this section restricts the operation of section (Reasonable force for purposes of self-defence etc.) and paragraph 20A of Schedule 33 in their application in relation to service offences (within the meaning of that paragraph).'.—*[Mr. Hanson.]*

Schedule 33

TRANSITORY, TRANSITIONAL AND SAVING PROVISIONS

Amendment made: No. 113, page 299, line 17, at end insert—

'Reasonable force for purposes of self-defence etc.

20A (1) Section (Reasonable force for purposes of self-defence etc.) applies whether the alleged offence took place before, or on or after, the date on which that section comes into force.

(2) But that section does not apply in relation to—

(a) any trial on indictment where the arraignment took place before that date, or

(b) any summary trial which began before that date,

or in relation to any proceedings in respect of any trial within paragraph (a) or (b).

(3) Where the alleged offence is a service offence, that section similarly does not apply in relation to—

(a) any proceedings before a court where the arraignment took place before that date, or

(b) any summary proceedings which began before that date,

or in relation to any proceedings in respect of any proceedings within paragraph (a) or (b).

(4) For the purposes of sub-paragraph (3) summary proceedings are to be regarded as beginning when the hearing of the charge, or (as the case may be) the summary trial of the charge, begins.

(5) In this paragraph—

"service offence" means—

(a) any offence against any provision of Part 2 of the Army Act 1955 (3 & 4 Eliz. 2 c. 18), Part 2 of the Air Force Act 1955 (3 & 4 Eliz. 2 c. 19) or Part 1 of the Naval Discipline Act 1957 (c. 53); or

(b) any offence under Part 1 of the Armed Forces Act 2006 (c. 52);

"summary proceedings" means summary proceedings conducted by a commanding officer or appropriate superior authority.'.—*[Mr. Hanson.]*

New Clause 25

BAIL CONDITIONS: ELECTRONIC MONITORING

'Schedule (Electronic monitoring of persons released on bail subject to conditions) makes provision in connection with the electronic monitoring of persons released on bail subject to conditions.'—*[Mr. Hanson.]*

Brought up, and read the First time.

The Minister of State, Ministry of Justice (Mr. David Hanson): I beg to move, That the clause be read a Second time.

Mr. Speaker: With this it will be convenient to discuss the following:

Government new clause 26—*Credit for period of remand on bail: terms of imprisonment and detention.*

Government new clause 27—*Credit for period of remand on bail: other cases.*

Government new clause 28—*Credit for period of remand on bail: transitional provisions.*

Government new clause 29—*Sentences of imprisonment for public protection.*

Government new clause 30—*Sentences of detention for public protection.*

Government new clause 31—*Extended sentences for certain violent or sexual offences: persons 18 or over.*

Government new clause 32—*Extended sentences for certain violent or sexual offences: persons under 18.*

Government new clause 33—*The assessment of dangerousness.*

Government new clause 34—*Further amendments relating to sentences for public protection.*

Government new clause 35—*Release on licence of prisoners serving extended sentences.*

Government new clause 45—*Restriction on power to make a community order.*

Government new clause 46—*Bail for summary offences and certain other offences to be tried summarily.*

Government new clause 47—*Release of fine defaulters and contemnors under Criminal Justice Act 1991.*

Government new clause 48—*Early release of certain long-term prisoners under Criminal Justice Act 1991.*

Government new clause 49—*Recall of certain prisoners released under Criminal Justice Act 1991.*

Government new schedule 3—*'Electronic monitoring of persons released on bail subject to conditions.*

Government new schedule 5—*'Offences specified for the purposes of sections 225(3A) and 227(2A) of the Criminal Justice Act 2003.*

Government new schedule 6—*'Credit for period of remand on bail: transitional provisions.*

Government new schedule 7—*'Bail for summary offences and certain other offences to be tried summarily.*

Government amendments Nos. 156 to 158, 219, 159, 161, 162, 220 to 221, 163, 222, 164 to 166, 223 to 225, 227, 167, 168 and 160.

Mr. Hanson: This group of amendments gives effect to recommendations made by my noble Friend Lord Carter of Coles in his review of prisons published in December, as hon. Members will know. My noble Friend recommended a package of measures to increase the capacity of the prison estate and to develop a more sustainable approach to the use of custody. As the House will recognise, we will always ensure that there are sufficient prison places for serious, dangerous and violent offenders whom the courts judge necessary to commit to custody. In response to Lord Carter's review, my right hon. Friend the Lord Chancellor announced in his statement of 5 December plans to increase prison capacity by 15,000 places by 2012.

4 pm

The need to provide prison places is paramount, but we also need to ensure that both prison and probation resources are properly focused on where they are most needed. My noble Friend Lord Carter put forward five particular measures to help to manage the use of custody. In summary, they are: the reform of public protection sentences to allow greater flexibility in the use of those sentences; the reform of bail legislation to ensure that remand in custody is reserved for serious and dangerous defendants; allowing defendants who comply with the terms of their curfew while on bail to be credited for doing so when sentenced; aligning the release arrangements for prisoners serving sentences under the Criminal Justice Acts of 1991 and 2003; and restricting the availability of community sentences for those convicted of non-imprisonable offences.

I hope that I may briefly detain the House with a little detail about each of the provisions. With regard to imprisonment for public protection, new clauses 29 to 35 and new schedule 5 reform public protection sentences as provided for in the Criminal Justice Act 2003. I hope that I can assure the House that those sentences remain a major plank of the Government's public protection policy. However, while those sentences have met their objectives, they have given rise to a number of issues. In particular, the way in which they currently operate means that a very high number of offenders are being channelled into the IPP sentence, many of whom have short tariffs. Indeed, around 30 per cent. of tariffs are less than two years. In visits to prisons during the past few months, I and other colleagues have met many people in the prison system who believe that a difficulty exists when the concept of an indeterminate sentence is coupled with a short tariff. Sentences with such short tariffs are very difficult for the Prison Service to manage. They often put an unprecedented strain on the service, and on the Parole Board, and its workload.

The statute must be reformed, and I am grateful to my noble Friend for bringing forward suggestions to that effect. Indeed, Anne Owers, the chief inspector of prisons, has said that the sentences are not targeted on the right offenders. The chairman of the Parole Board has also said that there is a case for review. The changes we propose will not affect availability of IPPs for serious dangerous offenders. The courts will still be able to give IPPs where they are needed, but the current legislation is too prescriptive.

Mr. Hogg: I see that the minimum notional sentence is two years. That suggests to me that the IPP, under these provisions, can be imposed in respect of relatively trivial trigger offences. Would it not be better to have a higher notional minimum period, so that the IPP is imposed only on offenders who have committed quite substantive, serious offences?

Mr. Hanson: There will be a two-year custodial sentence, which might mean a four-year sentence in due course. I hope that helps to assure the right hon. and learned Gentleman on that point.

The changes we propose will increase judicial discretion as well as imposing a seriousness threshold on public protection sentences. As the right hon. and learned Gentleman mentioned, the provisions on the

seriousness threshold will ensure that the threshold will be that the offence must justify a minimum of two years' custodial time. We shall also remove the rebuttable presumption of risk where there is a previous conviction for violent or sexual crime.

Courts will obviously regard previous records as highly important in determining the risk presented by the offender, and we are ensuring that the legislation clarifies that the court is not being asked to ignore previous convictions. It is also important, as my noble Friend Lord Carter of Coles said, to allow courts greater discretion so that where conditions for an IPP are met, the court may impose an IPP, extended sentence for public protection or other sentence that it finds appropriate. We are also changing the structure of extended sentences so that offenders will be subject to automatic release halfway through the custodial part, rather than leaving such halfway release to the discretion of the Parole Board, as happens currently.

New clause 46 examines the reform of the Bail Act 1976 and would change the law on bail for offenders charged with the least serious imprisonable offences. As the law stands, the grounds for refusing bail differ according to whether the offence is imprisonable. If it is imprisonable, the court will deal with an application for bail in accordance with part 1 of the schedule. If that is not possible, part 2 applies. The amendment would insert a new part 1A into the schedule to set out the grounds on which bail may be withheld when the offence is imprisonable but summary only.

Phil Wilson (Sedgefield) (Lab): How can we trust the Opposition parties on criminal justice when, in Committee, the Liberal Democrats voted to remove the punishment of offenders from the Bill and the Tories abstained?

Mr. Hanson: My hon. Friend, who loyally served on the Committee, draws attention to the fact that we had a debate on the purposes of sentencing and the involvement of punishment. I appreciate the reminder of those debates in Committee, but I would like to continue considering the Bail Reform Act because I do not want to spark debate with the hon. and learned Member for Harborough (Mr. Garnier) and the hon. Member for Somerton and Frome (Mr. Heath) on those matters.

The new part in the schedule will also apply to some cases that involve criminal damage when the court is clear that the value involved is less than £5,000. The court treats such offences as if they are summary only. The effect of the new clause is that some of those charged with offences to which the regime in part 1 currently applies would become subject to a new regime. That would result in bail being granted unless the offender posed certain clear risks.

Broadly, offenders charged with less serious imprisonable offences would be treated in the context of bail more like those charged with non-imprisonable offences. However, the amendments contain important safeguards, which allow the court to refuse bail if it believes that, if released on bail, the defendant would commit an offence through conduct likely to result in physical or mental injury to any person, or in any person fearing such injury.

Philip Davies (Shipley) (Con): How many more people will be released on bail as a result of the Bill?

Mr. Hanson: Approximately 200, if the measure is passed.

The broad definition will allow the courts to remand a defendant to protect the public from violence when it is clear that the circumstances of the offence or the defendant's history make it necessary or appropriate.

New clauses 26 and 27 and new schedule 6 would enable the sentencing court to direct that up to half the time spent on bail under an electronically monitored curfew could be credited against a subsequent custodial sentence in a similar way to that in which remands in custody are already credited. That could also give us approximately 200 places.

In those circumstances, prisoners would need to spend at least nine hours a day subject to electronically monitored curfew to qualify for the credit and would not receive full credit for each day of the curfew. Sentences would also be required to take account of the defendant's compliance with the curfew condition and have discretion to direct that all parts or none of the available time would be credited against the sentence.

In new clause 25 and new schedule 3, we have taken the opportunity to clarify the legislative framework for applying electronic monitoring to support bail conditions imposed by the courts on adults and those aged 17.

New clause 48 would equalise parole arrangements. It amends the early release provisions in part II of the Criminal Justice Act 1991 for prisoners sentenced to four years and more for any offence other than a sexual or violent offence. It is intended that such prisoners will be subject to release arrangements identical to those for fixed-term prisoners who are currently sentenced under the Criminal Justice Act 2003.

Under new clause 48, prisoners who are convicted of offences other than sexual or violent offences would be released automatically on licence at the halfway point of their sentence. They would no longer be required to apply to the Parole Board for discretionary release at the halfway point or wait until the two-thirds point before becoming eligible for automatic release. They will be on licence and liable to recall until the point at which their sentence expires, which compares with existing arrangements whereby the licence expires at the three-quarter point of the sentence.

Philip Davies: Does the Minister not understand the outrage among members of the public at prisoners being automatically released halfway through their sentence, and then going out to commit more and more offences? Most of the public whom I survey and speak to in Shipley want prisoners to serve their sentence in full, not to have their sentence commuted to half. Does he not understand that basic objection that most people have to the proposals? Will he confirm that, under the proposals, people will be released however poorly they behave in prison?

Mr. Hanson: The hon. Gentleman indicates that he is against the principles of the Criminal Justice Act 2003. The policy that he advocates would ensure that many

[Mr. Hanson]

more people were in prison, that many more people were serving longer sentences, and that many more prison places would have to be found, over and above the number already planned. I am not sure that the official Opposition Front-Bench team share his view.

We are ensuring that we bring into line the Criminal Justice Act 1991 with the sentencing provisions of the 2003 Act. That will strengthen the provisions, as it will ensure that people are on licence to the end of their sentence, not just up to the three-quarter point. That gives the public additional protection. The new arrangements will enhance public protection, because placing all such prisoners on licence, and making them subject to probation supervision for the whole of the second part of their sentence, will make them liable to recall at any time if their behaviour gives cause for concern.

New clause 45 will restrict the use of community orders to imprisonable offences. Courts increasingly use a community order, instead of a fine, for lower-level offending, which diverts probation resources from dealing with more serious offenders, where they are most needed. The option of a community order would no longer be available for all low-level, non-imprisonable offences, removing some 6,000 community orders per year. That would restore the position that obtained before the Criminal Justice Act 2003 for some types of community penalty.

Taken together, the changes that I propose will ensure additional capacity in our prisons for serious, dangerous and violent offenders. Along with the steps being undertaken following my noble Friend Lord Carter of Coles's report on prison building capacity, including the extra places to 2012, and the three new titan prisons of 2,500 places each, those changes will contribute to building a sustainable, modern prison and criminal justice system that both protects the public from dangerous offenders and ensures fairness in our operations. I commend the new clause to the House.

Mr. Edward Garnier (Harborough) (Con): The Minister, in his characteristically disarming way, advances some propositions that, had we the time, deserve rather better scrutiny. Discussion on this group of amendments will have to be concluded by, I think, 5.13 pm. There is not therefore much time to discuss the merits or demerits of Lord Carter's recommendations, which have been—I was going to say—spatchcocked into the Bill at this late stage. Whichever expression one cares to use, the detail of the new clauses and Government amendments betrays a worrying pattern.

The genesis of the new clauses and amendments is the Government's mismanagement, which is not only of the prison estate. It is no longer controversial to say that the prison estate is woefully, and I would suggest, dangerously and inhumanely overcrowded, and that all the promises made by the Prime Minister, Secretary of State and Minister of State about a new building programme for prisons will not deal with the issues faced. The prison overcrowding is easy to see, because we can see that there are two or even three people in one-man cells, and because the Government introduced the end of custody licence programme last June to release 25,500 people over a 12-month period. What one has not been able to see—it is difficult to assess—is the equivalent overcrowding or overstretching of the probation and community punishment system. It is clear—the Minister confirmed it in a written answer last year—that each qualified probation officer now has to supervise between 20 and 80 individual offenders. If that is not the equivalent of overcrowding, I do not know what is.

4.15 pm

Mr. Hogg: It is not just a matter of supervision. Because they are responsible for so many people, probation officers cannot ensure proper compliance with the original order, so enforcement is not taking place either.

Mr. Garnier: That is also true. The two issues—prison overcrowding and overstretching of the probation service—come together very neatly in the ECL system. Prisoners who have not been adequately rehabilitated or made ready for resettlement out of prison are being released early. Some might say, "So what? It is only 18 days", but with short sentences, it is during the last 18 days that the most important work takes place—drug rehabilitation, introduction to job centres, housing associations and other sources of accommodation, introduction to the national health service and so on. If that does not happen, the probation service is then required to catch these people, who are essentially being thrown out of the back of the aeroplane without a parachute, and look after them.

John Bercow (Buckingham) (Con): Will my hon. and learned Friend allow me?

Mr. Garnier: Yes, of course.

John Bercow: I am extremely grateful to my hon. and learned Friend, who I would not want to understate his case. I think he would agree that a further problem of massive overcrowding is that it exacerbates the phenomenon of the churn, whereby prisoners are shunted from one institution to another, often prematurely, or out of prison altogether, before they have had the opportunity to complete the training or education programme on which they have rightly embarked.

Mr. Garnier: My hon. Friend is quite right. Churning, or the constant movement of prisoners from prison to prison, is one of the fundamental problems that we have to face up to at the moment. The Government are responsible because they have so mismanaged our prison estate that prisons are woefully overcrowded. Roughly, the prison population now stands at about 81,500—*[Interruption.]* I hear 79,000 being mentioned from a sedentary position. I hope that the Minister can tell us that that population is the result of planned sentencing and sentencing progression rather than panic measures. In fact, there are some panic measures in this group of amendments.

In the brief period that remains, let me return to the new clauses and amendments in the group. New clause 26—I leave aside new clause 25, which simply

introduces one of the Government's many new schedules—deals with the courts' requirement to give credit for periods of remand on bail. It affects the way in which a court comes to consider the appropriate custodial sentence. One of the greatest concerns of the public is that the current system leads to dishonesty in sentencing. People do not seem to understand that when a person is sentenced to two years in prison, that actually means that he will be in custody only for one year. It provides yet another example of how the Government, in order to overcome the difficulties of prison overcrowding, are guilty of promoting an untruth.

Subject to some exceptions, provided for in subsections (8), (9), (10) and (11), the court will be required to act in this way. When a man has been convicted—I say a man because it usually is a man—the court will place him on remand and on a tag, pending sentence. The Minister says that some people spend up to nine hours on curfew, supervised by means of a tag. That may be true, but as a recorder who has made orders relating to curfews I can tell him that most curfews last from, say, 6 or 7 pm until 6 or 7 am the following day. They are adjusted to allow people to go to and return from work, for instance, but they are designed to prevent people from wandering around the streets at night causing trouble.

For most or at least a good part of that time, the individual concerned may well be in bed. He will certainly be at home, or at an address of which the court has been notified. That cannot be considered the equivalent of having spent time in prison awaiting sentence, but the new clause directs the court to take all that time—described as "the credit period"—into account in reducing the custodial sentence. I am afraid that the public will find that rather difficult to understand. If someone has committed an offence that crosses the custody threshold—an offence that is serious enough to warrant a custodial sentence—it will cause a great deal of scepticism, undermine public confidence in the justice system and make the Government look increasingly ridiculous if the court is then required to say, "By the way, all the time that you have spent at home in bed is time that can be taken away from your custodial sentence."

Mr. Hogg: May I reinforce what my hon. and learned Friend is saying? He will know that under the sentencing guidelines, which are contained in statute, the court must impose a period of imprisonment only if it is the only appropriate sentence in view of the gravity of the offence. The new clause undermines that statutory guideline.

Mr. Garnier: I am afraid that the Government have completely lost touch with their earlier legislation. They have completely lost touch with the philosophy behind the Sentencing Guidelines Council, they have completely lost touch with the Court of Criminal Appeal—if they ever were in touch with it—and they are now making things up as they go along. New clause 26 is an example of that.

I have made the points that I wished to make about the new clause to the best of my ability. Plenty more could be made, but time does not permit me to make them. Sentencing is probably the most difficult aspect of criminal justice practice: it is difficult enough without the Government fiddling around in this way.

Philip Davies: I entirely agree with my hon. and learned Friend. I think that my constituents will find it unacceptable for time spent on bail to be taken off sentences. Does he agree that measures of this kind are basically an admission of failure from the Government? They are casting around for ways of clearing spaces in prisons, simply because they refused to accept—although everyone warned them—that we needed more prison places. These measures have nothing to do with logic, what is right or what will protect the public. The Government are simply thrashing around looking for some means of ending the mess that they have got themselves into.

Mr. Garnier: My hon. Friend is quite right. I have made the point repeatedly for the last two years, since I started doing this job. Other members of the Opposition justice and home affairs team have made the same point, and I know that my hon. Friend has as well, as a constituency Member and as someone who takes an interest in issues of this kind. However, it seems to have no effect on the Government's thinking. We might just as well talk to the air for all the good that it does to the public.

The trump card that the Government think they can play is "Lord Coles suggested it"—I mean Lord Carter of Coles.

John Bercow: Coles or Carter, what is the difference? *[Laughter.]*

Mr. Garnier: I apologise to Lord Carter of Coles for getting his title wrong. I know that we all enjoy a joke from time to time, but we are now debating hugely serious issues that are being rattled through without proper consideration.

Let me now deal with new clause 29, which I shall seek to use as a symbolic issue on which to divide the House. This whole group of new clauses troubles us, and contains issues that we think should be the subject of far more scrutiny and consideration. We trust that the other place will be able to give those issues that scrutiny and consideration.

New clause 29 deals with sentences of imprisonment for public protection. I have visited, I think, 31 or 32 prisons since my right hon. Friend the Leader of the Opposition appointed me to this job just before Christmas in 2005. The category of prisoner that causes prison governors, managers of prisons and prison officers the greatest difficulty is adult prisoners who are on indeterminate sentences for public protection and who have got beyond their tariff. They are extremely difficult to manage. Their expectation when they were sentenced—most people do not listen to the sentence that they are being given—was that they would be released at or shortly after the minimum tariff.

The problem is that, because of the Government's mismanagement of the system, the overcrowding in the system and the churning that my hon. Friend the Member for Buckingham (John Bercow) spoke about, the individuals on IPP sentences cannot get on to the relevant courses to demonstrate to the Parole Board or the licensing system that they have reached a state of behaviour that allows them to be released back into the community.

Mr. Hanson: I respect the hon. and learned Gentleman's judgment on that issue. I have indicated in my comments today and during discussions with prison governors and others that I share the points that he has made. That is the very reason we are making the changes today. Our aim is to ensure that we have a minimum tariff in due course, rather than a low tariff—in some cases, it is as low as 28 days.

Mr. Garnier: I know that that is precisely what the Minister has said, but he is looking down the wrong end of the telescope. He fundamentally misunderstands the problem that he has got himself into. The answer is not to dilute the IPP system, but to ensure that that system works. If one overcrowds the prison system, one is required to do what the Government are doing, which is to require courts to increase the minimum tariff for IPPs. The better answer, and the answer that the Government could have come up with if they had not messed up the prison system, is to make available sufficient course places, rehabilitation places, and places on anger management and other necessary courses that IPP prisoners need to go on in order that they can demonstrate to the assessors that they are safe to be released. However, they are stuck because of the mismanagement and the consequent overcrowding. In order to relieve overcrowding, the Government will have to take these measures, which I believe are viewed from the wrong end of the telescope.

The condition that the Government set in new clause 29 is that the minimum tariff of two years, which is the equivalent of a determinate sentence of four years, should be the hurdle below which a sentencing court cannot go. We are going to be left with people who may continue to represent a danger to the public being given determinate sentences of two or three years because the actual offence that they committed does not warrant more than that. They will be releasable after the 50 per cent. point, or even at some stage between the 50 per cent. and the 100 per cent. point; they will get released.

The advantage of the indeterminate prison sentence system is that, even if prisoners have a low tariff, as long as they have demonstrated themselves to be unfit to be released because they still represent a danger to the public, they can be kept in. The court will, of course, take account of the nature of the original sentence, but it will also have in mind public protection by looking at the character of the information surrounding that individual. The Government are doing away with that. Therefore, people who have committed what I would loosely call, putting it in quotes—I do not want to be misunderstood—"less serious" sexual offences and "less serious" offences of serious violence, if it is possible to have such things, will be given determinate sentences of under four years and they will be released at the end of that period. They will then be free to go out into the public and to repeat—

Mr. Heath: I am listening carefully to what the hon. and learned Gentleman has to say; of course, he has a lot more experience than most of us of how this works in practice. Does he not believe that if new clause 29 were brought into effect, sentencers would make this adjustment: if they felt that there was a danger of someone being released inappropriately, they would increase the tariff in order to compensate for what the Government had put in place?

4.30 pm

Mr. Garnier: Would that that were possible. Someone might, for example, commit a non-invasive sexual offence against a child—grossly inappropriate sexual behaviour against a child, short of some invasion of his or her body—and that might be a first offence. In looking at that offence alone, the court might take the view that a custodial sentence of under two years is appropriate. However, whereas a court might currently be able to give an IPP for that one offence, it would not be able to do so under the new regime that this Government wish to push forward in order to cope with overcrowding. That is the danger we face, and that is the problem that the Government have given us, the public, and themselves as managers and legislators.

It is a pleasure to turn and look at you again, Mr. Deputy Speaker—rudely, I was looking in the other direction. I cannot stress too highly how important it is that those convicted of such offences should be susceptible to IPPs even if the original offence is subject to a relatively low tariff. The same applies to new clause 30 and, to some extent, to new clauses 31 and 32, which address extended sentences for both those under 18 and those over 18. Under new clauses 31 and 32, if a court goes for an extended sentence of imprisonment the term has to be at least four years. We are causing too great a limit to be placed on the discretion of the sentencer in dealing with such serious cases. It gets worse, because under proposed subsections (6) of both those new clauses we would give the Secretary of State the power by order to amend proposed new subsections (2A) and (2B) of section 227 of the Criminal Justice Act 2003

"so as to substitute a different period for the period for the time being specified in"

those subsections. Therefore, whereas the Government want at present to say that the custodial term would be at least four years, it will be open to a Secretary of State to come to a different conclusion.

We will not have a proper opportunity to debate this provision on the Floor of the House; it will go through as a statutory instrument. That is, I gather, the modern way of dealing with criminal justice legislation. Not only did we not have any time to debate the Bill, but we are not even permitted to have a serious debate about any amendments to the Government's provisions.

On new clause 33, what the Minister did not make at all clear to me the necessity for proposed new paragraph (aa) to section 229(2) of the 2003 Act, as specified in subsection (2)(b) of the new clause. Why is the information about the dangerousness of the individual concerned to be restricted to activities relating to a conviction

"in any part of the United Kingdom"?

A foreign national defendant might have led an entirely blameless life in the United Kingdom until his conviction, but he might have a string of convictions for dangerous behaviour in other parts of the world, which the court ought to be entitled to take account of. The Government must explain why they think that provision is necessary.

I will not be able to deal with all the amendments and new clauses in this group, as my doing so would be unfair on other Members who have things to say.

However, I also point out that new clause 35 has huge hidden implications. It blithely deletes subsections (3), (4), (5) and (6) of section 247 of the 2003 Act. I remind Members that the Bill that led to that Act was the flagship Bill of the 2001 Parliament, which was going to solve all our criminal justice ills. Huge sections of that Act have yet to be brought into force, and many sections have been repealed before being brought into force, but this is yet another example where matters relating to the release on licence of prisoners serving an extended sentences are to be addressed.

The title of new clause 45 is:

"Restriction on power to make a community order".

I do not understand the logic behind the proposal, and nothing that the Minister said made it easier to understand the Government's case. Clearly, it is not possible to give a community sentence to someone who has committed an offence where the penalty is fixed by law, for example, murder or some of the firearms offences, which I believe carry minimum periods of imprisonment of five years. I am looking at my hon. Friend the Member for Rugby and Kenilworth (Jeremy Wright) here. Clearly, someone cannot be given a community sentence in such circumstances.

Again, this issue goes back to overstretching the probation service. The reason the Minister says that he is pushing this proposal is that people have been given community sentences when they ought to have been given fines and because people are in some way being placed in a position where the probation service would be further overstretched. Why do the Government not manage the criminal justice system properly, plan and have a strategic vision, instead of looking down the wrong end of the telescope?

New clause 47 deals with the release of fine defaulters and contemnors under the Criminal Justice Act 1991, and is clearly designed to alleviate prison overcrowding. That is the wrong way to look at the development of the criminal justice system. The Government should work out the appropriate thing to do with particular sorts of offences and offender. They should not empty the prisons because they have failed to plan for the consequences of their sentencing policies since 1997.

New clauses 48 and 49 are interesting. New clause 48(2)(1A) states:

"As soon as a long-term prisoner has served one-half of his sentence, it shall be the duty of the Secretary of State to release him on licence."

I am surprised that the Secretary of State thinks that that is an appropriate duty for him to have. One surely ought to have some regard to the details of the character and offence of the individual prisoner in question.

New schedules 3, 5 and 7 are very lengthy additions to the Bill. They were introduced this week, and although they are, to some extent, dependent on the new clauses that we have just been rushing through, they deserve greater attention than it is appropriate for me to give them this afternoon, given the time constraints. Thus, I shall say no more about them, save to invite Members of the other place to give them a thorough grilling when the Bill reaches there.

I hope that the sceptical view that I have brought to the discussion of these new clauses and new schedules gives the House not only an indication of my deep concern at the way in which the Government have brought the Bill and these new aspects of it to this place, but an understanding of my concern about the substantive underlying nature of these provisions. I regret to say that the Justice Secretary and his Ministers are diluting a pledge to be "tough on crime, tough on the causes of crime", and are doing so in a wholly incomprehensive and illogical fashion. I could get cross about this. I could scream and shout, but it does not do my ulcers any good and it certainly does not do the attention of the House any favours. I shall stop now, and invite those hon. Members who are as concerned as I am to consider carefully the new clauses and amendments. I trust that if the opportunity is there, they will vote with the official Opposition against new clause 29, which I have picked as a useful symbol of our expression of deep concern about the mishandling of the Bill and of this aspect of it.

Mr. Heath: Nothing better illustrates some of the arguments that we attempted to put forward when we discussed the programme motion in the initial stages of the debate than this group of new clauses and amendments. A large number of Government changes have been tabled for consideration on Report. In little more than half an hour's time, we will be required to divide on them. It is quite impossible to scrutinise such serious matters in this way. We are effectively giving a licence to the unelected House to do the job that we are elected to do—to deal with matters of life, liberty and criminal justice. That is all a result of the intransigence, it would appear, of the Government Whips in not providing sufficient time for us to do the job properly. It is a disgrace, and we cannot repeat that often enough. There is no possibility of going through the new clauses methodically, as we would have done had they been before us in Committee. We could have dissected them line by line and had the opportunity to produce amendments.

Mr. Hogg: Another disadvantage in the process is that there has been no consultation, so far as I am aware, with authorities, institutions and persons outside the House.

Mr. Heath: That is entirely right. I am grateful to the right hon. and learned Gentleman for making that point. This is not a good way of making law. It is not the way in which the House is supposed to operate. I hope that we have emphasised that point sufficiently this afternoon.

Let me come to the general tenor of the new clauses and amendments, as I cannot deal with the detail. They contain a number of constructs that are intended to remove people from the overcrowded prison system. The Minister knows perfectly well that I agree that we have too many people in our prisons. My argument, which I have made many times, is that if we ran our penal system properly a great many people who are in the prison estate would not be there taking up places that ought to be used for those who need to be in prison for protection of the public. Sadly, the amendments do not for one moment answer the needs of the service by taking out those with mental illness, who need secure accommodation that enables them to be treated properly. It is a national disgrace that such

[Mr. Heath]

people are kept in prison cells. The amendments do not deal with alcoholics or drug addicts who find themselves in prison and do not get the proper treatment that they need. The amendments do not deal with the children in our prisons—it is a most inappropriate way of disposing of them—who do not get the developmental help that they deserve. All those factors mean that the system is not capable of providing the basic elements of rehabilitation that we ought to expect the Prison Service to achieve.

We are dealing with a dysfunctional system. The Government are attempting to paper over the cracks by introducing an array of manoeuvres to get people out of the estate almost randomly. They are not based on any real, assessed need, but purely on various mechanistic bases that enable the prison population to be reduced. For that reason alone, I do not think that that is the right way to manage the service.

4.45 pm

There is a second element to the problem. What is the effect of releasing prisoners—I mean the ones who should be in prison, rather than the ones who should not—into the care of the probation service? The hon. and learned Member for Harborough (Mr. Garnier) is right to draw attention to the deficiencies that exist at present. The probation service is under-resourced and overstretched, just as the Prison Service is. It struggles to cope with its current work load, and it will certainly struggle with the additional burden that the proposals being considered today will impose on it.

Mr. Hogg: Does the hon. Gentleman agree that a consequential problem is that the probation service is no longer able to supervise community service orders? As a result, the public have lost trust in them, and want custodial penalties to be imposed instead. The greater the burden loaded on to the probation service, therefore, the less attractive to the public the CSO option will become.

Mr. Heath: Again I am grateful to the right hon. and learned Gentleman, as he has touched on a very important point. Both elements of the National Offender Management Service are overstretched at present. As a result, prisons do not do the job in terms of rehabilitation and deterrence that people fondly imagine that they do, and the probation service is unable to provide a satisfactory alternative that enjoys the public confidence.

I am full of admiration for the work that probation officers do, but I recognise the constraints under which they work. Those constraints are extreme, and they are getting worse. The Government have hugely underestimated what is needed to provide an adequate service. Even if the probation service had sufficient resources to do the job that the Government expect it to do, the problem of how to manage offenders in the system would remain. That management task will be made immeasurably more difficult by the proposals that we are considering at present. The complexities presented by the movement of prisoners out of the prison estate, or their recall back into it, will be made much worse by the announcement that the Justice Secretary slipped out in a ministerial statement yesterday. In that statement, he made it clear that he is effectively abandoning the National Offender Management Service IT system that was supposed to provide the co-ordination between the prison and probation services.

The NOMS system was supposed to track movements around the prison estate and ensure that absurdities such as prisoners getting lost or ending up in the wrong place would not overtake the probation service as well. The Justice Secretary has decided, however, that the original IT specifications were much too ambitious, were escalating beyond his Department's control and could no longer be afforded. He has therefore determined that the system will work only in prisons and that it will not extend to the probation service.

The Justice Secretary did not in the first instance ask the probation service what it needed to fulfil its task. In fact, it needs a very sophisticated IT system, because in some ways, probation work is more difficult than prison work. For example, prison staff can at least hope that a prisoner's location—that is, his or her cell—is known, whereas probation officers cannot know as much about their charges. As a result, we have an inadequate system that will not now be improved. When NOMS was set up, we were given a set of high expectations that have been shown to be entirely imaginary, and I fear that we will end up with a system that is grossly under-resourced.

I regret that the Secretary of State was not able to make a verbal statement to the House on these matters, as I suspect that many people will not have read his written statement. Even if they have read it, I doubt that they will have understood it. I heard the right hon. Gentleman speak on the radio last night about his proposals, and he was finding it very difficult to answer some simple questions about how NOMS would develop. If he gets the opportunity to speak again—and the time constraints under which we are working mean that our expectations on that front must remain limited—I hope that he will set out how he intends to put right the difficulties that he has created by his decisions.

We are right to question the Government's judgment on this issue, not on the basis of reducing the prison population—they are right about that—but in respect of how they are choosing to do it, the lack of resources they are prepared to put into it and in the arbitrary nature of many of the proposals before us today.

The hon. and learned Member for Harborough (Mr. Garnier) focused on new clause 29, and I will carefully consider the points that he made. However, I do not want to see circumstances in which IPPs are artificially extended beyond the normal tariff for an offence simply in order to address the points that he made. I fully understand his point about the lack of opportunities within the prison system to satisfy the Parole Board and others of suitability for release and the need to arrange such matters much more satisfactorily. I am not sure that knocking the provision out would help that process; it may indeed hinder it. That is why I shall consider carefully before advising my hon. Friends on which way to vote if the hon. and learned Gentleman divides the House on the matter. However, I agree with the principle that he set out. We

have a chaotic system that is dishonest in its treatment of offenders and the public reaction to that. We should and must do very much better in future.

Mr. Hogg: I support strongly what my hon. and learned Friend the Member for Harborough (Mr. Garnier) said about the difficulties of sentencing in the criminal courts. I entirely agree that sentencing is one of the most difficult tasks of the trial judge, and it has become enormously more complicated in recent years. That makes the process on which we are embarking today thoroughly undesirable, because these amendments, which we are having to discuss in a sharply compressed period, make very substantial changes. They should not have been tabled on Report. For a start, they place Mr. Speaker in an impossible position, in that a variety of difficult issues are grouped together in such a way that the House cannot seriously discuss them. As they were tabled on Report and not in Committee, they have not been the subject of extensive external consultation—at least, not of which I am aware—or, put differently, the result of any such consultation has not come to the attention of right hon. and hon. Members.

Mr. Gummer: Does my right hon. and learned Friend agree that it is precisely on such subjects that the House should have the most extensive debate, because they affect people in the courts and in the carrying out of the laws that we pass in this House?

Mr. Hogg: Absolutely. When we deal with sentencing it is very important that we consult with interests outside this House, not least those who are responsible for the imposition of sentences, so that we may hear the professional view of the likely consequences of our actions as legislators. I am against the process on which we are embarking, and I hope that the other place treats this group of amendments with gravity and does not hesitate to send it back to this House for further consideration.

That said, I have only three points to make, because—as others have said—there is no way in which we can subject the individual amendments to proper consideration today.

On new clause 26, my hon. and learned Friend the Member for Harborough is right to say that it is bizarre that we will allow credit to be given for time when the person is asleep against the period that the court thinks he should be serving in prison. The statutory requirements in the relevant sentencing legislation are quite plain: sentences of imprisonment must be imposed only when they are absolutely necessary. It is absurd to dilute that requirement by saying that if the person is asleep at the material time, they are entitled to have that taken into account when a reduction of the period of imprisonment is considered. It is absurd.

John Bercow: Is not that the concept of unconscious remission?

Mr. Hogg: That is one of the better descriptions of it that I have heard. I am grateful to my hon. Friend, who always has a felicitous choice of phrase.

I strongly suspect that I might not be entirely in agreement with all my right hon. and hon. Friends on new clause 29. I hasten to say that that causes me no disquiet. I am referring to sentences of indeterminate imprisonment, or imprisonment for public protection. My hon. and learned Friend the Member for Harborough is entirely right to say that those who are serving IPPs at the termination of the tariff period are the most difficult group of prisoners to manage.

IPPs are inherently unjust, because they do not give any kind of certainty about the term that a person should serve. I am well aware of the rationale behind such sentences, which is that they are for the protection of the public, in that a person will not be released until the responsible authorities think that they are safe to release, but it is difficult to judge when a person is safe to release. In the current climate, I suspect that many of the relevant authorities are guarding their back, and are not releasing people because of the uncertainty that necessarily arises. A lot of people are serving, or are likely to serve, terms of imprisonment that are excessive, given what they have done.

Mr. Garnier: I agree with my right hon. and learned Friend about the defensive decisions that—

Mr. Straw: Face the Chamber.

Mr. Garnier: It is good of the Justice Secretary even to condescend to come into the Chamber, let alone to interrupt me when I was addressing the Chair. May I say what a pleasure it is to see the Secretary of State? As I was saying, Mr. Deputy Speaker, my right hon. and learned Friend the Member for Sleaford and North Hykeham (Mr. Hogg) is entirely right that the Parole Board is making increasingly defensive decisions, particularly on the occasions on which it simply does not have the opportunity to examine the applicant for the licence release in life sentences. The problem with IPPs is that the individual concerned cannot even get in front of an examiner to persuade them that he is fit to be released.

Mr. Hogg: Yes. That is a slightly different point, but it is an important one. Partly because of overcrowding—*[Interruption.]*

Mr. Deputy Speaker: Order. I must say to the hon. and learned Member for Harborough (Mr. Garnier) that that is not the way we should behave in the House.

Mr. Garnier: I apologise, but I think that the Secretary of State understood precisely what I was about.

Mr. Hogg: May I just follow up what my hon. and learned Friend said with regard to courses? There is a serious issue to address. Because of overcrowding and strained resources, many prisoners who have been given an IPP are not able to get on, or to complete, the training course that would enable them to be considered for release. In the prison system, unless individuals have gone through the training period, the question of their release at the end of the notional period cannot arise. That is a serious injustice, and it has actually taken place. It has given rise to decisions by the divisional court with regard to prisoners who have not had such training periods. If IPPs are to continue—and I have serious doubts about whether they should—they should be imposed only for those offences that can truly be categorised as serious.

[Mr. Hogg]

In the past, the classes of offence have been set out in schedules. The problem is that within the class there are many offences that sound serious but which, in truth, in a particular case are not serious. The only way in which one can determine whether an offence is truly serious in a particular case is with reference to the notional term of imprisonment imposed as the tariff. For that reason, I find the two-year notional term—the minimum term—far too low. That sentence can be imposed in respect of fairly minor offences, and I do not want to see someone who is convicted of a fairly minor offence facing an IPP. If I have to contemplate the system at all, I would want to drive up the threshold so that only those people who have committed serious offences are subject to an IPP.

5 pm

The last point that I want to make, which was made in part by the hon. Member for Somerton and Frome and by my hon. and learned Friend the Member for Harborough, relates to the probation service. Any of us who practise in the criminal courts—I have practised for many years in the criminal courts and I still do; I make no attempt to conceal that—know well that many prisoners should not, in general terms, be in prison. One of the reasons for that is that the public have no real confidence in the alternatives. My hon. Friend the Member for Shipley (Philip Davies) would probably never have any confidence in the alternatives, but that is by the bye.

The public need to have confidence in the alternatives, particularly in what I used to refer to as community service orders. They have no confidence now partly because community service orders are not seen to be sufficiently vigorous, and partly because in many cases they are not enforced at all, so there is no proper compliance. One of the reasons for that is that the probation service is grossly overwhelmed. It has too many people to supervise.

One of the consequences of some of the amendments in this grouping is that the probation service will be even more overwhelmed. The bizarre effect of that will be that it is unable to perform what it needs to perform in respect of people ordered to serve a community sentence order, there will be yet less public confidence in community service orders, and there will be greater public demand for people to be sent to prison for periods of custody.

John Bercow: May I put it to my right hon. and learned Friend that the problem with some community service orders is not merely that they are, as he rightly puts it, insufficiently rigorous, but that they are insufficiently rehabilitative in their character? Does he agree that one of the problems that bedevils in particular our young offender institutions is that there are about 12,000 young people in them, the great majority of whom go into them uneducated, untrained, unqualified, unemployed and unwell, and come out uneducated, unqualified, untrained, unemployed and unwell?

Mr. Hogg: My hon. Friend is entirely right. One of the great tragedies of the whole penal system is that an extraordinarily high proportion of prisoners are educationally or otherwise inadequate. One of the purposes—not the only purpose—of prison is to rehabilitate, by providing basic training in this and that. That is largely frustrated by overcrowding. Although I am a strong proponent of education and training in prison, it must be acknowledged that it is not being provided. My hon. Friend is right when he says that rehabilitative programmes, which would be extraordinarily useful, are not being incorporated in community service orders.

I return to my general theme. I am extremely uneasy that we should be contemplating such a raft of very serious changes on Report, without proper discussion, without a Committee stage and without external consultation. This is precisely the sort of thing that the House should not be doing. I would be very surprised if the higher judiciary and others did not say in due course, when these matters come to the Court of Appeal, that this place has been failing in its duty.

Mr. Hanson: I welcome you to the Chair, Madam Deputy Speaker, for our interesting but short debate within the time available before the programme motion kicks in .

A number of points have been made, many of which go wider than the amendments, but which are obviously still related to them. The right hon. and learned Member for Sleaford and North Hykeham (Mr. Hogg), the hon. and learned Member for Harborough (Mr. Garnier) and the hon. Member for Somerton and Frome (Mr. Heath) have contributed in their usual helpful way to some of the issues.

There has been some consultation on the changes proposed by my noble Friend Lord Carter, for which we are legislating today. The previous Lord Chancellor, the noble Lord Falconer, commissioned Lord Carter to consider the whole question of prison population and pressure issues in May 2007. Between then and my right hon. Friend the Lord Chancellor producing the report on 5 December, Lord Carter engaged in significant consultation with the judiciary, with interested parties, with the Prison Service and the National Offender Management Service, and with my right hon. Friend and me.

The package of measures, which the legislative proposals before the House today deal with in part, was about not just some of the measures relating to IPPs, bail credits and sentencing in the amendments and new clauses, but a much wider set of proposals that cover some of the points raised by the right hon. and learned Member for Sleaford and North Hykeham, the hon. and learned Member for Harborough and the hon. Member for Somerton and Frome. They will be aware that Lord Carter has not just dealt with the new clauses before us today but has announced recommendations, which we have accepted, to build additional prison capacity, so that by the end of 2012-13 we will have some 96,000 net places in the prison system in England and Wales, three titan prisons of 2,500 in London, the midlands and the north-west and emergency accommodation in Norfolk, for example, at the RAF base at Coltishall.

We will consider the possibility of a prison ship following Lord Carter's recommendations, and, importantly, in reply to the right hon. and learned Member for Sleaford and North Hykeham, we will

consider improving and extending community-based sentences, and tackling some of the confidence issues in those sentences. Under the youth provision orders in the earlier clauses of the Bill, we are looking at increasing confidence in such sentences by putting together a generic youth order that deals with drug and alcohol treatment, learning and the matters that the hon. Member for Buckingham (John Bercow) mentioned in his helpful interventions. So the Carter package considers a range of measures, including new build and those before the House today.

I will reflect on the matters that have been raised today, but I want to make a couple of particular points. The hon. and learned Member for Harborough referred to bail credit and said that it was not like for like with the potential for remand in prison, because the loss of liberty was not the same as having time for credit on curfew at home. As I said in my opening remarks, the offender gets credit for only half the time spent on curfew, rather than the full time. We recognise that there is a difference between remand and curfew, but it is important to ensure that individuals can maintain their life. It is important that we consider the use of sentences in the community on curfew before potential sentencing in full.

The hon. and learned Member for Harborough and I must have an honest disagreement about IPPs. I thought he would welcome our proposals. In Committee and elsewhere we recognised that the provisions, however well meaning they were in the past, do not serve a proper purpose now, for the very reasons that he mentioned, including the availability of courses and prisoners' ability to be helpfully trained to come to terms with some of the offending behaviour that has led them to be sentenced in the first place. We need to address that properly; it is an important measure to bring before the House. The hon. and learned Gentleman has argued that we look at the issue through different ends of the telescope, but the Government's end of the telescope—a minimum period for IPPs—allows for planning and proper investment, for offending behaviour to be addressed and for the assessment to be made. That is why I support the minimum tariff that we proposed in the amendments.

Mr. Garnier: There are 3,100 prisoners on IPPs; the proposal will have absolutely no bearing on them. How will the Government deal with the sclerosis that they are suffering from in the rehabilitation and release-from-IPP system?

Mr. Hanson: I hope that the hon. and learned Gentleman will know that we have put in extra resources to provide courses so that those who are now at minimum tariff or post-minimum tariff get the support to ensure that they get through the courses required to assess their suitability for release. If the proposals are passed by both Houses, that will have an impact of well over 1,000 places in respect of IPP. It is important that we introduce the measure.

The hon. and learned Gentleman mentioned concerns about those who do not meet the tariff threshold. In the legislation and elsewhere, a number of measures such as violent offender orders, sex offender orders and the multi-agency public protection arrangements framework, will look at the impact of individuals who do not meet the tariff threshold proposed in the Bill.

The hon. and learned Gentleman also mentioned sub-paragraph (aa) that would be inserted by new clause 33(2)(b). It reads as follows:

"may take into account all such information as is available to it about the nature and circumstances of any other offences of which the offender has been convicted in any part of the United Kingdom".

Its purpose is to enable the courts to examine previous convictions, and not be debarred from looking at them just because the statutory presumption of risk was removed.

The hon. and learned Gentleman also made a valid point about overseas convictions. The courts are not prevented from considering foreign convictions if there is proper evidence of them. I shall consider the point after this debate to see whether there is merit in considering it further.

A number of points in the Carter proposals are valid and important. They will help the prison population and make much more efficient use of resources for probation and prison.

Finally, I refute suggestions that the probation service remains underfunded. We have increased funding dramatically and support the service strongly. I hope that this year we will increase for next year the budget figures by more than 2 to 3 per cent.

Question put and agreed to.

Clause read a Second time, and added to the Bill.

It being four and a half hours after the commencement of proceedings on the programme motion, MADAM DEPUTY SPEAKER *proceeded to put forthwith the Questions necessary for the disposal of business to be concluded at that hour, pursuant to Order [this day].*

Mr. Garnier: On a point of order, Madam Deputy Speaker. I am probably interrupting you wholly unnecessarily. Earlier in the debate—I am not sure whether you were in the Chair at the time—I said that the Opposition wish to test the opinion of the House on new clause 29, which is grouped with new clauses 26 to 35. Could that clause please be separated from the other new clauses?

Madam Deputy Speaker: I was informed by the previous occupant of the Chair of the hon. and learned Gentleman's wish to divide the House on that. However, Standing Orders require that when the time is reached I put the Question that was being debated—new clause 25. This is now a single question relating to the whole group of Government new clauses and schedules.

New Clause 26

CREDIT FOR PERIOD OF REMAND ON BAIL: TERMS OF IMPRISONMENT AND DETENTION

'(1) The Criminal Justice Act 2003 (c. 44) is amended as follows.

(2) In section 237 (meaning of "fixed term prisoner"), in subsection (1B), after "Armed Forces Act 2006)" insert "or section 240A".

(3) In the italic heading before section 240, after "custody" insert "or on bail subject to certain types of condition".

(4) After section 240 insert—

"240A Crediting periods of remand on bail: terms of imprisonment and detention

(1) This section applies where—

(a) a court sentences an offender to imprisonment for a term in respect of an offence committed on or after 4th April 2005,

(b) the offender was remanded on bail by a court in course of or in connection with proceedings for the offence, or any related offence, after the coming into force of section (Credit for period of remand on bail: terms of imprisonment and detention) of the Criminal Justice and Immigration Act 2008, and

(c) the offender's bail was subject to a qualifying curfew condition and an electronic monitoring condition ("the relevant conditions")

(2) Subject to subsection (4), the court must direct that the credit period is to count as time served by the offender as part of the sentence.

(3) The "credit period" is the number of days represented by half of the sum of—

(a) the day on which the offender's bail was first subject to conditions that, had they applied throughout the day in question, would have been relevant conditions, and

(b) the number of other days on which the offender's bail was subject to those conditions (excluding the last day on which it was so subject),

rounded up to the nearest whole number.

(4) Subsection (2) does not apply if and to the extent that—

(a) rules made by the Secretary of State so provide, or

(b) it is in the opinion of the court just in all the circumstances not to give a direction under that subsection.

(5) Where as a result of paragraph (a) or (b) of subsection (4) the court does not give a direction under subsection (2), it may give a direction in accordance with either of those paragraphs to the effect that a period of days which is less than the credit period is to count as time served by the offender as part of the sentence.

(6) Rules made under subsection (4)(a) may, in particular, make provision in relation to—

(a) sentences of imprisonment for consecutive terms;

(b) sentences of imprisonment for terms which are wholly or partly concurrent;

(c) periods during which a person granted bail subject to the relevant conditions is also subject to electronic monitoring required by an order made by a court or the Secretary of State.

(7) In considering whether it is of the opinion mentioned in subsection (4)(b) the court must, in particular, take into account whether or not the offender has, at any time whilst on bail subject to the relevant conditions, broken either or both of them.

(8) Where the court gives a direction under subsection (2) or (5) it shall state in open court—

(a) the number of days on which the offender was subject to the relevant conditions, and

(b) the number of days in relation to which the direction is given.

(9) Subsection (10) applies where the court—

(a) does not give a direction under subsection (2) but gives a direction under subsection (5), or

(b) decides not to give a direction under this section.

(10) The court shall state in open court—

(a) that its decision is in accordance with rules made under paragraph (a) of subsection (4), or

(b) that it is of the opinion mentioned in paragraph (b) of that subsection and what the circumstances are.

(11) Subsections (7) to (10) of section 240 apply for the purposes of this section as they apply for the purposes of that section but as if—

(a) in subsection (7)—

(i) the reference to a suspended sentence is to be read as including a reference to a sentence to which an order under section 118(1) of the Sentencing Act relates;

(ii) in paragraph (a) after "Schedule 12" there were inserted "or section 119(1)(a) or (b) of the Sentencing Act"; and

(b) in subsection (8) the reference to subsection (3) of section 240 is to be read as a reference to subsection (2) of this section and, in paragraph (b), after "Chapter" there were inserted "or Part 2 of the Criminal Justice Act 1991".

(12) In this section—

"electronic monitoring condition" means any electronic monitoring requirements imposed under section 36(ZAA) of the Bail Act 1976 for the purpose of securing the electronic monitoring of a person's compliance with a qualifying curfew condition,

"qualifying curfew condition" means a condition of bail which requires the person granted bail to remain at one or more specified places for a total of not less than 9 hours in any given day; and

"related offence" means an offence, other than the offence for which the sentence is imposed ("offence A"), with which the offender was charged and the charge for which was founded on the same facts or evidence as offence A."

(5) In section 241 (effect of direction under section 240 of that Act) after the words "section 240", in each place where they occur (including in the title), insert "or 240A".

(6) In section 242 (interpretation of sections 240 and 241), in the title and in subsection (1), after "sections 240" insert ", 240A".

(7) In section 330 (Parliamentary procedure for subordinate legislation made under that Act), in subsection (5)(d), after "section 240(4)(a)" insert "or 240A(4)(a)".'. *[Mr Hanson.]*

Brought up, and read the First time.

Question proposed, That the clause be read a Second time.

The House proceeded to a Division.

Madam Deputy Speaker: Order. I ask the Serjeant at Arms to investigate the delay in the Aye Lobby.

The House having divided: Ayes 309, Noes 236.

Division No. 040] **[5.15 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Butler, Ms Dawn

Byers, rh Mr. Stephen
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Dunwoody, Mrs. Gwyneth
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hopkins, Kelvin
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, Dr. Alasdair
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ruane, Chris
Ruddock, Joan
Russell, Christine
Salter, Martin
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Alison Seabeck and Mr. Frank Roy

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter

Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Bellingham, Mr. Henry
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Cameron, rh Mr. David
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David *(Haltemprice and Howden)*
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Key, Robert
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Lull, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Mains, Mr. Humfrey
Maples, Mr. John
May, rh Mrs. Theresa
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Mulholland, Greg
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Osborne, Mr. George
Paice, Mr. James
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Mr. Nick Hurd and
Mr. Crispin Blunt

Question accordingly agreed to.

New Clause 27

CREDIT FOR PERIOD OF REMAND ON BAIL: OTHER CASES

'(1) The Criminal Justice Act 2003 (c. 44) is amended in accordance with subsections (2) and (3).

(2) In section 246(4) (exceptions to power to release prisoner on licence before required to do so), in paragraph (i), after "section 240" insert "or 240A".

(3) In section 269(3) (part of mandatory life prisoner's sentence to be specified for purposes of early release provisions), in paragraph (b), before "if" insert "or under section 240A (crediting periods of remand on bail spent subject to certain types of condition)".

(4) In paragraph 2 of Schedule 2 to the Criminal Appeal Act 1968 (c. 19) (sentence on conviction at retrial), in sub-paragraph (4), for the words from the beginning to "custody:" substitute "Sections 240 and 240A of the Criminal Justice Act 2003 (crediting of periods of remand in custody or on bail subject to certain types of condition:".

(5) In section 82A(3) of the Powers of Criminal Courts (Sentencing) Act 2000 (c. 6) (part of discretionary life prisoner's sentence to be specified for purposes of early release provisions), in paragraph (b), before "if" insert "or under section 240A of that Act of 2003 (crediting periods of remand on bail subject to certain types of condition)".

(6) In section 101 of that Act (detention and training orders: taking account of remand etc.)

(a) in subsection (8) for "in custody" substitute "

(a) in custody, or

(b) on bail subject to a qualifying curfew condition and an electronic monitoring condition (within the meaning of section 240A of the Criminal Justice Act 2003).";

and

(b) in subsection (9) for "in custody" substitute "as mentioned in that subsection".

(7) In paragraph 2(1) of Schedule 7 to the International Criminal Court Act 2001 (c. 17) (provisions of law of England and Wales affecting length of sentence which are not applicable to ICC prisoners), for paragraph (d) substitute

"(d) sections 240 and 240A of the Criminal Justice Act 2003 (crediting of periods spent on remand in custody or on bail subject to certain types of condition: terms of imprisonment and detention).". — *[Mr. Hanson.]*

Brought up, read the First and Second time, and added to the Bill.

New Clause 28

CREDIT FOR PERIOD OF REMAND ON BAIL: TRANSITIONAL PROVISIONS

'Schedule (Credit for period of remand on bail: transitional provisions) (which, for the purposes of certain repealed provisions which continue to have effect in relation to persons convicted of certain offences, makes provision similar to that made by sections (Credit for period of remand on bail: terms of imprisonment and detention) and (Credit for period of remand on bail: other cases)) has effect.'. — *[Mr. Hanson.]*

Brought up, read the First and Second time, and added to the Bill.

New Clause 29

SENTENCES OF IMPRISONMENT FOR PUBLIC PROTECTION

'(1) In section 225 of the Criminal Justice Act 2003 (c. 44) (life sentence or imprisonment for public protection), for subsection (3) substitute—

"(3) In a case not falling within subsection (2), the court may impose a sentence of imprisonment for public protection if the condition in subsection (3A) or the condition in subsection (3B) is met.

(3A) The condition in this subsection is that, at the time when the offence was committed, the offender had been convicted in any part of the United Kingdom of an offence specified in Schedule 15A.

(3B) The condition in this subsection is that the notional minimum term is at least two years.

(3C) The notional minimum term is the part of the sentence that the court would specify under section 82A(2) of the Sentencing Act (determination of tariff) if it imposed a sentence of imprisonment for public protection but was required to disregard the matter mentioned in section 82A(3)(b) of that Act (crediting periods of remand)."

(2) After Schedule 15 to that Act, insert the Schedule set out in Schedule (Offences specified for the purposes of sections 225(3A) and 227(2A) of the Criminal Justice Act 2003) to this Act.'. — *[Mr. Hanson.]*

Brought up, read the First and Second time, and added to the Bill.

New Clause 30

SENTENCES OF DETENTION FOR PUBLIC PROTECTION

'In section 226 of the Criminal Justice Act 2003 (c. 44) (detention for life or detention for public protection), for subsection (3) substitute—

"(3) In a case not falling within subsection (2), the court may impose a sentence of detention for public protection if the notional minimum term is at least two years.

(3A) The notional minimum term is the part of the sentence that the court would specify under section 82A(2) of the Sentencing Act (determination of tariff) if it imposed a sentence of detention for public protection but was required to disregard the matter mentioned in section 82A(3)(b) of that Act (crediting periods of remand)." '. — *[Mr. Hanson.]*

Brought up, read the First and Second time, and added to the Bill.

New Clause 31

EXTENDED SENTENCES FOR CERTAIN VIOLENT OR SEXUAL OFFENCES: PERSONS 18 OR OVER

'(1) Section 227 of the Criminal Justice Act 2003 (c. 44) (extended sentence for certain violent or sexual offences: persons 18 or over) is amended as follows.

(2) In subsection (1)

(a) in paragraph (a) the words ", other than a serious offence," are omitted, and

(b) after paragraph (b) insert ", but

(c) the court is not required by section 225(2) to impose a sentence of imprisonment for life."

(3) In subsection (2)

(a) for "The court must" substitute "The court may", and

(b) for the words from "that is to say" to the end substitute "if the condition in subsection (2A) or the condition in subsection (2B) is met."

(4) After subsection (2) insert—

"(2A) The condition in this subsection is that, at the time the offence was committed, the offender had previously been convicted in any part of the United Kingdom of an offence specified in Schedule 15A.

(2B) The condition in this subsection is that, if the court were to impose an extended sentence of imprisonment, the term that it would specify as the appropriate custodial term would be at least 4 years.

(2C) An extended sentence of imprisonment is a sentence of imprisonment the term of which is equal to the aggregate of—

(a) the appropriate custodial term, and

(b) a further period ("the extension period") for which the offender is to be subject to a licence and which is of such length as the court considers necessary for the purpose of protecting members of the public from serious harm occasioned by the commission by him of further specified offences."

(5) In subsection (3) for "subsection (2)" substitute "subsections (2B) and (2C)".

(6) After subsection (5) insert—

"(6) The Secretary of State may by order amend subsection (2B) so as to substitute a different period for the period for the time being specified in that subsection." '. — *[Mr. Hanson.]*

Brought up, read the First and Second time, and added to the Bill.

New Clause 32

EXTENDED SENTENCES FOR CERTAIN VIOLENT OR SEXUAL OFFENCES: PERSONS UNDER 18

'(1) Section 228 of the Criminal Justice Act 2003 (c. 44) (extended sentence for certain violent or sexual offences: persons under 18) is amended as follows.

(2) In subsection (1)(b)(ii) the words from "or by section 226(3)" to the end are omitted.

(3) In subsection (2) —

(a) for "The court must" substitute "The court may", and

(b) for the words from ", that is to say" to the end substitute "if the condition in subsection (2A) is met."

(4) After subsection (2) insert—

"(2A) The condition in this subsection is that, if the court were to impose an extended sentence of detention, the term that it would specify as the appropriate custodial term would be at least 4 years.

(2B) An extended sentence of detention is a sentence of detention the term of which is equal to the aggregate of—

(a) the appropriate custodial term, and

(b) a further period ("the extension period") for which the offender is to be subject to a licence and which is of such length as the court considers necessary for the purpose of protecting members of the public from serious harm occasioned by the commission by him of further specified offences."

(5) In subsection (3)—

(a) for "subsection (2)" substitute "subsections (2A) and (2B)", and

(b) paragraph (a) is omitted.

(6) After subsection (6) insert—

"(7) The Secretary of State may by order amend subsection (2A) so as to substitute a different period for the period for the time being specified in that subsection." '.—*[Mr. Hanson.]*

Brought up, read the First and Second time, and added to the Bill.

New Clause 33

THE ASSESSMENT OF DANGEROUSNESS

'(1) Section 229 of the Criminal Justice Act 2003 (c. 44) (the assessment of dangerousness) is amended as follows.

(2) In subsection (2)—

(a) the words from the beginning to "18" are omitted,

(b) after paragraph (a) insert—

"(aa) may take into account all such information as is available to it about the nature and circumstances of any other offences of which the offender has been convicted in any part of the United Kingdom,", and

(c) in paragraph (b) for "the offence" substitute "any of the offences mentioned in paragraph (a) or (aa)".

(3) Subsections (3) and (4) are omitted.

(4) Schedules 16 and 17 of that Act are omitted.'.—*[Mr. Hanson.]*

Brought up, read the First and Second time, and added to the Bill.

New Clause 34

FURTHER AMENDMENTS RELATING TO SENTENCES FOR PUBLIC PROTECTION

'(1) In section 231 of the Criminal Justice Act 2003 (c. 44) (appeals where previous convictions set aside), for subsection (1) substitute—

"(1) This section applies where—

(a) a sentence has been imposed on any person under section 225(3) or 227(2),

(b) the condition in section 225(3A) or (as the case may be) 227(2A) was met but the condition in section 225(3B) or (as the case may be) 227(2B) was not, and

(c) any previous conviction of his without which the condition in section 225(3A) or (as the case may be) 227(2A) would not have been met has been subsequently set aside on appeal."

(2) In section 232 (certificates for purposes of section 229)—

(a) in the heading for "section 229" substitute "sections 225 and 227",

(b) in paragraph (a)—

(i) for "the commencement of this section" substitute "the commencement of Schedule 15A", and

(ii) for "a relevant offence" substitute "an offence specified in that Schedule", and

(c) for "section 229" substitute "sections 225(3A) and 227(2A)".

(3) Section 234 of that Act (determination of day when offence committed) is omitted.'.—*[Mr. Hanson.]*

Brought up, read the First and Second time, and added to the Bill.

New Clause 35

RELEASE ON LICENCE OF PRISONERS SERVING EXTENDED SENTENCES

'(1) Section 247 of the Criminal Justice Act 2003 (c. 44) (release on licence of prisoner serving extended sentence) is amended as follows.

(2) In subsection (2)—

(a) the word "and" at the end of paragraph (a) is omitted, and

(b) paragraph (b) is omitted.

(3) Subsections (3), (4), (5) and (6) are omitted.'.—*[Mr. Hanson.]*

Brought up, read the First and Second time, and added to the Bill.

New Clause 45

RESTRICTION ON POWER TO MAKE A COMMUNITY ORDER

'(1) After section 150 of the Criminal Justice Act 2003 (c. 44) (community sentence not available where sentence fixed by law etc.) insert—

"150A Community order available only for offences punishable with imprisonment or for persistent offenders previously fined

(1) The power to make a community order is only exercisable in respect of an offence if—

(a) the offence is punishable with imprisonment; or

(b) in any other case, section 151(2) confers power to make such an order."

(2) For the purposes of this section and section 151 an offence triable either way that was tried summarily is to be regarded as punishable with imprisonment only if it is so punishable by the sentencing court (and for this purpose section 148(1) is to be disregarded)."

(2) Section 151 of that Act (community order for persistent offender previously fined) is amended as follows.

(3) Before subsection (1) insert—

"(A1) Subsection (2) provides for the making of a community order by the court in respect of an offence committed by a person aged 16 or over ("the current offence") in cases where—

(a) the current offence is punishable with imprisonment, but the court would not otherwise form the opinion required by section 148(1); or

(b) the current offence is not punishable with imprisonment."

(4) In subsection (1)—

(a) at the beginning insert "Where the current offence is punishable with imprisonment,",

(b) for paragraph (a) substitute—

"(a) the offender was aged 16 or over when he was convicted;";

(c) in paragraph (b) for "he" substitute "the offender".

(5) After subsection (1) insert—

"(1A) Where the current offence is not punishable with imprisonment, subsection (2) applies where—

(a) the offender was aged 16 or over when he was convicted; and

(b) on three or more previous occasions the offender has, on conviction by a court in the United Kingdom of any offence committed by him after attaining the age of 16, had passed on him a sentence consisting only of a fine."

(6) In subsection (3)(a) after "(1)(b)" insert "or (1A)(b) (as the case may be)".

(7) In subsections (4), (5) and (6), for "subsection (1)(b)" insert "subsections (1)(b) and (1A)(b)".

(8) In section 166 of that Act (savings for powers to mitigate etc.), in subsection (1)(a), after "148" insert "or 151(2)".'.—*[Mr. Hanson.]*

Brought up, read the First and Second time, and added to the Bill.

New Clause 46

BAIL FOR SUMMARY OFFENCES AND CERTAIN OTHER OFFENCES TO BE TRIED SUMMARILY

'Schedule (Bail for summary offences and certain other offences to be tried summarily)—

(a) imposes a duty on a magistrates' court considering whether to withhold or grant bail in relation to a person under 18 accused of an offence mentioned in Schedule 2 to the Magistrates' Courts Act 1980 (c. 43) (offences for which the value involved is relevant to the mode of trial) to consider the value involved in the offence; and

(b) amends Schedule 1 to the Bail Act 1976 (persons entitled to bail: supplementary provisions).'.—*[Mr. Hanson.]*

Brought up, read the First and Second time, and added to the Bill.

New Clause 47

RELEASE OF FINE DEFAULTERS AND CONTEMNORS UNDER CRIMINAL JUSTICE ACT 1991

'(1) Section 45 of the Criminal Justice Act 1991 (c. 53) (fine defaulters and contemnors) is amended as follows.

(2) In subsection (2) after "(3)" insert ", (3A)".

(3) In subsection (3)—

(a) for "the following subsections" substitute "the following subsection", and

(b) in the substituted text, subsection (2) is omitted.

(4) After subsection (3) insert—

"(3A) In section 36 above—

(a) in subsection (1) for "on licence" there shall be substituted "unconditionally", and

(b) subsection (2) shall be omitted.

(5) Subsection (4) is omitted.'.—*[Mr. Hanson.]*

Brought up, read the First and Second time, and added to the Bill.

New Clause 48

EARLY RELEASE OF CERTAIN LONG-TERM PRISONERS UNDER CRIMINAL JUSTICE ACT 1991

'(1) Part 2 of the Criminal Justice Act 1991 (c. 53) (early release of prisoners: offences committed before 4th April 2005) is amended as follows.

(2) In section 33 (duty to release short-term and long-term prisoners), after subsection (1) insert—

"(1A) As soon as a long-term prisoner has served one-half of his sentence, it shall be the duty of the Secretary of State to release him on licence.

(1B) Subsection (1A) does not apply to a long-term prisoner if the offence or one of the offences in respect of which he is serving the sentence is specified in Schedule 15 to the Criminal Justice Act 2003 (specified violent offences and specified sexual offences)."

(3) In that section, in subsection (2) after "a long-term prisoner" insert "to whom subsection (1A) does not apply".

(4) In section 35 (power to release long-term prisoners etc.) after subsection (1) insert—

"(1A) Subsection (1) does not apply to a long-term prisoner to whom section 33(1A) applies.".

(5) In section 37 (duration and conditions of licences)—

(a) in subsection (1), for "(1B) and (2)" substitute "(1B), (2) and (8)", and

(b) after subsection (7) insert—

"(8) This section does not apply in relation to a long-term prisoner to whom section 33(1A) applies (provision as to the duration and conditions of licences for such prisoners being made by section 37ZA)."

(6) After section 37 insert—

"37ZA Duration and conditions of licences under section 33(1A) etc.

(1) Where a long-term prisoner is released on licence under section 33(1A), the licence shall (subject to any revocation under section 254 of the 2003 Act) remain in force for the remainder of the sentence.

(2) Section 250(1), (4) and (8) of the 2003 Act apply in relation to a licence under section 33(1A) of this Act as they apply in relation to a licence under Chapter 6 of Part 12 of the 2003 Act in respect of a prisoner serving a sentence of imprisonment for a term of twelve months or more.

(3) A person subject to a licence under section 33(1A) must comply with such conditions as may for the time being be specified in the licence.

(4) The reference in section 254(1) of the 2003 Act to a person who has been released on licence under Chapter 6 of Part 12 of that Act includes a reference to a person released on licence under section 33(1A).

(5) In this section, "the 2003 Act" means the Criminal Justice Act 2003."—*[Mr. Hanson.]*

Brought up, read the First and Second time, and added to the Bill.

New Clause 49

RECALL OF CERTAIN PRISONERS RELEASED UNDER CRIMINAL JUSTICE ACT 1991

'(1) Before section 51 of the Criminal Justice Act 1991 (c. 53) insert—

"50A Prisoners recalled under section 254 of Criminal Justice Act 2003

(1) This section applies to a person who is—

(a) released on licence under any provision of this Part, and

(b) recalled to prison under section 254(1) of the 2003 Act (recall of prisoners while on licence).

(2) Nothing in the following provisions of this Part (which authorise or require the Secretary of State to release prisoners) applies in relation to the person—

(a) section 33;

(b) section 33A;

(c) section 34A;

(d) section 35;

(e) section 43(4).

(3) Sections 254(2) and (6) and 255A to 256A of the 2003 Act (which authorise release on licence etc) apply in relation to a person to whom this section applies.

(4) The provisions of Chapter 6 of Part 12 of the 2003 Act specified in subsection (5) apply in relation to—

(a) a licence under that Chapter granted to a person to whom this section applies, and

(b) a licence under section 36 of this Act granted to such a person.

(5) The provisions of the 2003 Act specified in this subsection are—

(a) section 249 (duration of licence), as modified by subsection (6) below;

(b) section 250(1), (4) and (8) (licence conditions), as modified by subsection (7) below;

(c) section 252 (duty to comply with licence conditions).

(6) Section 249 of the 2003 Act applies—

(a) as if the reference in subsection (1) to a fixed-term prisoner were a reference to a person to whom this section applies, and

(b) as if for subsection (3) there were substituted—

"(3) Subsection (1) has effect subject to section 51(2) to (2D) of the Criminal Justice Act 1991."

(7) Section 250(4) of the 2003 Act applies as if the reference to a prisoner serving a sentence mentioned in that subsection were a reference to a person to whom this section applies.

(8) In relation to a person to whom this section applies, subsections (2) to (2D) of section 51 of this Act (treatment of consecutive and concurrent terms etc.) apply as if any reference in those subsections to this Part of this Act included the provisions of the 2003 Act mentioned in subsections (3) and (5).

(9) Except as provided by subsections (6)(b) and (8), nothing in this Part applies in relation to the duration and conditions of—

(a) a licence under Chapter 6 of Part 12 of the 2003 Act granted to a person to whom this section applies, or

(b) a licence under section 36 of this Act granted to such a person.

(10) In this section, "the 2003 Act" means the Criminal Justice Act 2003."

(2) The savings made by paragraph 19 of Schedule 2 to the Criminal Justice Act 2003 (Commencement No.8 and Transitional and Saving Provisions) Order 2005 (S.I. 2005/950) in respect of sections 249 and 250 of the 2003 Act do not apply in relation to a licence granted under Chapter 6 of Part 12 of that Act, or under section 36 of the Criminal Justice Act 1991 (c. 53), to a person to whom section 50A of the Criminal Justice Act 1991 (c. 53) applies.

(3) In subsections (2) to (4), "the 2003 Act" means the Criminal Justice Act 2003 (c. 44).'. —*[Mr. Hanson.]*

Brought up, read the First and Second time, and added to the Bill.

New Schedule 3

'ELECTRONIC MONITORING OF PERSONS RELEASED ON BAIL SUBJECT TO CONDITIONS

21 The Bail Act 1976 (c. 63) has effect subject to the following amendments.

22 In section 3 (general provisions) for subsection (6ZAA) substitute—

"(6ZAA) The requirements which may be imposed under subsection (6) include electronic monitoring requirements.

The imposition of electronic monitoring requirements is subject to section 3AA (in the case of a child or young person), section 3AB (in the case of other persons) and section 3AC (in all cases).

(6ZAB) In this section and sections 3AA to 3AC "electronic monitoring requirements" means requirements imposed for the purpose of securing the electronic monitoring of a person's compliance with any other requirement imposed on him as a condition of bail."

23 (1) Section 3AA (electronic monitoring of compliance with bail conditions) is amended as follows.

(2) In the heading to the section, for "Electronic monitoring of compliance with bail conditions" substitute "Conditions for the imposition of electronic monitoring requirements: children and young persons".

(3) For subsection (1) substitute—

"(1) A court may not impose electronic monitoring requirements on a child or young person unless each of the following conditions is met."

(4) For subsection (4) substitute—

"(4) The third condition is that the court is satisfied that the necessary provision for dealing with the person concerned can be made under arrangements for the electronic monitoring of persons released on bail that are currently available in each local justice area which is a relevant area."'

(5) In subsection (5), for "such a requirement" substitute "electronic monitoring requirements".

(6) Subsections (6) to (10) and (12) (which are superseded by section 3AC) are omitted.

24 After section 3AA insert—

"3AB Conditions for the imposition of electronic monitoring requirements: other persons

(1) A court may not impose electronic monitoring requirements on a person who has attained the age of seventeen unless each of the following conditions is met.

(2) The first condition is that the court is satisfied that without the electronic monitoring requirements the person would not be granted bail.

(3) The second condition is that the court is satisfied that the necessary provision for dealing with the person concerned can be made under arrangements for the electronic monitoring of persons released on bail that are currently available in each local justice area which is a relevant area.

(4) If the person is aged seventeen, the third condition is that a youth offending team has informed the court that in its opinion the imposition of electronic monitoring requirements will be suitable in his case.

3AC Electronic monitoring: general provisions

(1) Where a court imposes electronic monitoring requirements as a condition of bail, the requirements must include provision for making a person responsible for the monitoring.

(2) A person may not be made responsible for the electronic monitoring of a person on bail unless he is of a description specified in an order made by the Secretary of State.

(3) The Secretary of State may make rules for regulating—

(a) the electronic monitoring of persons on bail;

(b) without prejudice to the generality of paragraph (a), the functions of persons made responsible for such monitoring.

(4) The rules may make different provision for different cases.

(5) Any power of the Secretary of State to make an order or rules under this section is exercisable by statutory instrument.

(6) A statutory instrument containing rules under this section shall be subject to annulment in pursuance of a resolution of either House of Parliament.

(7) For the purposes of section 3AA or 3AB a local justice area is a relevant area in relation to a proposed electronic monitoring requirement if the court considers that it will not be practicable to secure the electronic monitoring in question unless electronic monitoring arrangements are available in that area.

(8) Nothing in sections 3, 3AA or 3AB is to be taken to require the Secretary of State to ensure that arrangements are made for the electronic monitoring of persons released on bail." '.—*[Mr. Hanson.]*

Brought up, read the First and Second time, and added to the Bill.

New Schedule 5

'OFFENCES SPECIFIED FOR THE PURPOSES OF SECTIONS 225(3A) AND 227(2A) OF THE CRIMINAL JUSTICE ACT 2003

OFFENCES SPECIFIED FOR THE PURPOSES OF SECTIONS 225(3A) AND 227(2A)

PART 1

OFFENCES UNDER THE LAW OF ENGLAND AND WALES

1 An attempt to commit murder, a conspiracy to murder or an incitement to murder.

2 Manslaughter.

3 An offence under section 4 of the Offences against the Person Act 1861 (c. 100) (soliciting murder).

4 An offence under section 18 of that Act (wounding with intent to cause grievous bodily harm).

5 An offence under section 1 of the Sexual Offences Act 1956 (c. 69) (rape) or an attempt to commit such an offence.

6 An offence under section 5 of that Act (intercourse with a girl under 13).

7 An offence under section 16 of the Firearms Act 1968 (c. 27) (possession of firearm with intent to endanger life).

8 An offence under section 17(1) of that Act (use of a firearm to resist arrest).

9 An offence under section 18 of that Act (carrying a firearm with criminal intent).

10 An offence of robbery under section 8 of the Theft Act 1968 (c. 60) where, at some time during the commission of the offence, the offender had in his possession a firearm or an imitation firearm within the meaning of the Firearms Act 1968 (c. 27).

11 An offence under section 1 of the Sexual Offences Act 2003 (c. 42) (rape) or an attempt to commit such an offence.

12 An offence under section 2 of that Act (assault by penetration) or an attempt to commit such an offence.

13 An offence under section 4 of that Act (causing a person to engage in sexual activity without consent), or an attempt to commit such an offence, if the offender was liable on conviction on indictment to imprisonment for life.

14 An offence under section 5 of that Act (rape of a child under 13) or an attempt to commit such an offence.

15 An offence under section 6 of that Act (assault of a child under 13 by penetration) or an attempt to commit such an offence.

16 An offence under section 8 of that Act (causing or inciting a child under 13 to engage in sexual activity), or an attempt to commit such an offence, if the offender was liable on conviction on indictment to imprisonment for life.

17 An offence under section 30 of that Act (sexual activity with a person with a mental disorder impeding choice), or an attempt to commit such an offence, if the offender was liable on conviction on indictment to imprisonment for life.

18 An offence under section 31 of that Act (causing or inciting a person with a mental disorder to engage in sexual activity), or an attempt to commit such an offence, if the offender was liable on conviction on indictment to imprisonment for life.

19 An offence under section 34 of that Act (inducement, threat or deception to procure sexual activity with a person with a mental disorder), or an attempt to commit such an offence, if the offender was liable on conviction on indictment to imprisonment for life.

20 An offence under section 35 of that Act (causing a person with a mental disorder to engage in or agree to engage in sexual activity by inducement etc.), or an attempt to commit such an offence, if the offender was liable on conviction on indictment to imprisonment for life.

21 An offence under section 47 of that Act (paying for sexual services of a child), or an attempt to commit such an offence, if the offender was liable on conviction on indictment to imprisonment for life.

22 An offence under section 62 of that Act (committing an offence with intent to commit a sexual offence), or an attempt to commit such an offence if the offender, was liable on conviction on indictment to imprisonment for life.

PART 2

OFFENCES UNDER THE LAW OF SCOTLAND

23 Culpable homicide.

24 An attempt to commit murder, a conspiracy to murder or an incitement to murder.

25 Rape or an attempt to commit rape.

26 Assault where the assault—

(a) is aggravated because it caused severe injury or endangered the victim's life, or

(b) was carried out with intent to rape or ravish the victim.

27 Sodomy, or an attempt to commit sodomy, where the person against whom the offence was committed did not consent.

28 Lewd, indecent or libidinous behaviour or practices.

29 Robbery, where, at some time during the commission of the offence, the offender had in his possession a firearm or an imitation firearm within the meaning of the Firearms Act 1968 (c. 27).

30 An offence under section 16 of the Firearms Act 1968 (c. 27) (possession of firearm with intent to endanger life).

31 An offence under section 17(1) of that Act (use of a firearm to resist arrest).

32 An offence under section 18 of that Act (carrying a firearm with criminal intent).

33 An offence under section 5(1) of the Criminal Law (Consolidation) (Scotland) Act 1995 (c. 39) (unlawful intercourse with a girl under 13).

PART 3

OFFENCES UNDER THE LAW OF NORTHERN IRELAND

34 An attempt to commit murder, a conspiracy to murder or an incitement to murder.

35 Manslaughter.

36 Rape or an attempt to commit rape.

37 An offence under section 4 of the Offences against the Person Act 1861 (c. 100) (soliciting murder).

38 An offence under section 18 of that Act (wounding with intent to cause grievous bodily harm).

39 An offence under section 4 of the Criminal Law Amendment Act 1885 (c. 69) (intercourse with a girl under 14).

40 An offence of robbery under section 8 of the Theft Act (Northern Ireland) 1969 (c. 16) where, at some time during the commission of the offence, the offender had in his possession a firearm or an imitation firearm within the meaning of the Firearms (Northern Ireland) Order 1981.

41 An offence under Article 17 of the Firearms (Northern Ireland) Order 1981 (S.I. 1981/155 (N.I.2)) (possession of firearm with intent to endanger life).

42 An offence under Article 18(1) of that Order (use of a firearm to resist arrest).

43 An offence under Article 19 of that Order (carrying a firearm with criminal intent).

44 An offence under Article 58 of the Firearms (Northern Ireland) Order 2004 (S.I. 2004/702 (N.I.3)) (possession of firearm with intent to endanger life).

45 An offence under Article 59 of that Order (use of a firearm to resist arrest).

46 An offence under Article 60 of that Order (carrying a firearm with criminal intent).

47 An offence under section 47 of the Sexual Offences Act 2003 (paying for sexual services of a child) or an attempt to commit such an offence if the offender was liable on conviction on indictment to imprisonment for life." '.—*[Mr. Hanson.]*

Brought up, read the First and Second time, and added to the Bill.

New Schedule 6

'CREDIT FOR PERIOD OF REMAND ON BAIL: TRANSITIONAL PROVISIONS

1 A period specified under paragraph 2 is to be treated as being a relevant period within the meaning of section 67 of the Criminal Justice Act 1967 (c. 80).

2 (1) This paragraph applies where—

(a) a court sentences an offender to a term of imprisonment for an offence that was committed before 4th April 2005,

(b) the offender was remanded on bail by a court in the course of or in connection with proceedings for the offence, or any related offence, after the coming into force of paragraph 1, and

(c) the offender's bail was subject to a qualifying curfew condition and an electronic monitoring condition ("the relevant conditions").

(2) Subject to sub-paragraph (4), the court must by order specify the credit period.

(3) The "credit period" is the number days represented by half of the sum of—

(a) the day on which the offender's bail was first subject to conditions that, had they applied throughout the day in question, would have been relevant conditions, and

(b) the number of other days on which the offender's bail was subject to those conditions (excluding the last day on which it was so subject),

rounded up to the nearest whole number.

(4) Sub-paragraph (2) does not apply if and to the extent that—

(a) rules made by the Secretary of State so provide, or

(b) it is in the opinion of the court just in all the circumstances not to give a direction under that subsection.

(5) Where as a result of paragraph (a) or (b) of sub-paragraph (4) the court does not specify the credit period under sub-paragraph (2), it may in accordance with either of those paragraphs by order specify a lesser period.

(6) Rules under sub-paragraph (4)(a) may, in particular, make provision in relation to—

(a) sentences of imprisonment for consecutive terms;

(b) sentences of imprisonment for terms which are wholly or partly concurrent;

(c) periods during which a person granted bail subject to the relevant conditions is also subject to electronic monitoring required by an order made by a court or the Secretary of State.

(7) In considering whether it is of the opinion mentioned in sub-paragraph (4)(b) the court must, in particular, take into account whether or not the offender has, at any time whilst on bail subject to the relevant conditions, broken either or both of them.

(8) Where the court specifies a period under sub-paragraph (2) or (5) it shall state in open court—

(a) the number of days on which the offender was subject to the relevant conditions, and

(b) the number of days in the period specified.

(9) Sub-paragraph (10) applies where the court—

(a) does not specify the credit period under sub-paragraph (2) but does specify a lesser period under sub-paragraph (5), or

(b) does not specify a period under either sub-paragraph (2) or (5).

(10) The court shall state in open court—

(a) that its decision is in accordance with rules made under paragraph (a) of sub-paragraph (4), or

(b) that it is of the opinion mentioned in paragraph (b) of that sub-paragraph and what the circumstances are.

(11) In this paragraph—

"electronic monitoring condition" means any electronic monitoring requirements imposed under section 3(6ZAA) of the Bail Act 1976 (c. 63) for the purpose of securing the electronic monitoring of a person's compliance with a qualifying curfew condition;

"qualifying curfew condition" means a condition of bail which requires the person granted bail to remain at one or more specified places for a total of not less than 9 hours in any given day; and

"related offence" means an offence, other than the offence for which the sentence is imposed ("offence A"), with which the offender was charged and the charge for which was founded on the same facts or evidence as offence A.'.—*[Mr. Hanson.]*

Brought up, read the First and Second time, and added to the Bill.

New Schedule 7

'BAIL FOR SUMMARY OFFENCES AND CERTAIN OTHER OFFENCES TO BE TRIED SUMMARILY

1 The Bail Act 1976 (c. 63) is amended as follows.

2 In section 3(6D)(a) (condition to be imposed on person in relation to whom paragraph 6B(1)(a) to (c) of Part 1 of Schedule 1 to that Act apply), after "apply" insert "(including where P is a person to whom the provisions of Part 1A of Schedule 1 apply)".

3 After section 9 (offence of agreeing to indemnify sureties in criminal proceedings) insert—

"9A Bail decisions relating to persons aged under 18 who are accused of offences mentioned in Schedule 2 to the Magistrates' Courts Act 1980

(1) This section applies whenever—

(a) a magistrates' court is considering whether to withhold or grant bail in relation to a person aged under 18 who is accused of a scheduled offence; and

(b) the trial of that offence has not begun.

(2) The court shall, before deciding whether to withhold or grant bail, consider whether, having regard to any representations made by the prosecutor or the accused person, the value involved does not exceed the relevant sum for the purposes of section 22.

(3) The duty in subsection (2) does not apply in relation to an offence if—

(a) a determination under subsection (4) has already been made in relation to that offence; or

(b) the accused person is, in relation to any other offence of which he is accused which is not a scheduled offence, a person to whom Part 1 of Schedule 1 to this Act applies.

(4) If where the duty in subsection (2) applies it appears to the court clear that, for the offence in question, the amount involved does not exceed the relevant sum, the court shall make a determination to that effect.

(5) In this section—

(a) "relevant sum" has the same meaning as in section 22(1) of the Magistrates' Courts Act 1980 (certain either way offences to be tried summarily if value involved is less than the relevant sum);

(b) "scheduled offence" means an offence mentioned in Schedule 2 to that Act (offences for which the value involved is relevant to the mode of trial); and

(c) "the value involved" is to be construed in accordance with section 22(10) to (12) of that Act."

4 Schedule 1 (persons entitled to bail: supplementary provisions) is amended as follows.

5 (1) Paragraph 1 (defendants to whom Part 1 applies) becomes sub-paragraph (1) of that paragraph.

(2) In that sub-paragraph at the beginning insert "Subject to sub-paragraph (2),".

(3) After that sub-paragraph insert—

"(2) But those provisions do not apply by virtue of sub-paragraph (1)(a) if the offence, or each of the offences punishable with imprisonment, is—

(a) a summary offence; or

(b) an offence mentioned in Schedule 2 to the Magistrates' Courts Act 1980 (offences for which the value involved is relevant to the mode of trial) in relation to which—

(i) a determination has been made under section 22(2) of that Act (certain either way offences to be tried summarily if value involved is less than the relevant sum) that it is clear that the value does not exceed the relevant sum for the purposes of that section; or

(ii) a determination has been made under section 9A(4) of this Act to the same effect."

6 After Part 1 insert—

"PART 1A

DEFENDANTS ACCUSED OR CONVICTED OF IMPRISONABLE OFFENCES TO WHICH PART 1 DOES NOT APPLY

Defendants to whom Part 1A applies

1 The following provisions of this Part apply to the defendant if—

(a) the offence or one of the offences of which he is accused or convicted is punishable with imprisonment, but

(b) Part 1 does not apply to him by virtue of paragraph 1(2) of that Part.

Exceptions to right to bail

2 The defendant need not be granted bail if—

(a) it appears to the court that, having been previously granted bail in criminal proceedings, he has failed to surrender to custody in accordance with his obligations under the grant of bail; and

(b) the court believes, in view of that failure, that the defendant, if released on bail (whether subject to conditions or not) would fail to surrender to custody.

3 The defendant need not be granted bail if—

(a) it appears to the court that the defendant was on bail in criminal proceedings on the date of the offence; and

(b) the court is satisfied that there are substantial grounds for believing that the defendant, if released on bail (whether subject to conditions or not) would commit an offence while on bail.

4 The defendant need not be granted bail if the court is satisfied that there are substantial grounds for believing that the defendant, if released on bail (whether subject to conditions or not), would commit an offence while on bail by engaging in conduct that would, or would be likely to, cause—

(a) physical or mental injury to any person other than the defendant; or

(b) any person other than the defendant to fear physical or mental injury.

5 The defendant need not be granted bail if the court is satisfied that the defendant should be kept in custody for his own protection or, if he is a child or young person, for his own welfare.

6 The defendant need not be granted bail if he is in custody in pursuance of a sentence of a court or a sentence imposed by an officer under the Armed Forces Act 2006.

7 The defendant need not be granted bail if —

(a) having been released on bail in or in connection with the proceedings for the offence, he has been arrested in pursuance of section 7 of this Act; and

(b) the court is satisfied that there are substantial grounds for believing that the defendant, if released on bail (whether subject to conditions or not) would fail to surrender to custody, commit an offence while on bail or interfere with witnesses or otherwise obstruct the course of justice (whether in relation to himself or any other person).

8 The defendant need not be granted bail where the court is satisfied that it has not been practicable to obtain sufficient information for the purpose of taking the decisions required by this Part of this Schedule for want of time since the institution of the proceedings against him.

Application of paragraphs 6A to 6C of Part 1

9 Paragraphs 6A to 6C of Part 1 (exception applicable to drug users in certain areas and related provisions) apply to a defendant to whom this Part applies as they apply to a defendant to whom that Part applies."'.—*[Mr. Hanson.]*

Brought up, read the First and Second time, and added to the Bill.

Clause 170

ORDERS AND REGULATIONS

Amendments made: No. 156, page 117, line 5, after 'Orders' insert ', rules'.

No. 157, page 117, line 30, leave out 'or'.

No. 158, page 117, line 31, at end insert ', or

(p) rules under paragraph 2(4)(a) of Schedule *(Credit for period of remand on bail: transitional provisions)*.'.—*[Steve McCabe.]*

Schedule 4

YOUTH REHABILITATION ORDERS: CONSEQUENTIAL AND RELATED AMENDMENTS

Amendment made: No. 219, page 182, line 21, leave out sub-paragraph (3) and insert—

'(3) In subsections (A1), (1)(a) and (1A)(a), for "16" substitute "18".

(4) After subsection (2) insert—

"(2A) Subsection (2B) applies where—

(a) a person aged 16 or 17 is convicted of an offence ("the current offence");

(b) on three or more previous occasions the offender has, on conviction by a court in the United Kingdom of any offence committed by him after attaining the age of 16, had passed on him a sentence consisting only of a fine; and

(c) despite the effect of section 143(2), the court would not (apart from this section) regard the current offence, or the combination of the current offence and one or more offences associated with it, as being serious enough to warrant a youth rehabilitation order.

(2B) The court may make a youth rehabilitation order in respect of the current offence instead of imposing a fine if it considers that, having regard to all the circumstances including the matters mentioned in subsection (3), it would be in the interests of justice to make such an order."

(5) In subsection (3)—

(a) after "(2)" insert "and (2B)"; and

(b) in paragraph (a) for "or (1A)(b)" substitute "(1A)(b) or (2A)(b)".

(6) In subsections (4), (5) and (6), for "and (1A)(b)" substitute "(1A)(b) and (2A)(b)".

(7) In section 166 (savings for powers to mitigate etc.), in subsection (1)(a) after "151(2)" insert "or (2B)".'.—*[Steve McCabe.]*

Schedule 32

MINOR AND CONSEQUENTIAL AMENDMENTS

Amendments made: No. 159, page 286, line 33, at end insert—

'Children and Young Persons Act 1969 (c. 54)

4B (8) Section 23AA of the Children and Young Persons Act 1969 (electronic monitoring of remand conditions) is amended as follows.

(9) In subsection (4)—

(a) paragraph (a) is omitted; and

(b) in paragraph (b), for "those arrangements" substitute "arrangements currently available in each local justice area which is a relevant area".

(10) In subsection (8) for "Subsections (8) to (10) of section 3AA" substitute "Subsections (4) to (7) of section 3AC".'.

No. 161, page 287, line 8, at end insert—

Mental Health Act 1983 (c.20)

6ZA In section 37 of the Mental Health Act 1983 (powers of court to order hospital admission or guardianship), in subsection (1A)(c) for "any of sections 225 to 228" substitute "section 225(2) or 226(2)".'.

No. 162, page 287, line 26, leave out from beginning to '(offence' and insert—

'7A The Criminal Justice Act 1988 has effect subject to the following amendments.

7B In section 36 (reviews of sentencing), in subsection (2)(b)(iii) for "any of sections 225 to 228" substitute "section 225(2) or 226(2)".

8 In section 160(1)'.

No. 220, page 288, line 4, at end insert—

'( ) In section 43(5) (young offenders), for "under this Part" substitute "under any provision of this Part other than section 33(1A)".'.

No. 221, page 288, line 9, at end insert—

'( ) In section 46B(5) (re-entry into United Kingdom of offender removed early from prison), after "subsections (1)" insert ", (1A)".'.

No. 163, page 289, line 38, at end insert—

'19A In section 12 (absolute and conditional discharge), in subsection (1) for "section 225, 226, 227 or 228" substitute "section 225(2) or 226(2)".'.

No. 222, in page 290, line 2, after 'original sentence)' insert '—

(a) in subsection (1)(b) for "under Part II of the Criminal Justice Act 1991 (early release of prisoners)" substitute "under any provision of Part 2 of the Criminal Justice Act 1991 (early release of prisoners) other than section 33(1A)", and'.

No. 164, page 290, line 4, at end insert—

'22A In section 130 (compensation orders), in subsection (2) for "section 225, 226, 227 or 228" substitute "section 225(2) or 226(2)".

22B In section 146 (driving disqualification for any offence), in subsection (2) for "section 225, 226, 227 or 228" substitute "section 225(2) or 226(2)".

22C In section 164 (further interpretative provisions), in subsection (3)(c) for "any of sections 225 to 228" substitute "section 225(2) or 226(2)".'.

No. 165, page 291, line 32, at end insert—

'32A In section 142 (purposes of sentencing), in subsection (2)(c) for "any of sections 225 to 228" substitute "section 225(2) or 226(2) of this Act".

32B In section 150 (circumstances in which community sentence not available), in paragraph (d) for "any of sections 225 to 228" to the end substitute "section 225(2) or 226(2) of this Act (requirement to impose sentence of imprisonment for life or detention for life)".

32C In section 152 (general restrictions on imposing custodial sentences), in subsection (1)(b) for "any of sections 225 to 228" substitute "section 225(2) or 226(2)".

32E In section 153 (length of discretionary custodial sentences: general provision), in subsection (1), omit "or falling to be".

32F In section 163 (general power of Crown Court to fine) for "any of sections 225 to 228" substitute "section 225(2) or 226(2)".

32G In section 224 (meaning of "specified offence" etc), in subsection (3) the definition of relevant offence is omitted.

32H In section 305 (interpretation of Part 12), in subsection (4)—

(a) for paragraphs (c) and (d) substitute—

"(c) a sentence falls to be imposed under subsection (2) of section 225 if the court is obliged to pass a sentence of imprisonment for life under that subsection;

(d) a sentence falls to be imposed under subsection (2) of section 226 if the court is obliged to pass a sentence of detention for life under that subsection;", and

(b) paragraph (e) is omitted.'.

No. 166, page 291, line 40, at end insert—

'34A In section 330(5) (orders subject to the affirmative procedure) after "section 223," insert—

"section 227(6),

section 228(7)".'.—*[Steve McCabe.]*

Schedule 33

TRANSITORY, TRANSITIONAL AND SAVING PROVISIONS

Amendments made: No. 223, page 296, line 8, at end insert—

'9A Nothing in the amendments made by section (Early release of certain long-term prisoners under Criminal Justice Act 1991) affects the operation of Part 2 of the Criminal Justice Act 1991 (c. 53) in relation to a long-term prisoner within the meaning of that Part who (for the purposes of that Part) has served one-half of his sentence before the commencement of that section.'.

No. 224, page 296, line 8, at end insert—

'9B The amendments made by subsections (3) and (5) of section (Release of fine defaulters and contemnors under Criminal Justice Act 1991) do not apply in relation to any person who is released on licence under section 36(1) of the Criminal Justice Act 1991 (c. 53) before the commencement of section (Release of fine defaulters and contemnors under Criminal Justice Act 1991).'.

No. 225, page 296, line 8, at end insert—

'9C The amendment made by subsection (1) of section (Recall of certain prisoners released under Criminal Justice Act 1991) applies in relation to any person who is recalled under section 254(1) of the Criminal Justice Act 2003 (c. 44) on or after the commencement of section (Recall of certain prisoners released under Criminal Justice Act 1991) but it is immaterial when the person was released on licence under Part 2 of the Criminal Justice Act 1991 (c. 53).'.—*[Steve McCabe.]*

Schedule 34

REPEALS AND REVOCATIONS

Amendments made: No. 227, page 306, line 47, column 2 at beginning insert—

'In section 45— (a) in subsection (3), subsection (2) of the substituted text, and (b) subsection (4).'.

No. 167, page 307, line 21, at end insert—

'In section 153(1), the words "or falling to be".

In section 224(3), the definition of "relevant offence".

In section 227(1)(a), the words ", other than a serious offence, ".

In section 228— (a) in subsection (1)(b)(ii), the words from "or by section 226(3)" to the end, and (b) subsection (3)(a) and the word "and" immediately following it.

In section 229— (a) in subsection (2) the words from the beginning to "18", and (b) subsections (3) and (4).

Section 234.

In section 247— (a) in subsection (2), the word "and" (at the end of paragraph (a)) and paragraph (b), and (b) subsections (3), (4), (5) and (6).'.

No. 168, page 307, line 42, at end insert—

'Section 305(4)(e).	
Schedules 16 and 17.'.	

No. 160, page 309, line 3, at end insert—

'Children and Young Persons Act 1969 (c. 54)	Section 23AA(4)(a).
Bail Act 1976 (c. 63)	Section 3AA(6) to (10) and (12).'.—*[Steve McCabe.]*

New Clause 3

AMENDMENTS CONSEQUENTIAL ON PART 5

'(1) In Schedule 3 to the Parliamentary Commissioner Act 1967 (c. 13) (matters not subject to investigation) after paragraph 13 (as inserted by paragraph 1(3) of Schedule 10 to this Act) insert—

"14 Any matter which falls within the complaints or deaths remit of the Northern Ireland Commissioner for Prison Complaints (within the meaning of Part 5 of the Criminal Justice and Immigration Act 2008)."

(2) Subsection (1) has no effect in relation to any matter which the Parliamentary Commissioner for Administration has started to investigate before the commencement of that subsection.

(3) In section 31(4) of the Data Protection Act 1998 (c. 29) (exceptions to data protection requirements for ombudsmen), after paragraph (a)(vi) (but before the "or" immediately following it) insert—

"(via) the Northern Ireland Commissioner for Prison Complaints;".

(4) In section 76(1) of the Freedom of Information Act 2000 (c. 36) (disclosure of information between Information Commissioner and ombudsmen) in the Table at the appropriate place insert—

"The Northern Ireland Commissioner for Prison Complaints.	Part 5 of the Criminal Justice and Immigration Act 2008."

(5) In Part 7 of Schedule 1 to that Act (public authorities) at the appropriate place insert "The Northern Ireland Commissioner for Prison Complaints".'.—*[Maria Eagle.]*

Brought up, and read the First time.

5.30 pm

The Parliamentary Under-Secretary of State for Justice (Maria Eagle): I beg to move, That the clause be read a Second time.

Madam Deputy Speaker (Sylvia Heal): With this it will be convenient to discuss Government amendments Nos. 18 to 40, 87 to 89, 42 to 54, 218, 55, 141, 142, 56 to 64, 108, 65 to 70, 70A, 71 to 75, 109, 110 and 143.

Maria Eagle: I hope not to have to detain the House too long with this group of amendments and the new clause, given that all make minor technical and drafting amendments to the Bill. I am conscious that there are quite a number of them, and am happy to deal with any points that Members wish to make. I am also conscious, however, that later groups of amendments raise other issues on which many Members wish to speak. I hope that it will be understood that I am not showing any disrespect to the House by not going through the detail of every amendment, which I would be happy to do if Members encouraged me to. I assure Members on both sides of the House, however, that the amendments are minor, drafting, technical and consequential changes. I therefore hope that Members on both sides of the House will be pleased to see me sit down as swiftly as I stood up.

Mr. Garnier: It is always a pleasure—indeed, a delight—to hear the hon. Lady speak in the Chamber. The disrespect to the House was done in the course of the timetable motion. She is wholly acquitted, and can leave this Chamber whenever she likes without a stain on her procedural character. What other problems she and her fellow Ministers suffer from I must leave for discussion with the Chief Whip, but it looks as if he is no longer in his place.

The Under-Secretary of State for Justice, the hon. Member for Liverpool, Garston (Maria Eagle) is, like the Minister of State, Ministry of Justice, the right hon. Member for Delyn (Mr. Hanson), obliging and disarming as always. The sub-heading "Miscellaneous, minor and drafting" hides a multitude of sins. New clause 3 is not controversial, but I do not think that it can be described as a minor drafting amendment. Neither, if one goes through the several tens of Government provisions in the group, can any one of them be brushed under the carpet as though they were of no account, no importance and unworthy of adequate scrutiny.

Having said that, I know that Governments make mistakes from time to time—and they sometimes even admit that they make them from time to time. The greatest mistake that the Government have made is to create this jumble of a Bill, which has forced them to come forward with these alleged "Miscellaneous, minor and drafting" provisions. It is not difficult to poke fun at the Government, as they are worthily the subject of ridicule—*[Interruption.]* I recognise that the Minister is intending to be helpful.

I hope that the Government are satisfied with the shambolic way in which they created the Bill. If they had thought about it in a sensible, premeditated and planned way, as opposed to engaging in some sort of legislative doodle, we would not have needed the "Miscellaneous, minor and drafting" amendments and we could have had an organised progression towards Royal Assent. As it is, we have not been able to do that. Instead, we have 79 provisions to be dealt with under this procedure. It is a pity that any time has been taken up, but it is legitimate to comment that so chaotic are the Government that they have been forced to spend some time advancing these amending provisions. We will not oppose them, but we do not accept that they are unworthy of proper scrutiny at any stage. Clearly, however, arrangements this afternoon do not permit us the time to do anything more than signal our displeasure at the way in which the Bill has been constructed.

Mr. Heath: The hon. and learned Member for Harborough (Mr. Garnier) is absolutely right. I counted 64 provisions, but he counted more, so we differ in our arithmetic; I am sure that he is right and I am wrong. Nevertheless, such a large group of drafting amendments bespeaks the fact that Governments nowadays are quite incapable of drafting Bills properly. They rush them through Committee and they rush them through Report, resulting in mistakes. We end up with criminal justice Bills being brought back time and again to be corrected, either through statutory instrument or by new primary legislation, yet they are presented to us as the acme of excellence, which they are most certainly not. I think that it is a poor way of running the country.

Maria Eagle: I shall resist the provocation to deal with Opposition Members' points by going through the details of every amendment, which would defeat the whole object of my attempting to deal quickly with this group. However, I want to take up the point of the hon. and learned Member for Harborough (Mr. Garnier) about new clause 3 and the substantive changes that it makes. I shall explain that alone, as the others are indeed minor technical and drafting amendments. Despite the annoyance expressed, I will not be provoked into going into all the details on this occasion.

New clause 3 and Government amendments Nos. 18 to 40 and 61 to 64 contain minor drafting, technical and consequential changes to parts 4 and 5, which establish the offices of the commissioner for offender management and prisons and the Northern Ireland commissioner for prison complaints. They contain within them a few amendments that reflect a change of policy in respect of Scotland. Let me make it clear that these have been agreed with the Scottish Executive.

In particular, the amendments extend the commissioner's remit for investigating deaths to immigration detention premises and immigration custody in Scotland; while safeguarding the roles of the Lord Advocate and procurator fiscal in relation to criminal investigations and the investigation of deaths. Given that the arrangements have been agreed with the Scottish Executive, we are not trying to do anything that would not be approved of in Scotland. The amendments will improve the coherence of the deaths remit—that awful phrase—that the new commissioner will have.

That is the only substantive change made by any of the amendments in the group. I hope that, following my short explanation, Members will accept the amendments so that we can get on with discussing some of the other matters covered by amendments in other groups.

Question put and agreed to

Clause read a Second time, and added to the Bill.

New Clause 4

REFERRAL ORDERS: POWER TO REVOKE A REFERRAL ORDER

"(1) Part 3 of the Powers of Criminal Courts (Sentencing) Act 2000 (c. 6) (mandatory and discretionary referral of young offenders) is amended as follows.

(2) After section 27 insert

"Referrals back to court in the interests of justice

27A Revocation of referral order where offender making good progress etc.

(1) This section applies where, having regard to circumstances which have arisen since a youth offender contract took effect under section 23 above, it appears to the youth offender panel to be in the interests of justice for the referral order (or each of the referral orders) to be revoked.

(2) The panel may refer the offender back to the appropriate court requesting it—

(a) to exercise only the power conferred by sub-paragraph (2) of paragraph 5 of Schedule 1 to this Act to revoke the order (or each of the orders); or

(b) to exercise both—

(i) the power conferred by that sub-paragraph to revoke the order (or each of the orders); and

(ii) the power conferred by sub-paragraph (4) of that paragraph to deal with the offender for the offence in respect of which the revoked order was made.

(3) The circumstances in which the panel may make a referral under subsection (2) above include the offender's making good progress under the contract.

(4) Where—

(a) the panel makes a referral under subsection (2) above in relation to any offender and any youth offender contract, and

(b) the appropriate court decides not to exercise the power conferred by paragraph 5(2) of Schedule 1 to this Act in consequence of that referral,

the panel may not make a further referral under that subsection in relation to that offender and contract during the relevant period except with the consent of the appropriate court.

(5) In subsection (4) above "the relevant period" means the period of 3 months beginning with the date on which the appropriate court made the decision mentioned in paragraph (b) of that subsection."

(3) In paragraph 1(1) of Schedule 1 (youth offender panels: further court proceedings), for "or 27(4)" substitute ", 27(4) or 27A(2)".'.—*[Mr. Hanson.]*

Brought up, and read the First time.

Mr. Hanson: I beg to move, That the clause be read a Second time.

Madam Deputy Speaker: With this it will be convenient to discuss the following:

Government new clause 5—*Referral orders: extension of period for which young offender contract has effect.*

New clause 10—*Extension of a referral order*—

'(1) Schedule 1 to the Powers of Criminal Courts (Sentencing) Act 2000 is amended as follows.

(2) In paragraph 5(1) for "power" substitute "powers".

(3) For paragraph 5(2) substitute—

"(2) Those powers are the powers to revoke the referral order (or each of the referral orders) or extend it by up to 3 months.".

(4) In paragraph 5(5) for "so dealing with the offender" substitute "revoking an order for an offence specified in sub-paragraph (4).".

(5) In paragraph 5(6) after "The appropriate court may not exercise the" insert "revocation".'.

New clause 18—*Anti-social behaviour orders (persons under 18)*—

'(1) Section 1 of the Crime and Disorder Act 1998 (c. 37) (anti-social behaviour orders) is amended as follows.

(2) After subsection (5) insert—

"(5A) The court may not make an anti-social behaviour order in respect of any person under the age of 18 years unless that person's anti-social acts were committed jointly with an adult.".'.

New clause 40—*Power of court to make a detention and training order*—

'In the Powers of Criminal Courts (Sentencing) Act 2000, after section 100(2)(b), insert—

"(c) in relation to an offence committed after the commencement of paragraph 3 of Schedule 1 to the Criminal Justice and Immigration Act 2008, unless he has previously received a youth rehabilitation order with intensive supervision and surveillance under that paragraph.".'.

New clause 42—*Restrictions on custodial sentences for offenders aged under 18*—

'(1) This section applies where a person under the age of 18 years is convicted of an offence punishable with a custodial sentence other than one—

(a) fixed by law, or

(b) falling to be imposed under section 51A(2) of the Firearms Act 1968 or under sections 226 to 228 of the Criminal Justice Act 2003.

(2) In the title of section 152 of the Criminal Justice Act 2003 (c. 44) (general restrictions on imposing discretionary custodial sentences), after "general restrictions on imposing discretionary custodial sentences" insert "on offenders aged 18 or above".

(3) In section 152(1) of the Criminal Justice Act 2003, after "where a person", insert "aged 18 or above".

(4) After section 152 of the Criminal Justice Act 2003, insert

(5)

"152A Restrictions on custodial sentences for offenders aged under 18

(1) A court shall only pass a sentence of custody on a person under the age of 18 as a measure of last resort and where—

(a) the offence committed caused or could reasonably have been expected to cause serious physical or psychological harm to another or others, and

(b) a custodial sentence is necessary to protect the public from the demonstrable and imminent risk of serious physical or psychological harm.

(2) The court shall state in open session its reasons for passing any sentence of custody under this section."'.

Government amendments Nos. 82 and 83.

Amendment No. 173, page 8, line 34, clause 12, after 'below', insert

'if the offender is over the age of 18 years'.

Government amendment No. 86.

Amendment No. 129, page 17, line 10, clause 21 leave out from 'occasion' to end of line 11 and insert '; or

(iii) has previously been referred to a youth offender panel under section 16 above and a further referral has been recommended by

(a) a member of a youth offending team,

(b) an officer of a local probation team, or

(c) a social worker of a local authority.'.

Amendment No. 176, page 54, line 36, clause 81, leave out 'offenders aged 16 and 17' and insert

'children or young persons aged under 18 years'.

Government amendment No. 104.

Amendment No. 196, page 131, line 35, schedule 1, leave out 'local authority residence requirement or fostering requirement' and insert 'order under Part 1'.

Amendment No. 197, page 131, line 36, leave out from 'not' to second 'in' in line 37 and insert 'make an order under Part 1'.

Amendment No. 198, page 131, leave out line 40 and insert—

'(b) the offender has waived his right to legal representation, having been advised that this may have a strongly negative impact upon the outcome of his case.'.

Amendment No. 199, page 131, line 41, leave out sub-paragraph (2).

Amendment No. 200, page 132, line 4, leave out sub-paragraph (3).

Government amendments Nos. 105 to 107.

Amendment No. 201, page 142, leave out lines 9 to 19.

Amendment No. 116, page 143, line 18, schedule 2, leave out paragraphs 3 and 4.

Amendment No. 202, page 144, leave out lines 27 to 30 and insert 'before the appropriate court.'.

Amendment No. 203, page 144, line 40, leave out from beginning to end of line 3 on page 145 and insert—

'(4A) Where the offender does not appear in answer to a summons issued under this paragraph, the appropriate court may issue a warrant for his arrest.'.

Amendment No. 117, page 145, line 5, at end insert—

'(za) a youth rehabilitation order is still in force, and'

Amendment No. 118, page 145, line 12, leave out from 'ways' to end of line 13.

Amendment No. 204, page 145, leave out lines 23 to 26 and insert—

'(ba) if the youth rehabilitation order was made by a magistrates' court, by dealing with the offender, for the offence in respect of which the order was made, in any way in which the court could have dealt with the offender for that offence (had the offender been before the court to be dealt with for it); or

(bb) if the youth rehabilitation order was made in the Crown Court, by committing the young offender in custody or releasing him on bail until he can be brought before, or appear before, the Crown Court.'.

Amendment No. 115, page 145, line 26, at end insert—

'(d) by placing the offender in custody for a period not exceeding 3 months.'.

Amendment No. 205, page 145, line 26, at end insert—

'(2A) Where the court deals with the offender under the previous subparagraph, it must send to the Crown Court

(a) a certificate signed by a justice of the peace certifying that the offender has failed to comply with the youth rehabilitation order in the respect certified, and such other particulars as may be desirable; and

(b) such a certificate purporting to be so signed is admissible as evidence of the failure before the Crown Court.'.

Amendment No. 206, page 146, line 21, leave out from beginning to end of line 2 on page 147.

Amendment No. 207, page 147, line 4, leave out paragraph 7.

Amendment No. 119, page 147, line 23, at end insert—

'(za) a youth rehabilitation order is still in force, and'

Amendment No. 120, page 147, line 30, leave out from 'ways' to end of line 31.

Amendment No. 209, page 148, line 32, leave out from beginning to end of line 10 on page 149.

Amendment No. 210, page 213, line 19, schedule 16, leave out 'offenders aged 16 or 17' and insert

'children or young persons aged under 18 years'.

Amendment No. 211, page 213, leave out line 33.

Amendment No. 212, page 214, line 22, leave out '16' and insert 'under 17'.

Amendment No. 213, page 218, line 10, leave out '16 or 17' and insert 'under 18 years'.

Government amendments Nos. 111 and 112.

Mr. Hanson: As was pointed out earlier during debate on the programme motion, we spent considerable time on these matters in Committee. Our new clauses and amendments have been tabled to prove that that was not a complete waste of time for everyone, and to address issues raised by members of the official Opposition, and other Members, in Committee.

New clauses 4 and 5 deal with an issue raised by the hon. Member for Enfield, Southgate (Mr. Burrowes). New clause 4 empowers a court, on the recommendation of a youth offender panel, to revoke a referral order in the interests of justice. That will provide what I hope the hon. Gentleman was seeking: greater flexibility *and discretion for the court*—and in particular will allow an offender to be rewarded when all parties agree that in the light of the offender's good compliance the order should not proceed to completion. New clause 5 empowers the court, again on the recommendation of a youth offender panel, to extend a referral order by up to three months. The extension is, however, subject to the overall maximum for a referral order of 12 months, as I believe that it would be unduly onerous to exceed that period. New clause 5 negates the need for the Opposition's new clause 10, which sought to achieve much the same end. Amendments 111 and 112 are consequential on new clauses 4 and 5.

I hope that the hon. Member for Enfield, Southgate will welcome those changes, which were made as a result of his contributions in Committee. I am sure that he will give his views shortly.

Amendments Nos. 82, 83, 104, 106 and 107 were tabled in response to debates on Second Reading and in Committee. They create a new "intoxicating substance treatment requirement" which can be attached to a youth rehabilitation order. The issue was raised by my hon. Friend the Member for Warrington, North (Helen Jones) on Second Reading, and in Committee by the hon. Members for Cambridge (David Howarth), for Somerton and Frome (Mr. Heath), and for Enfield, Southgate.

Helen Jones (Warrington, North) (Lab): I am grateful to my hon. Friend for listening to the representations made by me and by others. Hopefully, along with education programmes, the amendments will go some way towards tackling the overindulgence in alcohol by young people that leads them on to crime and antisocial behaviour.

Mr. Hanson: If the mutual appreciation society can continue, let me say that I am grateful to my hon. Friend for raising the issue on Second Reading. I am also genuinely grateful to the official Opposition and to Liberal Democrat Front Benchers for supporting the discussion in Committee. This shows that the Committee stage was helpful in teasing out issues that needed to be dealt with on the Floor of the House. I am pleased that we have been able to agree on amendments that, I trust, deal with the points that were made in Committee.

I have also tabled an amendment to the drug treatment requirement—amendment No. 105—which will allow a person with the necessary experience, as well as one with the necessary qualifications, to direct drug treatment under that requirement. That is consistent with the drug rehabilitation requirement for adults in the Criminal Justice Act 2003.

Amendment No. 86 removes young offenders from the ambit of clause 12,which confers greater discretion on the judiciary's setting of a tariff when they are imposing an indeterminate sentence in exceptionally serious cases. Again, that point was raised by the hon. Member for Somerton and Frome in Committee. I am happy to accommodate his suggestion.

Four sets of amendments respond to the concerns of the Opposition and my hon. Friend the Member for Warrington, North. I commend those amendments to the House. There are other amendments in the group that Members may speak to. If required, I will respond to them in due course.

5.45 pm

Ms Sally Keeble (Northampton, North) (Lab): I am extremely grateful that we do not have an amendment removing secure training centres from the remit of the commissioner. I am also glad to hear that the use of two restraint holds—the double basket hold and nose distraction hold—has been suspended. That is a real improvement in the management of young offenders.

Mr. Hanson: Again I am grateful to my hon. Friend for the way in which she has approached that issue. She will know that her suggestions are being seriously considered and taken on board.

With that, I hope, consensual approach—the first of the day—I commend the Government new clauses, and I will respond on other amendments and new clauses in the group if required.

Mr. David Burrowes (Enfield, Southgate) (Con): I am pleased to be able to welcome to a certain extent the progress that we have made. It is good to know that 47 hours or so in Committee have not been wholly in vain. I will be able to go to my local courts, where I practise as a solicitor, and hold my head high to some extent when the people there try to battle with yet another piece of criminal justice legislation and ask me, "Why has there not been proper scrutiny and why did you not come to us to ask for advice?"

There has been some progress. It is welcome that we have an opportunity, albeit limited by the constraints of time, to consider what is in many ways the essence of the Bill: the part 1 youth rehabilitation orders. Now we have a maelstrom of other new clauses and amendments, but at least we have an opportunity to consider on Report what is a significant part of the youth justice system.

The essence of the concern, which is reflected in the progress made by the Government in response to amendments, was that there needs to be proper discretion for magistrates, judges and indeed practitioners dealing with youth rehabilitation orders and that we should not over-legislate. The concern was that there needs to be proper evidence when putting more legislation in the way of the courts.

On the issue of discretion, it is welcome that the Government, through new clauses 4 and 5, have recognised the arguments advanced in Committee. New clause 10 is in many ways replicated by new clauses 4 and 5. In the context of other orders before youth courts, referral orders have been relatively successful with regard to reconviction rates, which are generally woeful in respect of young offenders. Forty-four per cent. of those subject to referral orders are reconvicted, whereas the figure is 70 or 80 per cent. for those in detention.

There is a need to deal properly and flexibly, and with discretion, with young offenders when imposing referral orders. New clauses 4 and 5, by way of revocation and extension, provide that element of discretion which we sought in Committee. There are certainly cases where the offender comes back before the court having passed the time of the referral order and the referral order has not had an opportunity properly to commence. That can often be through no fault of the offender: the *youth offending team may have had problems trying to* gain the agreement of other agencies to commence the order. It is therefore welcome that there is that extension within new clauses 4 and 5 to allow time for the order to put the wishes of the court in place.

There is a need, in welcoming the opportunity to improve the effectiveness of the referral orders, to question whether there should not be further discretion. New paragraph 9ZD(2), which is introduced by new clause 5, places some restrictions on the order in that the order must not so extend a period

"as to cause it to exceed twelve months."

I ask the Minister to explain why there is that limitation on the court's discretion, when it might be in the interests of justice to extend a referral order further. In such exceptional circumstances, why should magistrates be prevented from exceeding the 12-month contract period?

There is a need for further discretion, and amendment No. 129 seeks to provide that in circumstances in which a referral order needs to be replicated. In 2004, the Government announced proposals for extending referral orders in a limited way and they gave the example that where the young person received a referral order at least two years before, there would be a case for limited extensions to referral orders. Now, however, in yet another criminal justice Bill, the Government have not remained true to those early intentions to provide the flexibility and discretion that they promised back in 2004. There may be cases where a young offender has complied with an earlier referral order, but the youth offending team, local probation team or social workers—as referred to in our amendment No. 129—recommends a further referral order because that is in the interests of the young offender concerned as it would prevent them from reoffending. Under the current provisions, there is not the capacity for such discretion or flexibility, which the youth offending team in particular would want to be put in place. If there is time, I would like the Minister to outline why the promise of 2004 has not been made good.

Another area of scrutiny in Committee was to do with the concern that we should not go where we do not need to go—that there does not need to be legislation where there is no evidence that it is required. There is a body of opinion that we should look to use properly the existing powers of the court and of practitioners, to ensure that we do what we all wish to do: stop the young offender who is before the court committing further offences.

Amendment No. 116 seeks to preserve what already exists. It seeks to allow decisions on breaches of youth

[Mr. David Burrowes]

rehabilitation orders to remain subject to national guidance and standards, and to allow the youth offending team to be able to treat issues of enforcement flexibly, rather than that being on a statutory footing. Questions were raised in Committee about the need to legislate in this area. Where is the evidence that the national standards are not working in relation to breaches and the requirement for cases to go before a court? Is there a need to put the enforcement of orders on a statutory footing? The consequences—perhaps unintended—of the provisions in the Bill could be that local discretion is removed. Young people, who do not often fit into bureaucratic boxes in relation to timeliness and understanding, could well be victims of such a statutory enforcement of the limits. There is a concern that a youth offending team dealing with enforcement would be obliged by statutory duty to return a matter to court rather than being able to deal with it flexibly and locally with full discretion. When the youth offending team wishes to issue warnings and initiate proceedings for breach, there would be a concern that a case would have to go to court, rather than the team being able to comply properly with national standards within proper limits.

Amendments Nos. 117 and 118 seek to deal flexibly and with discretion with other areas. They seek to maintain the existing powers of the court when dealing with breaches of community service. There might be cases where there has been a third unacceptable failure to attend appointments within 12 months, when court proceedings would inevitably be initiated; even if the offender has successfully attended, for example, 95 per cent. of appointments, the position is that it would go to court. Under the Bill's provisions, the court would have to deal with the matter by way of an additional community penalty or other additional punishments.

Courts often deal with cases by acknowledging that technical breaches have taken place. If a young offender wanted to comply with an order, the courts would not be able to deal with the matter as they do at present—by warning that offender to comply with the order. They would be obliged to impose an additional punishment, thus ratcheting up the punishment, which may not be in the interests of the offender and the public at large. The Bill precludes discretion, and I again invite the Minister to justify that.

There is a third area on which I should comment: Government amendments Nos. 82, 83, 104, 106 and 107, which concern intoxicating substance treatment requirements. The Government have moved to plug the gap caused by the fact that there was no treatment requirement to deal with alcohol and other such issues, and I welcome that. I commend my hon. Friend the Member for Kettering (Mr. Hollobone) for having raised concerns about volatile substance abuse. This issue should be properly dealt with by way of the new substance treatment requirement.

It was welcome to hear today, as was mentioned in Committee, that an issue of practice and deliverability must be addressed. We must consider how deliverable the youth rehabilitation orders are. There are grand aims to have activity requirements, supervision requirements, programme requirements, attendance centre requirements, prohibited activity requirements, curfew requirements, exclusion requirements, residence requirements, local authority residence requirements, mental health treatment requirements, drug treatment requirements, education requirements and now intoxicating substance treatment requirements, but is there the ability to deliver on them?

The concern that the courts have expressed, including in evidence to us, is whether the resources are in place to meet those requirements. Let us focus primarily on these new intoxicating substance treatment requirements. Are the resources available to deliver? Should we not heed the words of the chief inspector of probation? He says that

"resources have in practice still not kept pace with the increase in demands."

As there are a raft of new requirements, we must ask whether there are the resources to deliver. The Government have responded that £600,000 is available for training requirements, but no resources have been provided to deal properly with these requirements.

If one looks in detail at the treatment requirements, one finds that little resource is available to deal with adolescents who have alcohol problems. Country-wide, some 6 per cent. of the budget that is focused on drugs is apportioned to alcohol. Alcohol services are the Cinderella of treatment services. Tomorrow, we will find out the latest pooled treatment budget, which will be predominantly fixed around drugs services. Alcohol will be very much down the list, as will other intoxicating substances. Inevitably, we will be dependent on the voluntary sector, which helps to provide treatment for an estimated 17,000 adolescents. That treatment is often limited, and it certainly does not extend to what the Government set out in amendment No. 106. That provision proposes a new paragraph 23(A) to schedule 1. Sub-paragraph (3) is where one finds a reference to the treatment that would be required to give any reality to this order. It states:

(a) "treatment as a resident in such institution or place as may be specified in the order, or

(b) treatment as a non-resident at such institution or place".

Where are these residential treatment places? Where are these day place treatment services? Middlegate Lodge is the only residential place for adolescents in the whole of the country that will be giving effect to this new intoxicating substance treatment requirement. That illustrates a concern that exists about the whole of part 1 of the Bill: that the resources will not be in place to deliver, and that increasingly the probation service and youth offending teams, whose resources are focused on managing prolific offenders, and dealing with public protection expectations and the serious end of offending, will not be able to deal with the other end of offending, as all our communities want them to do.

Although part 1 has many worthy intentions and although it is commendable that the Government have moved to recognise flexibility and discretion, as well as introducing treatment requirements for intoxicating substances, the concern is that there will not be the resources to match those intentions and that we will see more promises with little in return. I would be interested to hear the Minister's response to those concerns, if there is time, and I commend the move that has taken place.

6 pm

John McDonnell: I want to address new clause 18, which is tabled in my name and that of my hon. Friend the Member for Walthamstow (Mr. Gerrard). I shall be brief, as we have less than two hours to deal with another 10 groups of amendments.

We have tabled the new clause to place on record the concerns expressed by the Children's Rights Alliance for England, the National Association of Probation Officers and a number of organisations that are concerned about the increase in the number of antisocial behaviour orders used against children. When the original ASBO legislation was introduced, it was not envisaged that it would be used extensively as part of a system of youth justice or against children. The original guidance notes for the use of ASBOs specified that they would not be used against young people unless they committed antisocial behaviour in the company of adults. The new clause reminds the House of those original proposals.

Since that time, more than half the ASBOs that have been applied have been applied to young people. There is an alarming breach rate of 60 per cent. Half those who breach their ASBOs wind up incarcerated as a result. We see example after example of tragic cases when ASBOs are used against young people with mental health problems—young people who suffer from autism, Tourette's syndrome or attention deficit hyperactivity disorder and require help and support rather than ASBOs, which drag them into the criminal justice system and have a long-term effect on their standing in the community. I tabled the new clause to enable us to put those concerns on the record. I urge the Government to stand back and consider the growth and development in the use of ASBOs against children, as now is the time to do so. They should consider alternative approaches that are more effective and supportive than dragging those young people into the criminal justice system.

Mr. Heath: The hon. Member for Hayes and Harlington (John McDonnell) raises an important issue. He may be pleased to note that it was frequently echoed in Committee, not least by the right hon. Member for Cardiff, South and Penarth (Alun Michael), who was, of course, the progenitor of the ASBO. It was clear that ASBOs were not intended to be part of the youth justice apparatus, which they have mutated into. It is important to remind ourselves of that, because of the way in which they have been used.

John McDonnell: Is that not an example not necessarily of mission creep but of the legislative creep that will be displayed in future as a result of parts of the legislation?

Mr. Heath: I could not agree more.

The record of today's proceedings ought to show that Report stage started at 5.40 pm, when the Minister of State stood up and, for the first time, addressed what we had done in Committee and the Bill that left Committee as opposed to what the Government have decided to interpolate since. The ridiculous nature of today's timetable is highlighted by the fact that we have only now started to deal with part 1 and the proposals to deal with youth offending.

Mr. Gummer: Does the hon. Gentleman agree that some of these matters deserve considerably greater discussion, which we cannot have because other subjects will come up later with which we will have to deal before this short timetable comes into operation? We will not, therefore, hear the answers to the important points put forward by my hon. Friend the Member for Enfield, Southgate (Mr. Burrowes), because the Government will not have time to give them.

Mr. Heath: The right hon. Gentleman is right. I have tabled a number of the amendments in this group and I intend to speak to them, as I believe that they raise important matters to do with youth justice. I apologise in advance to other hon. Members who are waiting their turn to speak on other groups, but discussion cannot be attenuated to accommodate an insufficient programme motion.

I want to put forward various points suggested by the Standing Committee for Youth Justice, an organisation that has taken a considerable interest in the first part of the Bill, which deals with youth rehabilitation orders. At the outset, let me say that the Public Bill Committee generally supported those orders and the principles that underlie them, and that hon. Members saw them as a better focused alternative option. However, the hon. Member for Enfield, Southgate (Mr. Burrowes) expressed real concern that the necessary resources must be made available so that the orders could function as intended.

I begin by thanking the Minister of State for what he said in his remarks opening the debate on this group of amendments. I note that Government amendments Nos. 82 and 83 respond directly to points raised by me and my hon. Friend the Member for Cambridge in Committee, and by others on Second Reading. It must be right to add an intoxicating substance treatment requirement to the provisions, and I am grateful to the Minister for recognising as much.

In addition, I welcome Government amendment No. 86, which effectively replaces my amendment No. 173 and limits the effect of tariffs for indeterminate sentences for people under 18 years of age. He promised me in Committee that he would look at the matter, and he has been as good as his word. I am grateful to him for that.

I turn now to new clause 40. In the main, our discussions in Committee on this section of the Bill were extremely positive and sensible. I am grateful to all who contributed, and considerable expertise was brought to our deliberations. In particular, I should like to thank the hon. Member for Enfield, Southgate, who I thought made an excellent contribution.

New clause 40 would ensure that a child or young person would not receive a detention or training order

"unless he has previously received a youth rehabilitation order with intensive supervision and surveillance".

The aim is that the intensive supervision and surveillance option will operate in such a way as to ensure that custody for young people is the last option.

That is an important point. When we were talking earlier about the overcrowding and other inadequacies of our prison system, I made the point that prison is very often ineffective in dealing with young people. It can be a very inappropriate disposal, and better

[Mr. Heath]

options exist. We maintain that custody is the last resort for young offenders, and that courts should not use it as an earlier option.

David T.C. Davies: Does the hon. Gentleman agree that prison is so ineffective because very little in the way of rehabilitation, education or vocational training is done in most custody environments? All too often, the offender's human right to sit in his cell with his Playstation and colour TV is given priority over the need to furnish him with skills of the sort that just might make him a useful member of society on his release.

Mr. Heath: The hon. Gentleman is well known for his antediluvian views. I do not think that they are shared by hon. Members on his own Front Bench, let alone in the rest of the House. My starting point always on matters of deterrence and rehabilitation is to ask, "What works?" I agree with the hon. Gentleman to the extent that prison can work for some people, as long as the proper requirements in terms of rehabilitation and education are met. But it is transparently the case that for many young people prison is not the best disposal if we want to deter them from future criminality. There is abundant evidence for that, and that is why most sensible people realise that putting children—the hon. Gentleman will start to chunter about that in a moment, because he thinks that they are yobs, as he said last time we had this discussion—in jail is not necessarily the answer.

David T.C. Davies: Will the hon. Gentleman give way again?

Mr. Heath: No, I will not.

New clause 40 tries to ensure that the ISS option is available and that custody is genuinely the last resort. The Government's view that the ISS option is only available for offences punishable with imprisonment and where the court is of the opinion that the offence was so serious that custody would otherwise have been appropriate is not a sufficient safeguard to ensure that it is used appropriately. If we are sensible about youth penal processes, we will prevent the unnecessary use of short custodial sentences that do not work. We will recognise that some young people are a danger to the public and therefore have to be kept in custody. The new clause provides a bypass for serious offences, but it would also make it clear in statute that custody should be the last resort—and it is time that that was done.

Amendments Nos. 176, 210, 212 and 213 reflect a discussion that we had in Committee. The Standing Committee for Youth Justice made comments that I was happy to repeat to the Committee, welcoming the proposal in the Bill to introduce a youth version of the conditional caution. However, it expressed the concern that the provision would be extended only to young people aged 16 and 17, and there is indeed little logic in doing so. Children younger than 16 are coming to the attention of the criminal justice system more and more, and the youth conditional caution should be available for anybody over the age of 10 years, provided there are certain safeguards. The child should be able to understand the implications of the conditional caution, and that would require an adult to be present and able to explain it. That could be accommodated within the proposed code of practice. The Minister had at least a glimmer of sympathy for that view in Committee and suggested that he would at least consider extending the age range at a later stage. I cannot see any particular argument for not taking this opportunity to do so.

The intention of amendments Nos. 201, 202, 203, 204, 205, 207 and 208 is to ensure that proceedings on a breach of a youth rehabilitation order commence in the youth court, rather than the Crown court. I do not want to repeat the debate that we had in Committee, but the youth court is especially well informed on the progress or otherwise of a youth rehabilitation order. It would be a misuse of the Crown court's time—which is a very expensive resource—to spend it unnecessarily on such proceedings. If proceedings start in the youth court, the amendments would allow them to move to the Crown court if it first applied the order. Allowing the youth court to start such proceedings would not undermine the ability or authority of the Crown court to deal with serious instances of non-compliance. It would also allow the young person to be sentenced rapidly and with some sensitivity, and that would be appropriate.

Amendments Nos. 206 and 209 would preclude the court from imposing an intensive supervision and surveillance requirement, or a custodial sentence, for breach of a youth rehabilitation order in cases in which the original offence did not warrant custody, or was non-imprisonable. That is simply a case of ensuring that the final disposal is commensurate with the gravity of the original offence. It simply is not right that a minor offence should become an imprisonable offence by virtue of a breach of order, although the original offence was not of sufficient gravity to warrant that sentence. I ask the Minister to consider the value of those amendments.

6.15 pm

I now come to the two most important sets of amendments that I am proposing in this group. The first set is amendments Nos. 196 to 200, which would ensure that a child or young person was legally represented before a youth rehabilitation order was imposed. The Government have moved some way in that direction in the Bill; there is already a proposal for legal representation when a custodial sentence is effectively being imposed by means of a youth rehabilitation order. However, because serious restrictions are involved, and because the young person is making serious undertakings that must be clearly understood and that should be properly argued through before the court, legal representation is appropriate, as it would be in most other circumstances. The Minister said that he would reflect on debate on the issue and would consider the points made, where the lines were drawn, and compatibility with human rights legislation. I invite him to give me the results of his contemplation and to say whether he would be amenable to further amendment at a later stage.

My last point is on new clause 42, which is on a matter of real principle. It has to do with custodial sentences for offenders aged under 18. It seeks to reintroduce the situation that pertained some years ago, when there was a statutory custody threshold that had to be met

before a child was sentenced to custody. The aim is to ensure that children are locked up only as a last resort for reasons of public protection, except when a mandatory custodial sentence applies. The Minister quite properly told me when we discussed the matter in Committee that he did not think it appropriate to override the mandatory custodial sentence, in respect of the threshold, and I accept his advice on that. The new clause has therefore been reworded to except the mandatory custodial sentence, and to accept his view on such sentences for serious crimes.

However, to go back to the point on which I started my contribution, it is appropriate that there should be a high threshold for custodial sentences for young people because short custodial sentences for children are shown not to be effective—far from it. They actually appear to encourage recidivism, and there are other disposals that are much more effective at deterring offending. That is the crucial point. We have far too many young people in our prisons. They are taking up valuable resources, to no effect. Given that the recidivism rate is so high for youth offenders, we have to question whether it is value for money, quite apart from anything else—

David T.C. Davies: Will the hon. Gentleman give way?

Mr. Heath: No, I will not. We have to question whether it is value for money to lock up young people if the result is that they offend more than they would have done if they had been dealt with by other means.

That is why a great number of people believe that a proper custody threshold for young offenders is appropriate. We used to have it, it was abolished, and it is time that we reintroduced it. That would be consistent with the Government's policies—not just their policies introduced through the Ministry of Justice, but the policies represented by the Home Office strategy paper and the children's plan. The Minister told us in Committee that he is working closely with children's Ministers in order to formulate a revision of the strategy for dealing with young offenders. I hope that part of that strategy will be the sort of proposal that I have put before the House today.

This is an extremely important matter for many people, both inside and outside the House. If the opportunity arises later, I intend to test the opinion of the House on new clause 42.

Mr. Hanson: We have had a useful debate following my opening consensual acceptance of amendments that were tabled in Committee. We have relived part of the debate in Committee, which I am sure has been of interest to other Members who have come into the Chamber for the discussion of later parts of the Bill.

I shall respond briefly to some of the topics that were raised. The hon. Member for Enfield, Southgate (Mr. Burrowes) mentioned amendment No. 129, which would allow a court to give a second referral order to an offender on the recommendation of a youth offending team, probation officer or social worker. As he knows, the referral order operates on a restorative justice principle, with offenders being required to face up to their responsibility for their actions and to make redress to their victim. It is currently restricted to first-time offenders who plead guilty. In the Bill we are seeking to allow a referral order to be available to those who plead guilty on a second conviction, where they have not received a referral order previously.

It is a step too far to broaden that out to a second referral order. The hon. Gentleman raised the matter in Committee. What we must do is address the offending behaviour of the young person. If they have not gained from the original referral order process, it is right that the court should consider other sentences. It is important that we retain the integrity of the referral order, which achieves the lowest reconviction rate of any juvenile court-awarded sentence—44 per cent. I do not wish to undermine that, and I cannot accept the amendments that the hon. Gentleman tabled.

In his welcome for the new clauses and amendments that I tabled to deal with substance misuse, the hon. Gentleman mentioned funding. All youth offending teams are funded to provide substance misuse workers to support screening, early intervention and referral to specialist services. There is also funding via the National Treatment Agency pooled treatment budget, to which the hon. Gentleman referred. Funding is sufficient to meet the needs of the order.

The hon. Gentleman mentioned the work of the hon. Member for Kettering (Mr. Hollobone) on volatile substance misuse. I am pleased that he did so. In a former life I was involved in dealing with individuals who engaged in volatile substance misuse, and I welcome the fact that the generic examination of substance misuse will cover all aspects of that.

My hon. Friend the Member for Hayes and Harlington (John McDonnell), on behalf of himself and my hon. Friend the Member for Walthamstow (Mr. Gerrard), proposed that we remove the antisocial behaviour order as an option for agencies to tackle antisocial behaviour if the person is under the age of 18, unless it is also proposed to make an order on an adult co-perpetrator. I know that my hon. Friends feel strongly about the matter. They know that the main purpose of an ASBO is to protect victims, many of whom are young persons.

In addition, ASBOs, especially when used with individual support orders, have proved very beneficial in helping young people to tackle their antisocial behaviour. This is not about criminalising young people; I want to do quite the opposite. I want to ensure that young people, via the ASBO, have a last opportunity to mend their ways before entering the criminal justice system proper. Without ASBOs, that option would not be available to agencies tasked with protecting local communities. They are an important option available for tackling antisocial behaviour. I understand why the amendments were tabled, but I am not able to accept them today. Our approach has been commended by the National Audit Office, as well as by the Home Affairs Committee, the Audit Commission and the Youth Justice Board, and it is important to ensure that we retain that part of our armoury, while if possible limiting its use.

Amendments Nos. 116 to 120 replicate those tabled in Committee by the hon. Members for Somerton and Frome (Mr. Heath) and for Enfield, Southgate. We had

[Mr. Hanson]

a great deal of discussion on amendment No. 116, but I was not persuaded of its merits in Committee and I am not persuaded of its merits now.

Amendments Nos. 206 and 209 will remove the power for a court to deal with a wilful and persistent breach of a youth rehabilitation order by imposing a youth rehabilitation order with intensive supervision and surveillance or custody. It is essential to preserve the credibility of the YRO as a robust and meaningful community sentence.

The hon. Member for Somerton and Frome referred to new clauses 40 and 42, which seek to place further restrictions on the use of custody. Again, although I tried to adopt a spirit of co-operation, I cannot accept them and do not believe that they are necessary. There are sufficient safeguards in the Bill on providing a YRO with intensive supervision and surveillance or intensive fostering requirements as alternatives to custody, and in section 152 of the Criminal Justice Act 2003 there are provisions in respect of limiting the use of custody. For similar reasons, I am also unable to accept new clause 42, which would raise the custody threshold to an unacceptably high level that may put the public at significant risk.

The hon. Gentleman also referred to amendments Nos. 210 and 213 in seeking to determine whether it would be appropriate to extend the youth conditional caution to 10 to 15-year-olds. Again, there is a glimpse of light for him at the end of the tunnel on this matter, in that, as I explained in Committee, I have not ruled out considering extending conditional cautions to 10 to 15-year-olds. I want to look at the matter in more detail so I am unable to bring forward such proposals at the moment, but I hope that he will take me at my word when I say that we are looking at that in a serious and effective way.

The hon. Gentleman also referred to amendments Nos. 196 to 200, which focused on legal representation for young people. I understand that a number of safeguards may already be in place to ensure that a youth will be granted publicly funded representation where necessary. I do not wish to extend the scope because it would damage and sideline the interest of justice test under the Access to Justice Act 1999. I am sure that the hon. Gentleman will recall my letter to him of 27 October, which was a copy of a letter to the hon. Member for Macclesfield (Sir Nicholas Winterton) who was a Chairman of the Committee, in which I said that since 2 October 2006, defendants appearing before magistrates and youth courts have also been required to pass a financial eligibility test in order to qualify for publicly funded representation. I also stressed that the passporting provisions on age would be extended from 1 November 2007, which means that all defendants under the age of 18 will now be exempt from the means test. I hope that that helped the hon. Member for Somerton and Frome then and today.

I have tried to answer some of the brief points in the discussion. I hope that the Government's new clauses and amendments will be accepted and that hon. Members will understand the points that I have made in response to their concerns.

Question put and agreed to.

Clause read a Second time, and added to the Bill.

New Clause 5

REFERRAL ORDERS: EXTENSION OF PERIOD FOR WHICH YOUNG OFFENDER CONTRACT HAS EFFECT

'(1) Part 3 of the Powers of Criminal Courts (Sentencing) Act 2000 (c. 6) (mandatory and discretionary referral of young offenders) is amended as follows.

(2) After section 27A (as inserted by section (Referral orders: power to revoke a referral order) above) insert—

"27B Extension of period for which young offender contract has effect

(1) This section applies where at any time—

(a) a youth offender contract has taken effect under section 23 above for a period which is less than twelve months;

(b) that period has not ended; and

(c) having regard to circumstances which have arisen since the contract took effect, it appears to the youth offender panel to be in the interests of justice for the length of that period to be extended.

(2) The panel may refer the offender back to the appropriate court requesting it to extend the length of that period.

(3) The requested period of extension must not exceed three months."

(3) In Schedule 1 (youth offender panels: further court proceedings), after Part 1 insert—

"PART 1ZA

REFERRAL BACK TO APPROPRIATE COURT: EXTENSION OF PERIOD FOR WHICH CONTRACT HAS EFFECT

Introductory

9ZB (1) This Part of this Schedule applies where a youth offender panel refers an offender back to the appropriate court under section 27B of this Act with a view to the court extending the period for which the offender's youth offender contract has effect.

(2) For the purposes of this Part of this Schedule and that section the appropriate court is—

(a) in the case of an offender aged under 18 at the time when (in pursuance of the referral back) the offender first appears before the court, a youth court acting in the local justice area in which it appears to the youth offender panel that the offender resides or will reside; and

(b) otherwise, a magistrates' court (other than a youth court) acting in that area.

Mode of referral back to court

9ZC The panel shall make the referral by sending a report to the appropriate court explaining why the offender is being referred back to it.

Power of court

9ZD (1) If it appears to the appropriate court that it would be in the interests of justice to do so having regard to circumstances which have arisen since the contract took effect, the court may make an order extending the length of the period for which the contract has effect.

(2) An order under sub-paragraph (1) above—

(a) must not extend that period by more than three months; and

(b) must not so extend that period as to cause it to exceed twelve months.

(3) In deciding whether to make an order under sub-paragraph (1) above, the court shall have regard to the extent of the offender's compliance with the terms of the contract.

(4) The court may not make an order under sub-paragraph (1) above unless—

(a) the offender is present before it; and

(b) the contract has effect at the time of the order.

Supplementary

9ZE The following paragraphs of Part 1 of this Schedule apply for the purposes of this Part of this Schedule as they apply for the purposes of that Part—

(a) paragraph 3 (bringing the offender before the court);

(b) paragraph 4 (detention and remand of arrested offender); and

(c) paragraph 9ZA (power to adjourn hearing and remand offender).'". —*[Mr. Hanson.]*

Brought up, read the First and Second time, and added to the Bill.

New Clause 21

DELIVERY OF PRISONER TO PLACE ABROAD FOR PURPOSES OF TRANSFER OUT OF THE UNITED KINGDOM

'In section 2(1) of the Repatriation of Prisoners Act 1984 (c. 47) (transfer out of the UK), for subsection (1) substitute—

"(1) The effect of a warrant under section 1 providing for the transfer of the prisoner out of the United Kingdom shall be to authorise—

(a) the taking of the prisoner to any place in any part of the United Kingdom, his delivery at a place of departure from the United Kingdom into the custody of an appropriate person and his removal by that person from the United Kingdom to a place outside the United Kingdom; or

(b) the taking of the prisoner to any place in any part of the United Kingdom, his removal from the United Kingdom and his delivery, at the place of arrival from the United Kingdom, into the custody of an appropriate person.

(1A) In subsection (1) "appropriate person" means a person representing the appropriate authority of the country or territory to which the prisoner is to be transferred."'. —*[Mr. Hanson.]*

Brought up, and read the First time.

Mr. Hanson: I beg to move, That the clause be read a Second time.

Madam Deputy Speaker: With this it will be convenient to discuss the following: Government new clause 22—*Issue of warrant transferring responsibility for detention and release of an offender to or from the relevant Minister.*

Government new clause 23—*Powers to arrest and detain persons believed to fall within section 4A(3) of the Repatriation of Prisoners Act 1984.*

Government new clause 24—*Amendments relating to Scotland.*

Government amendments Nos. 144 to 155.

6.30 pm

Mr. Hanson: The Government have previously announced their intention to ratify the additional protocol to the Council of Europe convention on the transfer of sentenced persons. The protocol provides for the transfer of prisoners subject to a deportation order to the state to which they would ultimately be deported for the purpose of the continued enforcement of the sentence there. The prisoners' consent is not required. The protocol also provides for the transfer of responsibility for the enforcement of a sentence when a serving prisoner has fled from one jurisdiction to another to avoid the consequences of imprisonment.

The United Kingdom has sufficient legislation in place to enable a prisoner to be transferred without his consent when a deportation order has been issued. However, existing legislation is not sufficient to provide for the transfer of responsibility for the continued enforcement of a sentence when no physical transfer of the prisoner takes place. The new clauses in this group and the related consequential amendments seek to rectify that omission and pave the way for the ratification of the additional protocol. I commend them to the House.

Mr. Garnier: The Minister did not tell us that the amendment paper contains brand new additions to the Bill. They have not been discussed in Committee, but just plonked into the amendment paper in the past few days. They go from page 252 to 260. Hon. Members may or may not think that the provisions are more or less uncontroversial, but they are not negligible additions to the Bill.

Bob Spink (Castle Point) (Con): I have been reading the relevant parts of the amendment paper and I find them absolutely impenetrable. In some of the text, there is confusion between the relevant Minister and the appropriate authority. New clause 22(6)(b) refers to:

"the relevant Minister.. having regard to any close ties which that person has with the United Kingdom."

We do not want such ties to override the interests of the UK in ensuring that undesirable or even dangerous people do not come to and stay in this country. Will my hon. and learned Friend consider that point carefully before we decide whether to accept those amendments, which have been dropped on us?

Mr. Garnier: It is good of my hon. Friend to invite me to consider that issue; I have been having a careful look at it for a few hours, as I have been sitting in the Chamber. He picks up a perfectly legitimate concern; we do not really know, and the Minister did not tell us, what the definition of

"close ties...with the United Kingdom"

might be. One is immediately brought in mind of the Chindamo case. Although the teenager who murdered the headmaster Philip Lawrence is not a British citizen, the courts have held that he has, for one reason or another, close ties with this country and therefore is not susceptible to deportation. I do not want to argue the merits or demerits of that particular court decision, but it illustrates the point that my hon. Friend draws to our attention. I do not propose to have a vote on these new clauses, not because I do not think it proper to do so, but simply because there is not time.

Jeremy Corbyn (Islington, North) (Lab): Like the hon. and learned Gentleman, I am slightly confused by the volume of amendments that have been put before us. From his studies, is he aware of any danger that may be implicit in the amendments of undermining international treaty obligations such as conventions on torture or other such obligations, in the same way as protocol agreements between the British Government

[Jeremy Corbyn]

and some of the Governments in north Africa and the middle east have undermined the conventions on torture?

Mr. Garnier: The conventions on torture to which this country is party exist, and we should comply with them irrespective of legislation that this Government may or may not thrust upon us. Unless a measure such as that which we are considering expressly dissociates this country from a convention, that convention should be adhered to. The memorandums of understanding that the Government have entered into with the Hashemite Kingdom of Jordan, Libya and, possibly, Syria—I am not quite sure, but a number of middle eastern countries are involved—have proved to be rather ineffective, as they have not necessarily been accepted as workable by the courts when they have been tested. I may be corrected on that; I am sure that the hon. Gentleman has followed the detail of their progress more closely than I have.

It is important that these measures are properly understood as regards the transfer of foreign national prisoners from our prisons back to their home states. We have 11,300 or so foreign national prisoners in our prisons; from our point of view, that is 11,300 places that should be freed up for use by English, or British, prisoners who can be imprisoned closer to their families, homes, jobs and communities, while the foreign national prisoners can be imprisoned closer to their families and so on. The problem that we face is that the Government, while arranging for these people to go to prison, have failed to make proper arrangements for their repatriation once they have completed their sentences. As a result, the Government have had to re-role HMP Canterbury and HMP Bulwood Hall as being dedicated entirely to the purpose of dealing with foreign national prisoners awaiting deportation, some of whom have been waiting well beyond their official release date. That is yet another example of the incompetence of this Government's management of the prison estate.

The hon. Member for Islington, North (Jeremy Corbyn) will be concerned particularly about matters such as unlawful rendition—the taking of individuals from one jurisdiction to another, some of whom may have come via this jurisdiction on their way to Guantanamo Bay and other interesting places. The new clauses do not deal precisely with that issue, but they remind us that it is an important one to bear in mind, and one that we should keep a careful eye on.

The Minister told us that the new clauses are designed to bring us into compliance with other existing international obligations. We do not have time to discover from him in any detail what those international obligations are and where they are to be found, so on this occasion we will just have to take his word for it. In normal circumstances, I would be happy to take his word without question, but I enter a note of scepticism into my voice because these new clauses have been sprung on us in the past few days.

It is a pity that some other aspects have not been available for further discussion, such as new clause 11, which deals with extradition. We had a brief debate about it in Committee, but unfortunately it has not been selected for discussion this afternoon. None the less, I urge hon. and right hon. Members who are concerned about the unbalanced arrangements we have with the United States of America to look at new clause 11.

That having been said, I bring my remarks to an end. I remind the House of my complaint about the way in which the Bill has been constructed. This is yet another example of the cack-handed legislative doodling that the Government seem to have entered into. I trust that at some stage the House of Lords will have the opportunity to deconstruct the Bill and turn it into something resembling a proper Act of Parliament.

David Howarth: I would simply like to add my own concern about the late tabling of such lengthy and complex provisions. I accept what the Minister says about the need to bring this country into line with its international obligations, and the Government are obviously taking the opportunity to do so, but I echo the concern of the hon. Member for Islington, North (Jeremy Corbyn) about the relationship between this Bill and other international obligations. I should like the Minister to put it on the record that it is not the Government's intention to supersede any other international obligations. The provisions should be implemented subject to those other obligations.

I shall mention only two other matters. First, I would like to respond to the point made by the hon. Member for Castle Point (Bob Spink) and remind the House that we are dealing with international obligations where reciprocity is the order of the day. It is impossible for this country to give itself rights and powers in such a field that it is unwilling to allow other countries to have. When the hon. Gentleman talks about the treatment of British citizens abroad and their being brought back to this country and raises the question of connection, he has to admit that other countries will apply the same rule about citizenship and connection. Such an arrangement has to have the best rules for all countries. It is unreasonable to expect this country to be given special privilege in international law, which is a theme that I might have expanded upon at great length were there an opportunity to do so.

My other point concerns why it is necessary for there to be a provision in proposed new section 4C(6) in new clause 122 that specifically says that there is no

"right of appeal on the relevant person against provisions contained"

in previous subsections. I have two things to say about that. First, if there is no right of appeal, there will presumably still be a right to judicial review. The other, rather more obvious point is that, if it is necessary to say that there is no right of appeal every time someone is mentioned in legislation and no mechanism is set up to provide for appeals, the implication is that there is a right of appeal when such wording does not appear. It is not entirely obvious why a right of appeal has been withdrawn in this Bill.

Subject to a response to those queries, and to the protest about the amount of time allowed for proper scrutiny of the provisions, I see no great objection to them.

Jeremy Corbyn: I will be very brief. I would like the Minister to deal with four points when he responds. First, why has such a huge volume of new clauses and

proposals been put before the House? They have not been debated in Committee and, because of the timetabling, they are subject to extremely curtailed debate in this place.

Secondly, treaty obligations, which I mentioned in an intervention on the hon. and learned Member for Harborough (Mr. Garnier), concern me greatly. When the previous Prime Minister exchanged a series of letters with several countries in the middle east and north Africa to allow terrorist suspects to be sent back to them, it undermined, in my view, the principle behind international treaty obligations, especially the treaty on torture. I should therefore like the Minister to assure the House that nothing in the amendments would continue that practice. I hope that the Government's policy will be, in future, to return prisoners only to countries that are, like us, signatories to international conventions on basic human rights, such as those on torture and people's treatment.

6.45 pm

Thirdly, the hon. Member for Cambridge (David Howarth) made an important point about reciprocity. Many of us have constituents who have unfortunately been arrested, charged and convicted abroad and are serving sentences abroad. Many of us have made representations to try to get those prisoners returned to this country to complete their sentences here. I wholly support that process. I, like, I imagine, many other hon. Members, have made representations on behalf of constituents in that position so that they can return and get the family support and rehabilitation that is necessary before release.

I am worried that we might send prisoners to another jurisdiction where prison conditions are far worse than those in this country, where they could be subject to ill treatment, which they would not receive here, and where they may not have anything like similar rights. I would therefore be happier if we sent prisoners only to countries where there was a reciprocal agreement. In many cases, there is no reciprocal agreement. I would have thought that the principle should be to encourage reciprocity between jurisdictions, which would ensure at least some equality of standards.

The hon. Member for Cambridge also made a point about the lack of an appeal against decisions. Surely it is basic natural justice that, if somebody who has been convicted of an offence and sentenced to prison in this country, where the sentence is passed, is then to be removed to another jurisdiction, where they may be subject to charges that would not apply in an English or British court, they should at least have an opportunity to appeal against the decision.

I repeat that I am concerned that so many new clauses, which would make serious procedural changes, are suddenly dumped on us, with no scrutiny in Committee. The only people who will get a chance to examine them are their lordships. We will consider them only if the Lords decides to amend the measure and it returns. That is an unsatisfactory way of undertaking major legislative changes that may affect many people's rights.

Mr. Hanson: The key point is that the purpose of the amendments is to support the Government's belief that, when possible, foreign national prisoners should serve their sentences in their home countries. I also believe that prisoners who are to be deported at the end of their sentence should, if possible, be transferred while still serving it.

The issue is important because, as the hon. and learned Member for Harborough (Mr. Garnier) said, some 11,211 foreign national prisoners were in jails in England and Wales as of 30 September. That is perhaps balanced in some way by the 2,500 British nationals who were held in prisons abroad as of 30 September.

Hon. Members made several points, to which I shall try to respond. First, the hon. and learned Member for Harborough asked what "close ties" meant. The phrase, "close ties" mirrors existing provision in the Repatriation of Prisoners Act 1984 and means, for example, the right of residence in the United Kingdom, or having close family here—some of the foreign national prisoners who might be subject to deportation or transfer might have lived here for many years and be parents of children born here. A number of issues are clearly defined in the Repatriation of Prisoners Act.

In relation to the hon. Member for Cambridge's point about the lack of a right of appeal in proposed new section 4C(6), that provision is inserted simply for consistency with other provisions in the Repatriation of Prisoners Act 1984. He is correct that that is still subject to potential judicial review, if appropriate, but again, the provisions mirror those of the Repatriation of Prisoners Act 1984.

My hon. Friend the Member for Islington, North (Jeremy Corbyn) and the hon. Member for Cambridge mentioned international obligations. I give them the commitment that we will maintain our international obligations in relation to such issues. It is important that we uphold those standards, and those obligations will be met within the framework that I have outlined today.

As my hon. Friend the Member for Islington, North mentioned, the amendments also allow the UK to ratify the additional protocol to the Council of Europe convention, so that transfer may take place only to countries that have signed the protocol. I hope that he will welcome that safeguard.

I can only apologise, in a sense, for the extensive content of the new clauses, and for the time that the House has to debate them. They are significant issues, but as I mentioned in my opening remarks, I wished to bring them forward to ensure that the UK has sufficient legislation to ensure the transfer of responsibility for the continuing enforcement of a sentence when no physical transfer of the prisoner can take place.

Jeremy Corbyn: I thank the Minister for the assurance that he has just given. Is he in a position to say what negotiations are taking place with other countries that hold British nationals at present, and with which no normal repatriation agreement exists? Is his Department actively seeking reciprocity, so that we end up with better rights all round, and a better standard of treatment of people all round?

Mr. Hanson: Currently, the UK has transfer agreements with approximately 100 countries, ranging from Albania,

[Mr. Hanson]

Andorra and Armenia through to Latvia, Korea, Japan, Italy, Tonga, Trinidad, Turkey, Ukraine and Venezuela. In addition, a significant number of countries have ratified the protocol, and we are working to extend that to territories where the prison transfer agreement has been extended. We have recently signed transfer agreements with a number of other countries—such as Jamaica, in August last year—and I want additional transfer agreements to be put in place. At official level, we are continuing to try to do that on a regular basis. I commend the new clauses and amendments to the House.

Question put and agreed to.

Clause read a Second time, and added to the Bill.

New Clause 22

ISSUE OF WARRANT TRANSFERRING RESPONSIBILITY FOR DETENTION AND RELEASE OF AN OFFENDER TO OR FROM THE RELEVANT MINISTER

'After section 4 of the Repatriation of Prisoners Act 1984 (c. 47) (transfer into the United Kingdom) insert—

"TRANSFER OF RESPONSIBILITY FOR DETENTION AND RELEASE OF OFFENDER PRESENT OUTSIDE THE COUNTRY OR TERRITORY IN WHICH HE IS REQUIRED TO BE DETAINED

4A Issue of warrant transferring responsibility for detention and release of offender

(1) This section enables responsibility for the detention and release of a person to whom subsection (2) or (3) applies to be transferred between the relevant Minister in the United Kingdom and the appropriate authority in a country or territory outside the British Islands.

(2) A person falls within this subsection if that person—

(a) is a person to whom section 1(7) applies by virtue of—

(i) an order made in the course of the exercise by a court or tribunal in any part of the United Kingdom of its criminal jurisdiction; or

(ii) any of the provisions of this Act or any similar provisions of the law of any part of the United Kingdom; and

(b) is present in a country or territory outside the British Islands.

(3) A person falls within this subsection if that person—

(a) is a person to whom section 1(7) applies by virtue of—

(i) an order made in the course of the exercise by a court or tribunal in a country or territory outside the British Islands of its criminal jurisdiction; or

(ii) any provisions of the law of such a country or territory which are similar to any of the provisions of this Act; and

(b) is present in the United Kingdom.

(4) Terms used in subsection (2)(a) and (3)(a) have the same meaning as in section 1(7).

(5) Subject to the following provisions of this section, where—

(a) the United Kingdom is a party to international arrangements providing for the transfer between the United Kingdom and a country or territory outside the British Islands of responsibility for the detention and release of persons to whom subsection (2) or (3) applies,

(b) the relevant Minister and the appropriate authority of that country or territory have each agreed to the transfer under those arrangements of responsibility for the detention and release of a particular person to whom subsection (2) or (3) applies (in this Act referred to as "the relevant person"), and

(c) in a case in which the terms of those arrangements provide for the transfer of responsibility to take place only with the relevant person's consent, that consent has been given,

the relevant Minister shall issue a warrant providing for the transfer of responsibility for the detention and release of the relevant person from that Minister (where subsection (2) applies) or to that Minister (where subsection (3) applies).

(6) The relevant Minister shall not issue a warrant under this section providing for the transfer of responsibility for the detention and release of a person to the relevant Minister unless—

(a) that person is a British citizen;

(b) the transfer appears to the relevant Minister to be appropriate having regard to any close ties which that person has with the United Kingdom.

(7) The relevant Minister shall not issue a warrant under this section where, after the duty in subsection (5) has arisen, circumstances arise or are brought to his attention which in his opinion make it inappropriate that the transfer of responsibility should take place.

(8) The relevant Minister shall not issue a warrant under this section (other than one superseding an earlier warrant) unless he is satisfied that all reasonable steps have been taken to inform the relevant person in writing in his own language—

(a) of the substance, so far as relevant to the case, of the international arrangements in accordance with which it is proposed to transfer responsibility for his detention and release;

(b) of the effect in relation to the relevant person of the warrant which it is proposed to issue under this section;

(c) in the case of a person to whom subsection (2) applies, of the effect in relation to his case of so much of the law of the country or territory concerned as has effect with respect to transfers under those arrangements of responsibility for his detention and release;

(d) in the case of a person to whom subsection (3) applies, of the effect in relation to his case of the law relating to his detention under that warrant and subsequent release (including the effect of any enactment or instrument under which he may be released earlier than provided for by the terms of the warrant); and

(e) of the powers of the relevant Minister under section 6;

and the relevant Minister shall not issue a warrant superseding an earlier warrant under this section unless the requirements of this subsection were fulfilled in relation to the earlier warrant.

(9) A consent given for the purposes of subsection (5)(c) shall not be capable of being withdrawn after a warrant under this section has been issued in respect of the relevant person; and, accordingly, a purported withdrawal of that consent after that time shall not affect the validity of the warrant, or of any provision which by virtue of section 6 subsequently supersedes provisions of that warrant, or of any direction given in relation to the prisoner under section 4B(3).

(10) In this section "relevant Minister" means—

(a) the Scottish Ministers in a case where the person who is the subject of the proposed transfer of responsibility is—

(i) a person to whom subsection (2) applies who is for the time being required to be detained at a place in Scotland; or

(ii) a person to whom subsection (3) applies, if it is proposed that he will be detained at a place in Scotland;

(b) the Secretary of State, in any other case.

4B Transfer of responsibility from the United Kingdom

(1) The effect of a warrant under section 4A relating to a person to whom subsection (2) of that section applies shall be to transfer responsibility for the detention and release of that

person from the relevant Minister (as defined in section 4A(10)) to the appropriate authority of the country or territory in which he is present.

(2) Subject to subsections (3) to (6), the order by virtue of which the relevant person is required to be detained at the time such a warrant is issued in respect of him shall continue to have effect after the transfer of responsibility so as to apply to him if he comes to be in the United Kingdom at any time when under that order he is to be, or may be, detained.

(3) If, at any time after the transfer of responsibility, it appears to the relevant Minister appropriate to do so in order that effect may be given to the international arrangements in accordance with which the transfer took place, the relevant Minister may give a direction—

(a) varying the order referred to in subsection (2); or

(b) providing for the order to cease to have effect.

(4) In subsection (3) "relevant Minister" means—

(a) the Scottish Ministers, where Scotland is the part of the United Kingdom in which the order referred to in subsection (2) has effect; and

(b) the Secretary of State in any other case.

(5) The power by direction under subsection (3) to vary the order referred to in subsection (2) includes power by direction—

(a) to provide for how any period during which the detention and release of the relevant person is, by virtue of a warrant under section 4A, the responsibility of a country or territory outside the United Kingdom is to be treated for the purposes of the order; and

(b) to provide for the relevant person to be treated as having been released or discharged as mentioned in any paragraph of section 2(4)(b).

(6) Except in relation to any period during which a restriction order is in force in respect of the relevant person, subsection (2) shall not apply in relation to a hospital order; and, accordingly, a hospital order shall cease to have effect in relation to that person—

(a) at the time of the transfer of responsibility, if no restriction order is in force in respect of him at that time; and

(b) if at that time a restriction order is in force in respect of him, as soon after the transfer of responsibility as the restriction order ceases to have effect.

(7) In subsection (6) "hospital order" and "restriction order" have the same meaning as in section 2(6).

(8) References in this section to the order by virtue of which a person is required to be detained at the time a warrant under section 4A is issued in respect of him include references to any order by virtue of which he is required to be detained after the order by virtue of which he is required to be detained at that time ceases to have effect.

4C Transfer of responsibility to the United Kingdom

(1) The effect of a warrant under section 4A relating to a person to whom subsection (3) of that section applies shall be to transfer responsibility for the detention and release of that person to the relevant Minister (as defined in section 4A(10)) and to authorise—

(a) the taking of that person in custody to such place in any part of the United Kingdom as may be specified in the warrant, being a place at which effect may be given to the provisions contained in the warrant by virtue of paragraph (b); and

(b) the detention of that person in any part of the United Kingdom in accordance with such provisions as may be contained in the warrant, being provisions appearing to the relevant Minister to be appropriate for giving effect to the international arrangements in accordance with which responsibility for that person is transferred.

(2) A provision shall not be contained by virtue of subsection (1)(b) in a warrant under section 4A unless it satisfies the following two conditions, that is to say—

(a) it is a provision with respect to the detention of a person in a prison, a hospital or any other institution; and

(b) it is a provision which at the time the warrant is issued may be contained in an order made either—

(i) in the course of the exercise of its criminal jurisdiction by a court in the part of the United Kingdom in which the person is to be detained; or

(ii) otherwise than by a court but for the purpose of giving effect to an order made as mentioned in sub-paragraph (i).

(3) Section 3(3) applies for determining for the purposes of paragraph (b) of subsection (1) above what provisions are appropriate for giving effect to the international arrangements mentioned in that paragraph in a relevant person's case as it applies for the purposes of section 3(1)(c) in the case of a prisoner who is to be transferred into the United Kingdom.

(4) Subject to subsection (6) and Part 2 of the Schedule to this Act, a provision contained by virtue of subsection (1)(b) in a warrant under section 4A shall for all purposes have the same effect as the same provision contained in an order made as mentioned in sub-paragraph (i) or, as the case may be, sub-paragraph (ii) of subsection (2)(b).

(5) A provision contained by virtue of subsection (1)(b) in a warrant under section 4A shall take effect with the delivery of the relevant person to the place specified in the warrant for the purposes of subsection (1)(a).

(6) Subsection (4) shall not confer any right of appeal on the relevant person against provisions contained by virtue of subsection (1)(b) in a warrant under this section.

(7) Part 2 of the Schedule to this Act shall have effect with respect to the operation of certain enactments in relation to provisions contained by virtue of subsection (1)(b) in a warrant under section 4A.

(8) For the purposes of determining whether at any particular time any such order as is mentioned in subsection (2)(b) could have been made as so mentioned, there shall be disregarded both—

(a) any requirement that certain conditions must be satisfied before the order is made; and

(b) any restriction on the minimum period in respect of which the order may be made."—*[Ms Diana R. Johnson.]*

Brought up, read the First and Second time, and added to the Bill.

New Clause 23

POWERS TO ARREST AND DETAIN PERSONS BELIEVED TO FALL WITHIN SECTION 4A(3) OF THE REPATRIATION OF PRISONERS ACT 1984

'After section 4C of the Repatriation of Prisoners Act 1984 (c. 47) (as inserted by section (Issue of warrant transferring responsibility for detention and release of an offender to or from the relevant Minister)) insert—

"PERSONS BELIEVED TO FALL WITHIN SECTION 4A(3): POWERS OF ARREST AND DETENTION

4D Arrest and detention with a view to establishing whether a person falls within section 4A(3) etc.

(1) The Secretary of State or the Scottish Ministers may issue a certificate stating that the issuing authority—

(a) considers that there are reasonable grounds for believing that a person in the United Kingdom is a person falling within section 4A(3), and

(b) has requested written confirmation from the country or territory concerned of the details of that person's case.

(2) The issuing authority may send the certificate (with any other documents appearing to the authority to be relevant) to the appropriate judge with a view to obtaining the issue of a warrant under subsection (3).

(3) The appropriate judge may, on receiving the certificate, issue a warrant for the arrest of the person concerned if the judge is satisfied that there are reasonable grounds for believing that the person falls within section 4A(3).

(4) The warrant may be executed anywhere in the United Kingdom by any designated person (and it is immaterial whether or not he is in possession of the warrant or a copy of it).

(5) A person arrested under this section shall, as soon as is practicable—

(a) be given a copy of the warrant for his arrest; and

(b) be brought before the appropriate judge.

(6) The appropriate judge may order that a person before him who is the subject of a certificate under this section is to be detained from the time the order is made until the end of the period of seven days beginning with the day after that on which the order is made.

(7) The purpose of an order under subsection (6) is to secure the detention of the person concerned while—

(a) written confirmation is obtained from a representative of the country or territory concerned of the details of his case;

(b) it is established whether he is a person falling within section 4A(3); and

(c) any application for an order under section 4E(6) is made in respect of him.

(8) Subject to subsection (9), a person detained under such an order may be released at any time during the period mentioned in subsection (6) and shall be released at the end of that period (if not released sooner).

(9) Subsection (8) ceases to apply to the detained person if, during that period, an order under section 4E is made in respect of him.

(10) It is immaterial for the purposes of subsection (6) whether or not the person concerned has previously been arrested under this section.

4E Arrest and detention with a view to determining whether to issue a warrant under section 4A

(1) The Secretary of State or the Scottish Ministers may issue a certificate stating that the issuing authority—

(a) considers that a person in the United Kingdom is a person falling within section 4A(3); and

(b) has received written confirmation from a representative of the country or territory concerned of the details of that person's case;

and it is immaterial for the purposes of this section whether or not the person concerned has been previously arrested or detained under section 4D.

(2) The issuing authority may send the certificate (with a copy of the written confirmation mentioned in subsection (1)(b) and any other documents appearing to that authority to be relevant) to the appropriate judge with a view to obtaining the issue of a warrant under subsection (3).

(3) The appropriate judge may, on receiving the certificate, issue a warrant for the arrest of the person concerned if the judge is satisfied that there are reasonable grounds for believing that the person falls within section 4A(3).

(4) The warrant may be executed anywhere in the United Kingdom by any designated person (and it is immaterial whether or not that person is in possession of the warrant or a copy of it).

(5) A person arrested under this section shall, as soon as is practicable—

(a) be given a copy of the warrant for his arrest; and

(b) be brought before the appropriate judge.

(6) The appropriate judge may, on the application of the Secretary of State or the Scottish Ministers, order that a person before the judge who—

(a) is the subject of a certificate under this section, and

(b) the judge is satisfied is a person falling within section 4A(3),

shall be detained from the time the order is made until the end of the period of fourteen days beginning with the day after that on which the order is made.

(7) The purpose of an order under subsection (6) is to secure the detention of the person concerned until—

(a) it is determined whether to issue a warrant under section 4A; and

(b) if so determined, such a warrant is issued.

(8) Subject to subsection (9), a person detained under such an order may be released at any time during the period mentioned in subsection (6) and shall be released at the end of that period (if not released sooner).

(9) Subsection (8) ceases to apply to the detained person if, during that period, a warrant under section 4A is issued in respect of him.

(10) It is immaterial for the purposes of subsection (6) whether or not the person concerned has previously been arrested or detained under section 4D or arrested under this section.

4F Sections 4D and 4E: supplementary provisions

(1) This section has effect for the purposes of sections 4D and 4E.

(2) A "designated person" is a person designated by the Secretary of State or the Scottish Ministers.

(3) The appropriate judge is—

(a) in England and Wales, any District Judge (Magistrates' Courts) who is designated for those purposes by the Lord Chief Justice after consulting the Lord Chancellor;

(b) in Scotland, the sheriff of Lothian and Borders; and

(c) in Northern Ireland, any county court judge or resident magistrate who is designated for those purposes by the Lord Chief Justice of Northern Ireland after consulting the Lord Chancellor.

(4) A designation under subsection (2) or (3)(a) or (c) may be made—

(a) for the purposes of section 4D or 4E (or both); and

(b) for all cases or only for cases (or cases of a description) specified in the designation.

(5) A designated person shall have all the powers, authority, protection and privileges of a constable in any part of the United Kingdom in which a person who may be arrested under section 4D or 4E is for the time being."'. *[Ms Diana R. Johnson.]*

Brought up, read the First and Second time, and added to the Bill.

New Clause 24

AMENDMENTS RELATING TO SCOTLAND

"(1) The amendments of section 1 of the Repatriation of Prisoners Act 1984 (c. 47) made by section 44(2) and (3) of the Police and Justice Act 2006 (c.48) (which amend the requirement for the prisoner's consent to any transfer to or from the United Kingdom) apply in relation to cases in which the relevant Minister for the purposes of section 1 is the Scottish Ministers as they apply in other cases.

(2) In section 2(6) of the Repatriation of Prisoners Act 1984 (c. 47) (transfer out of the United Kingdom) in the definition of "hospital order", after "1986" insert "or a compulsion order under section 57A of the Criminal Procedure (Scotland) Act 1995".

(3) In section 8(1) (interpretation etc.), before the definition of "international arrangements" insert—

"enactment" includes an enactment comprised in, or in an instrument under, an Act of the Scottish Parliament.'". *[Ms Diana R. Johnson.]*

Brought up, read the First and Second time, and added to the Bill.

New Clause 1

BLASPHEMY

'The offences of blasphemy and blasphemous libel are abolished.'. *[Dr. Evan Harris.]*

Brought up, and read the First time.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): I beg to move, That the clause be read a Second time.

Mr. Speaker: With this it will be convenient to discuss the following:

New clause 14—*Hatred against persons on transgender grounds*—

'The Public Order Act 1986 (c. 64) is amended in accordance with Schedule *[Hatred against persons on transgender grounds]* to this Act, which creates offences involving stirring up hatred against persons on transgender grounds.'.

New clause 15—*Increase in sentences for aggravation related to transgender*—

'The Criminal Justice Act 2003 (c. 44) is amended in accordance with Schedule *[Increases in sentences for aggravation related to transgender]* to this Act, which creates increased tariffs where offences are on transgender grounds.'.

New clause 16—*Amendment of Police and Criminal Evidence Act 1984*—

'In section 24A of the Police and Criminal Evidence Act 1984 (c. 60) (arrest without warrant by persons other than constables) in subsection (5) leave out from 'or' to end and insert ', 3A or 3B of the Public Order Act 1986.'.

New schedule 1—*'Hatred against persons on transgender grounds*—

In the Public Order Act 1986 (c. 64), after Part 3A insert—

"PART 3B

HATRED AGAINST PERSONS ON TRANSGENDER GROUNDS

Meaning of "transgender hatred"

29P Meaning of "transgender hatred"

In this Part "transgender hatred" means hatred against a group of persons defined by reference to transgender identity or appearance.

Acts intended to stir up transgender hatred

29Q Use of words or behaviour or display or written material

(1) A person who uses threatening, abusive or insulting words or behaviour, or displays any written material which is threatening, abusive or insulting, is guilty of an offence if—

(a) he intends thereby to stir up transgender hatred, or

(b) having regard to all the circumstances transgender hatred is likely to be stirred up thereby.

(2) An offence under this section may be committed in a public or a private place, except that no offence is committed where the words or behaviour are used, or the written material is displayed, by a person inside a dwelling and are not heard or seen except by other persons in that or another dwelling.

(3) A constable may arrest without warrant anyone he reasonably suspects is committing an offence under this section.

(4) In proceedings for an offence under this section it is a defence for the accused to prove that he was inside a dwelling and had no reason to believe that the words or behaviour used, or the written material displayed, would be heard or seen by a person outside that or any other dwelling.

(5) This section does not apply to words or behaviour used, or written material displayed, solely for the purpose of being included in a programme service.

29R Publishing or distributing written material

(1) A person who publishes or distributes written material which is threatening is guilty of an offence if—

(a) he intends thereby to stir up transgender hatred, or

(b) having regard to all the circumstances transgender hatred is likely to be stirred up thereby.

(2) References in this Part to the publication or distribution of written material are to its publication or distribution to the public or a section of the public.

29S Public performance of play

(1) If a public performance of a play is given which involves the use of threatening words or behaviour, any person who presents or directs the performance is guilty of an offence if—

(a) he intends thereby to stir up transgender hatred, or

(b) having regard to all the circumstances (and, in particular, taking the performance as a whole) transgender hatred is likely to be stirred up thereby.

(2) This section does not apply to a performance given solely or primarily for one or more of the following purposes—

(a) rehearsal,

(b) making a recording of the performance, or

(c) enabling the performance to be included in a programme service;

but if it is proved that the performance was attended by persons other than those directly connected with the giving of the performance or the doing in relation to it of the things mentioned in paragraph (b) or (c), the performance shall, unless the contrary is shown, be taken not to have been given solely or primarily for the purpose mentioned above.

(3) For the purposes of this section—

(a) a person shall not be treated as presenting a performance of a play by reason only of his taking part in it as a performer,

(b) a person taking part as a performer in a performance directed by another shall be treated as a person who directed the performance if without reasonable excuse he performs otherwise than in accordance with that person's direction, and

(c) a person shall be taken to have directed a performance of a play given under his direction notwithstanding that he was not present during the performance;

and a person shall not be treated as aiding or abetting the commission of an offence under this section by reason only of his taking part in a performance as a performer.

(4) In this section "play" and "public performance" have the same meaning as in the Theatres Act 1968.

(5) The following provisions of the Theatres Act 1968 apply in relation to an offence under this section as they apply to an offence under section 2 of that Act—

(a) section 9 (script as evidence of what was performed),

(b) section 10 (power to make copies of script),

(c) section 15 (powers of entry and inspection).

29T Distributing, showing or playing a recording

(1) A person who distributes, or shows or plays, a recording of visual images or sounds which are threatening is guilty of an offence if—

(a) he intends thereby to stir up transgender hatred, or

(b) having regard to all the circumstances transgender hatred is likely to be stirred up thereby.

(2) In this Part "recording" means any record from which visual images or sounds may, by any means, be reproduced; and references to the distribution, showing or playing of a recording are to its distribution, showing or playing to the public or a section of the public.

(3) This section does not apply to the showing or playing of a recording solely for the purpose of enabling the recording to be included in a programme service.

29U Broadcasting or including programme in programme service

(1) If a programme involving threatening visual images or sounds is included in a programme service, each of the persons mentioned in subsection (2) is guilty of an offence if

(a) he intends thereby to stir up transgender hatred, or

(b) having regard to all the circumstances transgender hatred is likely to be stirred up thereby.

(2) The persons are

(a) the person providing the programme service,

(b) any person by whom the programme is produced or directed, and

(c) any person by whom offending words or behaviours are used.

Inflammatory material

29V Possession of inflammatory material

(1) A person who has in his possession written material which is threatening, abusive or insulting, or a recording of visual images or sounds which are threatening, abusive or insulting, with a view to

(a) in the case of written material, its being displayed, published, distributed, or included in a programme service whether by himself or another, or

(b) in the case of a recording, its being distributed, shown, played, or included in a programme service, whether by himself or another,

is guilty of an offence if he intends transgender hatred to be stirred up thereby or, having regard to all the circumstances, transgender hatred is likely to be stirred up thereby.

(2) For this purpose regard shall be had to such display, publication, distribution, showing, playing, or inclusion in a programme service as he has, or it may reasonably be inferred that he has, in view.

29W Powers of entry and search

(1) If in England and Wales a justice of the peace is satisfied by information on oath laid by a constable that there are reasonable grounds for suspecting that a person has possession of written materials or a recording in contravention of section 29V, the justice may issue a warrant under his hand authorising any constable to enter and search the premises where it is suspected the material or recording is situated.

(2) If in Scotland a sheriff or justice of the peace is satisfied by evidence on oath that there are reasonable grounds for suspecting that a person has possession of written material or a recording in contravention of section 29V, the sheriff or justice may issue a warrant authorising any constable to enter and search the premises where it is suspected the material or recording is situated.

(3) A constable entering or searching premises in pursuance of a warrant issued under this section may use reasonable force if necessary.

(4) In this section "premises" means any place and, in particular, includes—

(a) any vehicle, vessel, aircraft or hovercraft,

(b) any offshore installation as defined in section 12 of the Mineral Workings (Offshore Installations) Act 1971, and

(c) any tent or movable structure.

29X Power to order forfeiture

(1) A court by or before which a person is convicted of

(a) an offence under section 29Q relating to the display of written material, or

(b) an offence under section 29R, 29T or 29V,

shall order to be forfeited any written material or recording produced to the court and shown to its satisfaction to be written material or a recording to which the offence relates.

(2) An order made under this section shall not take effect

(a) in the case of an order made in proceedings in England and Wales, until the expiry of the ordinary time within which an appeal may be instituted or where an appeal is duly instituted, until its finally decided or abandoned;

(b) in the case of an order made in proceedings in Scotland, until the expiration of the time within which, by virtue of any statute, an appeal may be instituted or, where such an appeal is duly instituted, until the appeal is finally decided or abandoned.

(3) For the purposes of subsection (2)(a)

(a) an application for a case stated or for leave to appeal shall be treated as the institution of an appeal, and

(b) where a decision on appeal is subject to a further appeal, the appeal is not finally determined until the expiry of the ordinary time within which a further appeal may be instituted or, where a further appeal is duly instituted, until the further appeal is finally decided or abandoned.

(4) For the purposes of subsection (2)(b) the lodging of an application for a stated case or note of appeal against sentence shall be treated as the institution of an appeal.

Supplementary provisions

29Y Saving for reports of parliamentary or judicial proceedings

(1) Nothing in this Part applies to a fair and accurate report of proceedings in Parliament or in the Scottish Parliament.

(2) Nothing in this Part applies to a fair and accurate report of proceedings publicly heard before a court or tribunal exercising judicial authority where the report is published contemporaneously with the proceedings or, if it is not reasonably practicable or would be unlawful to publish a report of them contemporaneously, as soon as publication is reasonably practicable and lawful.

29YA Procedure and punishment

(1) No proceedings for an offence under this Part may be instituted in England and Wales except by or with the consent of the Attorney General.

(2) For the purposes of the rules in England and Wales against charging more than one offence in the same count or information, each of sections 29Q to 29V creates one offence.

(3) A person guilty of an offence under this Part is liable

(a) on conviction on indictment to imprisonment for a term not exceeding seven years or a fine or both;

(b) on summary conviction to imprisonment for a term not exceeding six months or a fine not exceeding the statutory maximum or both.

29YB Offences by corporations

(1) Where a body corporate is guilty of an offence under this Part and it is shown that the offence was committed with the consent or connivance of a director, manager, secretary or other similar officer of the body, or a person purporting to act in any such capacity, he as well as the body corporate is guilty of the offence and liable to be proceeded against and punished accordingly.

(2) Where the affairs of a body corporate are managed by its members, subsection (1) applies in relation to the acts and defaults of a member in connection with his functions of management as it applies to a director.

29YC Interpretation

In this Part

"distribute", and related expressions, shall be construed in accordance with section 29R(2) (written material) and section 29T(2) (recordings);

"dwelling" means any structure or part of a structure occupied as a person's home or other living accommodation (whether the occupation is separate or shared with others) but does not include any part not so occupied, and for this purpose "structure" includes a tent, caravan, vehicle, vessel or other temporary or movable structure;

"programme" means any item which is included in a programme service;

"programme service" has the same meaning as in the Broadcasting Act 1990;

"publish", and related expressions, in relation to written material, shall be construed in accordance with section 29R(2);

"recording" has the meaning given by section 29T(2) and "play" and "show", and related expressions, in relation to a recording, shall be construed in accordance with that provision;

"transgender hatred" has the meaning given by section 29P;

"written material" includes any sign or other visible representation.".

New schedule 2—*'increase in sentences for aggravation related to transgender*—

1 Section 146 of the Criminal Justice Act 2003 (c. 44) (increase in sentences for aggravation related to disability or sexual orientation) is amended as follows.

2 In the heading, after "disability" insert ", transgender".

3 In subsection (2)(a)(ii) at end insert—

"(iii) the transgender identity or appearance (or presumed transgender identity) of the victim, or".

4 In subsection (2)(b)(ii) at end insert ", or

(iii) by hostility towards persons who have a transgender identity or appearance.".

Amendment No. 214, line 4, schedule 22, at end insert—

'(2A) After subsection (1) insert—

"(1A) An action under subsection (1) may include any action intending to equate sexual orientation with a propensity or intention to commit an imprisonable offence, where such action is threatening and intended to incite hatred on the grounds of sexual orientation.".

Amendment No. 231, line 4, at end insert—

'(2A) After subsection (1) insert—

"(1A) When considering whether to consent to a prosecution under subsection (1) the Attorney General must have particular regard to the importance of the right to freedom of expression provided by the European Convention on Human Rights.".

Amendment No. 1, in page 234, line 26, at end insert—

'13A After section 29J insert—

"29JA Protection of freedom of expression (sexual orientation)

Nothing in this Part shall be read or given effect in a way which prohibits or restricts discussion of, criticism of or expressions of antipathy towards, conduct relating to a particular sexual orientation, or urging persons of a particular sexual orientation to refrain from or modify conduct related to that orientation.".'.

No. 215, line 26, at end insert—

'13A After subsection 29I insert—

"29IA European Convention on Human Rights

Unless expressly limited by any provision within this Part, no right under Article 10 of the European Convention on Human Rights shall be affected.".

Dr. Harris: I am pleased to move the abolition of the ancient discriminatory, unnecessary, illiberal and non-human rights compliant offences of blasphemy and blasphemous libel. It is the litany of faults with those offences that explains why the new clause has attracted so much support from all parts of the House. I would like to place on record my thanks to my co-sponsors, especially to the right hon. Member for Holborn and St. Pancras (Frank Dobson), the hon. Members for Salisbury (Robert Key) and for Spelthorne (Mr. Wilshire), my hon. Friend the Member for Cambridge (David Howarth), the hon. Members for Cannock Chase (Dr. Wright) and for Reading, West (Martin Salter), and my hon. Friend the Member for North Southwark and Bermondsey (Simon Hughes). They were all were extremely helpful in ensuring that the House has this opportunity to debate the matter, and that broad support for the abolition of these offences was expressed.

As well as being cross-party, support has also crossed lines of religious belief. I note that support has also been previously expressed by the current leader of the Conservative party—and, indeed, by the hon. Member for Beaconsfield (Mr. Grieve), who has an excellent reputation in standing up for freedom of expression. The last time the matter was raised, support was also forthcoming from the right hon. Member for Suffolk, Coastal (Mr. Gummer) who, along with the hon. Member for Salisbury, represents a religious point of view in these matters. Let me add the right hon. Member for Birkenhead (Mr. Field), who also identifies with a religious point of view. I am grateful that 76 Members were willing to sign a potentially controversial new clause—albeit one proposed by a very sensible Liberal Democrat Back-Bench MP who does not really adopt controversial positions, at least most of the time.

The degree of support across the rest of society is also noteworthy. A letter in *The Daily Telegraph* yesterday had a remarkable list of co-signatories calling for the abolition of those offences. They included the former Archbishop of Canterbury, Lord Carey, who has spoken publicly about the need to abolish them; the author—and my constituent—Philip Pullman; my former constituent and former Bishop of Oxford, Lord Harries; Ricky Gervais, the comedian; Nick Hytner, the director of the National theatre; Shami Chakrabarti, the director of Liberty; Professor Richard Dawkins, who is well known and admired by many of us; Michael Cashman; novelists Hari Kunzru and Hanif Kureishi; Sir Jonathan Miller; Baroness Frances D'Souza, who was a long-standing executive director of Article 19; and human rights campaigner Peter Tatchell.

Interestingly, another supporter is the comedian and writer of "Jerry Springer: The Opera", Stewart Lee, who faced a great deal of difficulty in staging his award-winning production because of claims that it was blasphemous. Those were a catalyst for the organising of the sort of demonstrations that, although they should be permitted, should not have the

[Dr. Evan Harris]

imprimatur of being backed up by any part of common law. I also want to pay special thanks to the National Secular Society and English PEN, which have campaigned for a long time on this issue.

Blasphemy is an ancient law going back hundreds of years. I do not have time to provide a full history, but it should be pointed out that the last conviction for the offences in question was in 1977, and that the last successful public prosecution was in 1922. It is an old-fashioned, ancient law that is out of time and not needed any more. One does not have to be an ultra-moderniser to recognise that.

Those laws are also unnecessary in two significant ways. First, enough laws dealing with outraging public decency and public order offences are already on the statute book to ensure that the removal of these two offences will not lead to widespread outrageous behaviour in public. We are talking about people being able to see theatre productions, watch television programmes, attend readings, and publish books and documents for specific audiences, without the threat of prosecution under the blasphemy laws. Secondly, as has been pointed out by a number of people more qualified than me to say it, the Almighty does not need the protection of these ridiculous laws, which is why many people with a religious perspective share the view that these offences should be abolished.

The offence of blasphemy is illiberal because its scope is uncertain. Its terms do not define—because the offence is not statutory, for one thing—what someone must do or say to be arrested, prosecuted and convicted. It is also an offence of strict liability, so not having intended to blaspheme is no defence to prosecution. One therefore cannot know when one is committing the offence, which was the main reason given by the Law Commission for seeking its abolition as long ago as 1985. Although people do not know whether they have committed the offence, it also commands an unlimited penalty, because no penalty is laid down in statute. The offence is discriminatory, in that it applies only to the Christian religion—and within that, only to the tenets of the Church of England.

7 pm

For both the reasons that I have given—the lack of clarity and its discriminatory nature—the offence does not comply with the European convention on human rights, or, indeed, with our own law now that it incorporates the convention.

Miss Widdecombe: Will the hon. Gentleman confirm that within the last two years the European Court has ruled first that countries may have blasphemy laws, and secondly that those laws are permitted to apply to one religion and not to others?

Dr. Harris: I can tell the right hon. Lady that in my opinion, and in that of the human rights lawyers whom I have consulted, it is unlikely that under the Human Rights Act the blasphemy offence would pass muster in United Kingdom courts, where there is no margin of appreciation on national grounds because they are our courts. It is extremely unlikely that the English blasphemy offence would survive Strasbourg nowadays, and I think it right and proper that it would be struck down, but I do not think we need wait for that. The offence is not necessary, it does not work, it is ancient, it is discriminatory, and it ought to be abolished.

The offence is also divisive in terms of social cohesion, partly because it is discriminatory. The corollary of that is that it raises a sense of unfairness among other religions, particularly those whose adherents are more sensitive than adherents to the Christian faith—a sense that they are being singled out because they are not protected. It raises the expectation, which previous Governments may have sought to keep going, that they will be entitled to their own—Islamic, say—version of a blasphemy law. The best way in which to make clear to the communities and people of this nation that we do not expect there to be protection of beliefs, or indeed of people's sensibilities about their beliefs, is to abolish the existing blasphemy offences, and that is one of the strongest arguments for so doing.

As many Members will recall, when we last discussed the religious hatred offences a couple of years ago, it was made clear even by those who supported the Government's original wide offence that we did not want to prevent attacks—including scurrilous, lampooning and offensive attacks—on religious or indeed other beliefs. That is one of the main reasons why the House was right to narrow the offence, so that insulting and abusive language and unintentional words and behaviour would not be covered by the law relating to incitement to religious hatred. The House was right to do that, and anyone who voted in favour of narrowing that offence must surely also be in favour of abolishing these laws. They have even less justification than over-wide offences aimed at protecting people and their sensibilities, because they purport directly to protect people's beliefs.

Mr. Alan Beith (Berwick-upon-Tweed) (LD): Is my hon. Friend not making a rather persuasive case for amendment No. 1, which seeks to make it clear that free speech should not be impaired by the provisions that it amends?

Dr. Harris: No. My right hon. Friend makes the case that when it comes to incitement of hate-crime offences, there is a balance to be struck between free speech and the needs of those who require protection from the consequences of incitement to hatred. I think that the House got the balance right when it voted on the religious hatred law, and that the Government are now pretty close to getting it right on homophobic hatred, since the Secretary of State for Justice agreed with me on Second Reading that it should be treated in broadly the same way as religious hatred. I am sure that more will be said on that point. However, there is no balancing issue here. There is no balancing argument about the human rights and other rights of others because the blasphemy offences are not purporting to defend the rights of others. They are there to defend the tenets of the Church of England from attack. We should not have criminal offences preventing such attacks.

Mr. Roger Gale (North Thanet) (Con): As the hon. Gentleman knows, I came to this debate with an open mind because I wanted to hear the argument. I have

heard it, and I now do not accept it. Can he explain why it is wrong to protect the tenets of the Church of England?

Dr. Harris: Yes. I am disappointed that the hon. Gentleman is not persuaded, but I do not doubt that he came in with an open mind. It is wrong that points of view should be defended through the criminalisation of attacks on them. I do not think that there is any point of view that is so special that it requires the defence of the criminal law, especially this criminal law, for its defence. It is a sign of weakness. That is why many people, including now the Church of England, recognise that there is no argument in principle against abolition of these offences.

Chris Bryant (Rhondda) (Lab): As a former curate in the Church of England, I could not tell the hon. Gentleman what the tenets of the Church of England are. I do not suppose that he could tell the House what they are. I am sure that the hon. Member for North Thanet (Mr. Gale) does not know the first thing about the tenets of the Church of England. Surely the law should not be telling us what they are.

Dr. Harris: The hon. Gentleman puts it correctly. Most of those who are liable to be accused of blasphemy have the least ability to know what the tenets that they are supposed to be offending against are.

There are further problems with this offence; it creates real problems. Although it has not been used for a long time, it has a chilling effect. There can be a reluctance among some theatre directors, publishers or press people to print material that might be alleged to be blasphemous, because there is a criminal offence.

There is another chilling effect. The existence of such offences catalyses attempts at private prosecution. For example, the extreme Christian Voice group sought to bring such a prosecution against the BBC. That cost hundreds of thousands of pounds for the BBC to defend, money that I at least—I do not say this in the hope of a good write-up—believe would be better spent on salaries for journalists.

Mark Pritchard (The Wrekin) (Con): Is this not really an indirect argument—an argument by stealth—for the eventual disestablishment of the Church of England? As the hon. Member for Rhondda (Chris Bryant), who is the Prime Minister's adviser on constitutional affairs, will admit, he has a similar view on disestablishment.

Dr. Harris: I have never accepted slippery slope arguments, whether they are to do with embryology or anything like that. This House is able to decide each of the issues regarding the constitutional settlement point by point, time by time. If I had intended the new clause to go wider, one is quite capable of writing amendments to that effect. Hon. Members can be sure that in voting for the new clause, they are not signalling any intention to change the fundamental relationship between the Church of England and the state, although I for one—it is my party's policy, too—would like to see that change. However, it is not the purpose of the new clause.

Mr. Gummer: As the hon. Gentleman knows, I find myself in some difficulty being in the same Lobby as him, but he will perhaps make this point. It is very difficult for many of us to believe that blasphemy, which is technically about the insulting of the deity, can be possibly lined up with the tenets of the Church of England, as those are difficult to discern, and most members of the Church of England disagree about them gravely.

Dr. Harris: That is a private argument—or indeed now a public argument—between the right hon. Gentleman and people who may believe in the same God but have different interpretations of that God.

As I was saying, there is the problem of catalysing private prosecutions. That has an impact on the livelihood of people seeking to work in the arts, theatre, literature and publishing.

Mr. John Hayes (South Holland and The Deepings) (Con): Rather ungenerously, I was tempted to say that the reason the hon. Gentleman is not attracted by slippery slope arguments is that there is no depth to which he will not fall—but to say that would be unkind and unnecessary. However, my point is that he seems to be making a case around the idea that it is a bad thing to discourage theatre directors and others from insulting, upsetting or offending people. I ask him whether it is, indeed, a bad thing to discourage people from insulting, upsetting or offending people—because that seems to be what he is saying.

Dr. Harris: People will buy tickets if they want to watch the sort of stuff that is put on. That is, I think, called the free market, which I know the hon. Gentleman supports. I certainly do not think—and I did not think that he did—that we should start to use the criminal law or criminal offences to describe what art, literature or publishing is acceptable. That might have happened in the 17th century, but I would like to feel that I exist in the 21st century, and I hope that one day the hon. Gentleman will see that that is an inappropriate form of censorship—and has been for at least the past two centuries.

The Church of England has made it clear that it does not have any reasons in principle to oppose the abolition of these offences. The then Bishop of Oxford made it clear in the debate on the abolition of blasphemy laws in November 2005 that the Church of England did not take that view; indeed, it argued that it was only a question of timing.

That point is of some relevance to the history of repeal or abolition of these offences. The Law Commission recommended that in 1985. It was raised first, in recent times, in the House of Lords in 2001, during the passage of the Anti-Terrorism, Crime and Security Bill, when there was a proposal for a religious hatred law. As a result of that debate, a Select Committee of the House of Lords on religious offences was set up under the chairmanship of Viscount Colville. It took evidence over a period of a year, including oral evidence on a number of occasions from various faith groups discussing not only religious hatred, but blasphemy and ecclesiastical Acts. There was then a debate in which it was made clear that the Church of England, in its evidence to that Select

[Dr. Evan Harris]

Committee, had argued not for retention of the blasphemy law but that religious hatred needed to be dealt with first. In February 2005, during the passage of the Serious Organised Crime and Police Bill, I tabled an amendment to abolish blasphemy, and the Minister at the time, the present Secretary of State for Communities and Local Government, said that she opposed new clause 4 on the abolition of blasphemy

"because I do not think that this is the right time for us to repeal the blasphemy laws...we will keep the matter under review." [*Official Report*, 7 February 2005; Vol. 430, c. 1224.]

The argument was that we had to deal with religious hatred first. Well, religious hatred was dealt with two years ago. There was a settlement; it is done. People are protected from the incitement of hatred against them on the basis of their beliefs when intentional and threatening language or behaviour is used. Therefore, there is no longer an excuse for prevarication. The same point was made in November 2005 by the Bishop of Oxford—and also by the Bishop of Portsmouth, who both said that once religious hatred was sorted out it would be time to abolish the blasphemy law.

Angela Watkinson (Upminster) (Con): Does the hon. Gentleman not recognise that gratuitously and grossly offensive material, of a sort that would never be tolerated or permitted against the Prophet Mohammed, is routinely published against the Christian religion?

Dr. Harris: It is not the case that attacks on the Prophet Mohammed would be covered by criminal law in this country, so the toleration of such things is a matter for individuals, and I am afraid this House is incapable of legislating on how offended people are when their beliefs—sincerely held, and sometimes sacredly held—are offended. As I think the hon. Lady would be the first to accept, it is not a role of the criminal law to protect offence taken to words against the Prophet Mohammed, and the same applies to the Christian religion.

Mr. David Wilshire (Spelthorne) (Con): As a co-sponsor of the new clause, I say that the hon. Gentleman has hit on the real issue: this is not about the Church of England or even about Christianity, but about faith. If anyone's faith is real and strong, it should not need or seek the support and defence of the secular courts.

Dr. Harris: I agree with everything that the hon. Gentleman has said.

Martin Salter (Reading, West) (Lab): I support the new clause, and I joined the hon. Gentleman, and the present Leader of the Opposition, in the Lobby in 2005, along with the late and lamented Robin Cook. Does the hon. Gentleman accept that our prime motivation in seeking to push this issue and to abolish this discriminatory and outdated piece of common law was the fact that we fundamentally believed that all faiths should be treated equally?

Dr. Harris: Indeed, and in my view all beliefs should be treated equally.

7.15 pm

The final reason for seeking to abolish this law is its impact on our ability to conduct our affairs in terms of international human rights and international relations, and to criticise other countries' uses of their blasphemy laws—for example, Sudan's outrageous use of its blasphemy laws against a UK subject over the naming of a teddy bear. It would be much easier to say that that was unacceptable if we did not have our own, albeit less effective, version of a blasphemy law. The same applies in respect of offences of apostasy in countries such as Pakistan. We would also be in a position to argue against the extremist reaction to the Danish cartoons if we did not have an offence purporting to defend Christian sensibilities. The argument for abolition is clear, and I hope that the Government have moved from their previous position that the time is not right.

Because of the lack of time, it falls to me to say a brief word about amendment No. 231, which deals with homophobic hatred. On Second Reading, the Secretary of State agreed that it was right that a new offence of inciting homophobic hatred should be closer to the religious hatred end rather than the race hate end of the spectrum, in that such incitement would have to be intentional, and the provision should deal with threatening words and behaviour only. I welcome the fact that, true to his word, the Government are introducing an offence along those lines. We wanted to see that, because the clear mischief exists of people being attacked and hate being incited against them on the basis of their sexual orientation. Unlike religion, and more like race, sexual orientation is innate: it is not a matter of someone's opinion; it is a part of their humanity and our common humanity, and it is right that people should be protected.

My view, which is reflected in one of the amendments, is that attacks on homosexuals involving an implication that they are paedophiles should be covered, and I hope that the Government will give more thought to that. There is a case for tightening the provision further by ensuring that the Attorney-General's fiat—the decision that the Attorney-General makes to give consent to a prosecution—should have particular regard to article 10 of the European convention on human rights. Amendment No. 231 uses exactly the same language that the Government used in section 12(4) of the Human Rights Act 1998 when they called on courts to have particular regard to freedom of expression when considering issues concerning privacy law and the press. On that basis, I hope that the Government will give serious thought to amendment No. 231, and I commend new clause 1 to the House.

Jim Dobbin (Heywood and Middleton) (Lab/Co-op): I want to speak specifically to amendment No. 1. I should point out at the beginning that I am aware that the Government do not think that there is any need for this provision, but I shall develop the case that I think is necessary. It is my pleasure to speak to this cross-party ecumenical amendment, which basically aims to protect free speech, and I am delighted that many hon. Members have added their names to it. It is not a party political issue, as the list of names illustrates.

May I say at the outset that I would like to have a vote on this amendment when the time comes, with your indulgence, Mr. Speaker? The amendment is

ecumenical because it was drafted with the help of the Church of England and the Roman Catholic Church. The two Churches took the unusual step of making a joint submission to the Public Bill Committee. What excited their concern was a Government amendment, which became clause 107, to make it a criminal offence to incite hatred on the grounds of sexual orientation. I am aware that some hon. Members disagree strongly with some of the teachings of England's two largest denominations, but I hope that no one would accuse either of them of wanting to protect the right to incite hatred against anyone.

So why is anybody worried about the clause? Let me read from the Churches' submission, which draws a comparison with identical provisions in the Racial and Religious Hatred Act 2006, which criminalised incitement to religious hatred:

"In religious hatred debates, both supporters and opponents of the Bill maintain a distinction between protection of people from personal attack, which was agreed to be desirable, and protection of their beliefs and practices from criticism or satire, which was generally thought to be undesirable."

A similar distinction should be maintained in the field of sexuality. Sexual activity and lifestyle, as distinct from sexual orientation, are matters of choice and impinge on the public sphere. As such, they are subject to evaluation and criticism and the freedom to discuss them should be preserved.

The Churches' submission goes on to refer to accepted Christian teaching about human sexuality, marriage and family, and asserts that it would be impossible for Christianity to be practised and taught without those convictions being widely and freely discussed within the Churches and wider society. They are also concerned that clause 107 may impinge on their basic freedom to practise their religion. We cannot ignore such a serious concern from two important national religious institutions.

Mr. Heath: I do not know whether the hon. Gentleman has had the chance to look at the Committee proceedings, but it was important to us all that we should balance the offence, which we feel it is right to put in place, with the defence that he has given of people's non-threatening profession of faith, which falls outside the scope of the Bill. Does he not accept that amendment No. 231, which I would have liked to press to a Division if possible, would do what he wants to do and ensure that those of faith and others could express views that some might find abhorrent or offensive, but which were not threatening, without undermining the offence that we want to be created?

Jim Dobbin: I accept that the hon. Gentleman is supporting some of the evidence that I have put forward. Amendment No. 1 is about freedom of speech, and that is basically it.

The Churches went on to say:

"As with incitement to religious hatred, we believe it is vital that there should be the maximum possible clarity about what is forbidden and what is permitted. Christians engaged in teaching or preaching and those seeking to act in accord with Christian convictions in their daily lives need to be assured that the expression of strong opinions on marriage or sexuality will not be illegal."

Chris Bryant: My hon. Friend is arguing that people of faith should be allowed to use threatening words, and that their mere expression of them as faith should let them off under the clause.

Jim Dobbin: I disagree with my hon. Friend. I am not suggesting that at all. The main purpose of the amendment is merely to seek reassurance.

I know that the Under-Secretary of State for Justice, my hon. Friend the Member for Liverpool, Garston (Maria Eagle), has met some Christian groups and sought to assure them that infringing the freedom of speech and of religion is not the purpose of clause 107. However, without the necessary words in the Bill, concerns will remain. It is particularly worrying that a police officer or CPS lawyer who draws a comparison between religious hatred and homophobic hatred will see that free speech is specifically protected in one but not the other.

The joint Church submission also drew attention to the possible chilling effect on free speech, saying:

"Uncertainty in the law has the effect of inhibiting behaviour which may not in fact be illegal. People holding firm opinions on sexuality will generally be reluctant to risk the emotional and financial costs of being challenged by a neighbour or colleague and investigated by the police, even if this does not lead to prosecution or conviction. We are not encouraged by some examples of over-zealous action by the police, apparently under current legislation, against Christians who have publicly expressed traditional views on sexuality."

I shall list a few examples shortly.

The Churches welcomed the narrow focus of clause 107 on threatening words or behaviour that are used with the intention of stirring up hatred, but they pointed out that in earlier debates on incitement to religious hatred a further safeguard was considered necessary to protect freedom of expression. Section 29J of the Public Order Act 1986, as inserted by the Racial and Religious Hatred Act 2006, states:

"Nothing in this Part shall be read or given effect in a way which prohibits or restricts discussion, criticism or expressions of antipathy, dislike, ridicule, insult or abuse of particular religions or the beliefs or practices of their adherents, or of any other belief system or the beliefs or practices of its adherents, or proselytising or urging adherents of a different religion or belief system to cease practising their religion or belief system."

The Churches have used that as a basis for drafting the amendment that I have tabled. However, the amendment is narrower and less far reaching, and the Churches have restricted the free speech protection to "discussion", "criticism" and "antipathy".

Robert Key (Salisbury) (Con): The hon. Gentleman has twice said that the Churches have drafted the amendment, but they have not. I have checked with Lambeth and I can tell him that no one among the Church of England's archbishops, bishops, house of clergy or house of laity—and I am a member of that latter body—has ever heard of it. It has been run past the lawyers, who said that it looked legal. That is the extent of the Churches' drafting.

Jim Dobbin: When I talked about the Churches drafting the amendment, I said that they helped to draft it.

Miss Widdecombe: The hon. Gentleman is concentrating quite heavily on the clause's effect on the freedom of religious conscience. Does he agree that it is in the interests of society as a whole that we preserve the right to free speech? Should people not be able to express free opinions, whether or not they are religiously motivated in the way that he and I are?

Jim Dobbin: I have also made it clear that the amendment would be appropriate for the whole of society. The wording of amendment No. 1 is far milder than the form of words used in section 29J, which I quoted earlier and which the House was happy to insert in the Racial and Religious Hatred Act 2006.

Indeed, it is not just religious people who are worried that clause 107 could restrict free speech. Peter Tatchell, the homosexual rights activist, has argued that existing laws are adequate to protect homosexual people, and he opposes the proposed new offence. Journalists Matthew Parris and Iain Dale, themselves gay men, also oppose the new offence on free speech grounds.

I could list the many occasions on which leading Church people have been visited, telephoned or placed under scrutiny by the police for sermons that they have given in their churches. That is what people are worried about. For example, Mario Conti, the Roman Catholic Archbishop of Glasgow, was reported to the police in 2006 for a sermon in which he asserted that civil partnerships undermined marriage.

Ministers may say that amendment No. 1 is unnecessary, but the Churches whose members and leaders may be on the receiving end of malicious complaints under the new law do not agree. If the words used in the amendment do not do any harm to the Government's intentions for this offence, I do not see why the Government should resist it.

Nick Herbert: I want to speak to new clause 1, which proposes the abolition of blasphemy laws, and to amendment No. 1, which has been spoken to by the hon. Member for Heywood and Middleton (Jim Dobbin). I emphasise that the Conservative party regards them both as matters of conscience that call for a free vote, and that I am speaking personally in this regard.

The hon. Member for Oxford, West and Abingdon (Dr. Harris) made the case for the abolition of the blasphemy laws perfectly clearly. He talked about their redundancy, which has become more evident since the failure of the prosecution of "Jerry Springer: The Opera". Indeed, it is hard to understand how any prosecution under the blasphemy laws could succeed when that action did not.

As the hon. Member for Oxford, West and Abingdon noted, the Law Commission recommended abolition in 1985. It could be said that that would be the natural consequence of the introduction of the incitement to religious hatred provisions, and the Government accepted that at the time.

I agree that the existence of the blasphemy laws in this country is an impediment to the stand that we would like to take against repressive blasphemy laws elsewhere, whose effect was illustrated recently by the teddy bear case in Sudan. It is true that the blasphemy laws are limited to the Anglican Church: they cannot apply to other religions, and they do not apply in Scotland or Northern Ireland.

A summary of the case for abolition might be that

"it was thought that a denial of Christianity was liable to shake the fabric of society, which was itself founded upon Christian religion. There is no such danger to society now and the offence of blasphemy is a dead letter."

That was said by Lord Denning in 1949.

7.30 pm

The arguments that have been advanced for the retention of the blasphemy laws are serious ones. The argument for some kind of chilling effect cuts both ways. If the blasphemy law is repealed, what kind of signal will that send and what will be the reaction of broadcasters and others, who might no longer feel constrained as to what they could say about the Christian faith? What proposals are there to ensure that they treat the Anglican faith respectfully?

Mr. Edward Leigh (Gainsborough) (Con): Will my hon. Friend give way?

Nick Herbert: I apologise to my hon. Friend, but I am not going to give way. I have so little time and I want to leave time for the Minister and others at the end.

It is still true, as was said in 1676 by Lord Chief Justice Hale, that Christianity is

"parcel of the laws of England".

It may not be as much parcel as it was then, but it is true that Christianity is integral to the constitution. Every day, we have Prayers before Mr. Speaker takes his place in this Chamber. We should pull at the threads of the constitution with care and an hour's debate is wholly inadequate to decide a matter of this gravity. If it comes to a vote, I shall personally vote for an abolition of the blasphemy laws, but the matter needs far more careful consideration. In particular, the Church of England is entitled to be consulted properly about the proposal.

I turn now to the amendment to clause 107, which creates the new offence and outlaws incitement to hatred on grounds of people's sexuality. I do not take the libertarian view of the role of such legislation. The criminal law has a proper role to play in protecting people from harm. Just as we accepted that laws protecting a minority from hatred on grounds of their race were right 30 years ago, so there is a case for similar, if not directly comparable, protection for gay people, who do not choose their sexuality any more than people choose their ethnic origin.

Enormous strides have been made in this country towards tolerance for homosexual people, but it remains the case that gay people can live in fear and can be subject to violent attacks, and that hateful websites and lyrics promote hate against them. I pay tribute to the work of Stonewall in drawing attention to that. We would all agree that such incitement to violence is wrong, and I believe that there is a role for the criminal law in outlawing it. My colleagues on the Front Bench supported in general terms—

John Bercow: Will my hon. Friend give way?

Nick Herbert: I am not going to give way.

We supported the principle in general terms in Committee. However, such legislation needs very careful drafting, especially when it comes to scope. While clause 107 is more tightly drafted than some feared—it is limited to intentional acts and threatening words, not merely abusive or insulting words—it remains unclear what words and behaviour would be caught by the offence. I believe that Church groups are right to seek clarity on that point.

Amendment No. 1 does not seek to exempt expressions of dislike, insult or abuse of gay people. It relates only to conduct. The question before us is whether criticism of such conduct should be a matter for the criminal law. In my view, it should not. None of Stonewall's examples of hateful words against gay people would fall within the scope of that defence. The examples that it gives criticise not conduct, but people. We have to beware of clumsy police investigations and the chilling effect of the law. There is an important balance to be achieved between free speech, including what Stonewall rightly calls "temperate comment", which it agrees should not be outlawed, and the protection of a minority from harm.

Edmund Burke said that we

"ought to know…what belongs to laws, and what manners alone can regulate. To these…politicians may give a leaning, but they cannot give a law."

Hatred towards gay people has no place in a civilised society, but the mark of a civilised society is that, except where harm is done, people are free and have freedom of expression. I would not support amendment No. 1 if I thought it weakened gay people's protection from incitement to hateful violence, but I do not believe that it does so weaken it; I believe that it helpfully clarifies the law. That is why I will support amendment No. 1.

Maria Eagle: I welcome the opportunity to make the Government's position clear on the two issues that we have dealt with in the debate on this group of amendments. In speaking to new clause 1, the hon. Member for Oxford, West and Abingdon (Dr. Harris) set out in some detail the case for getting rid of the blasphemy laws, helped by interventions from Members of all parties. The issue has been around for many years. As he said, as long ago as 1985 the Law Commission recommended that the common law offences of blasphemy and blasphemous libel be abolished. The hon. Member for Arundel and South Downs (Nick Herbert) has given quotations from eminent lawyers and others that go even further back, which shows that the issue was around even before then. We can therefore agree that the issue has been debated at great length.

I agree with the many hon. Members who put their names to new clause 1 that it is high time that Parliament reached a settled conclusion on the issue. We accept that the offences have largely fallen into desuetude. The last prosecution for blasphemy was in 1977, in the case of Whitehouse and Gay News Ltd, as Members will recall. It follows that there have been no cases since the Human Rights Act 1998. The idea that the offences appear to be moribund was reinforced by the High Court's decision on 5 December 2007 that the Theatres Act 1968 and the Broadcasting Act 1990 prevent the prosecution of a theatre, the BBC or another broadcaster for blasphemous libel. That was the result of a case brought by Christian Voice in response to the play "Jerry Springer: The Opera". I understand that it is seeking leave to appeal.

Against that background, I can say that we have every sympathy for the case for formal abolition. However, we believe it necessary to consult the Anglican Church before bringing forward a provision that particularly affects it. That is what we are now doing urgently. Subject to that consultation, which I can assure hon. Members will be short and sharp, the Government intend to table amendments in another place to achieve the aims of new clause 1.

Dr. Evan Harris: I welcome what the Minister says, and in the light of her comments, I will not press new clause 1 to a Division.

Maria Eagle: I am grateful to the hon. Gentleman for that. I shall move on, without further ado, to amendment No. 1, which was spoken to by my hon. Friend the Member for Heywood and Middleton (Jim Dobbin). The Opposition appear to have changed their position since Committee, when the hon. and learned Member for Harborough (Mr. Garnier) put forward his own, well-constructed version of a clause that would achieve what clause 107 has achieved. It did not include an equivalent to the amendment, so that is an interesting nuance in their position.

John Bercow: I put it to the hon. Lady that amendment No. 1, whatever the intention of its proposers, is entirely superfluous. What we are talking about in clause 107 is intentional acts and threatening language. The clause is clear and explicit; it does not require diluting. It should stand as it is.

Maria Eagle: The hon. Gentleman is correct and is assisting me greatly. The reason the Government oppose amendment No. 1 and would have done so had it been tabled in Committee is that the offence as drafted in clause 107 seeks, for the purposes of making sure that we properly protect freedom of speech, to pitch the offence at the highest level. So we are not talking about insulting words or behaviour. We are talking about threatening words or behaviour intended to incite hatred against a group of people on the basis of their sexuality. That is very narrow and very clear.

Although I appreciate the concerns expressed by many of those who have been quoted, they evidently have not read the Committee proceedings. We believe that clarity is preserved in the clause as it stands.

Miss Widdecombe: I am grateful to the Minister for giving way. I am particularly grateful to her for rushing through her own amendments earlier to try and ensure greater debate, although the Government's role in the amount of time that they have given us today is a shambles.

Already there have been three high-profile incidents where the police have questioned people such as Iqbal Sacranie, who have done nothing more than express a

[Miss Ann Widdecombe]

religious view. Why should we believe that the amendment is not necessary to make it explicit that that should not be a criminal offence?

Maria Eagle: The matter that the right hon. Lady raises is about proper guidance and training. Those matters will be dealt with once the law is passed. Clarity is what we need in the law, and clause 107, as it is drafted, is clear. It does not need clarifying further. The amendment proposed by my hon. Friend the Member for Heywood and Middleton would muddy rather than clarify.

Mr. Grieve: Even though there may be a clarity of intention that will prevent prosecutions from taking place, there is ample evidence that the lack of a saving clause of this kind will cause problems, because the public authorities and the police misinterpret what the law says. The amendment will work effectively and will in no way diminish what the hon. Lady is trying to achieve.

Maria Eagle: Unfortunately I do not agree with the hon. Gentleman says. We have had extensive debate and I stick to my position that we are okay with clause 107 as it stands. I have made the Government's views clear.

Dr. Harris: I beg to ask leave to withdraw the motion.

Motion and clause, by leave, withdrawn.

New Clause 2

PAYING FOR SEXUAL SERVICES IN ZONES OF SAFETY

'(1) A local authority may designate any part of its area as a zone of safety.

(2) A chief officer of police may, with the approval of the Secretary of State, designate any area as a zone of safety.

(3) The Secretary of State may approve a designation under subsection (2) if the Secretary of State is satisfied that the incidence of prostitution in the proposed zone has contributed to an increase in criminality in the locality.

(4) If, in a zone of safety, a person (A)

(a) intentionally obtains for himself the sexual services of another person (B), and

(b) before obtaining those services, has made or promised payment for those services to B or a third person, or knows that another person has made or promised such a payment,

the local authority or the chief officer of police may apply to a magistrates' court for an order forbidding A from doing those things again anywhere.

(5) In subsection (4)(b) "payment" means any financial advantage, including the discharge of an obligation to pay or the provision of goods and services (including sexual services) gratuitously or at a discount.

(6) The Secretary of State may by regulations made such supplementary provision about orders under subsection (4) as the Secretary of State considers appropriate.

(7) Regulations under subsection (6) are to be made by statutory instrument and are subject to annulment in pursuance of a resolution of either House of Parliament.

(8) A person who is the subject of an order under subsection (4) and who fails to comply with the terms of that order is guilty of an offence and is liable on summary conviction to a fine not exceeding level 3 on the standard scale or to a community punishment order or to both.'.—*[Fiona Mactaggart.]*

Brought up, and read the First time.

Fiona Mactaggart: I beg to move, That the clause be read a Second time.

Madam Deputy Speaker (Sylvia Heal): With this it will be convenient to discuss the following:

Amendment No. 181, clause 104, page 71, line 13, after 'person', insert 'aged 18 or over'.

Amendment No. 11, line 24, leave out Clause 105.

Government amendment No. 41

Amendment No. 195, clause 175, page 121, line 12, at end insert—

'( ) Sections 104 to 106 come into force on such day as the Secretary of State may by order appoint, provided that the United Kingdom shall have ratified the European Convention on Action against Trafficking in Human Beings prior to that day.'.

Government amendment No. 76

Fiona Mactaggart: I have seconds to speak to new clause 2. The situation is straightforward. Hundreds of thousands of women have been trafficked, many of them into prostitution in Britain. Others have been forced into prostitution because of drug addiction, grooming—

It being seven hours after the commencement of proceedings on the programme motion, MADAM DEPUTY SPEAKER *put forthwith the Questions necessary for the disposal of business to be concluded at that hour, pursuant to Order [this day].*

Clause 1

YOUTH REHABILITATION ORDERS

Amendment made: No. 82, in page 2, line 12, leave out 'and' and insert—

'(ma) an intoxicating substance treatment requirement (see paragraph 23A of that Schedule), and'.
[Mr. Khan.]

Clause 7

YOUTH REHABILITATION ORDERS: INTERPRETATION

Amendment made: No. 83, page 5, line 16, at end insert—

'"intoxicating substance treatment requirement", in relation to a youth rehabilitation order, has the meaning given by paragraph 23A of Schedule 1;'. *[Mr. Khan.]*

Clause 9

PURPOSES ETC. OF SENTENCING: OFFENDERS AGED UNDER 18

Amendments made: No. 84, page 6, line 41, leave out 'by children and other' and insert '(or re-offending) by'.

No. 85, in page 7, line 44, at end insert—

'(5) In section 42(1) of that Act (interpretation of Part 3 of Act), after the definition of "local authority" insert—

""offending" includes re-offending;".'.—*[Mr. Khan.]*

Clause 12

INDETERMINATE SENTENCES: DETERMINATION OF TARIFFS

Amendment made: No. 86, in page 8, line 37 , after 'where' insert

'the offender was aged 18 or over when he committed the offence and'. *[Mr. Khan.]*

Clause 16

RELEASE OF PRISONERS AFTER RECALL

Amendments made: No. 137, page 11, line 21 after 'is' insert

'eligible to be considered for automatic release and is'.

No. 138, page 11, line 27, at end insert

'or if he is not eligible to be considered for automatic release by virtue of subsection (2)(b)'.

No. 139, page 12, line 35, after 'prisoner' insert—

'( ) is not eligible to be considered for automatic release by virtue of section 255A(2)(b);'. *[Mr. Khan.]*

Clause 17

FURTHER REVIEW AND RELEASE OF PRISONERS AFTER RECALL

Amendment made: No. 140, page 14, line 15, at end insert—

'( ) The Secretary of State

(a) where the Board makes a recommendation under subsection (4)(a) for the person's immediate release on licence, must give effect to the recommendation; and

(b) where the Board fixes a release date under subsection (4)(b), must release the person on licence on that date.'. *[Mr. Khan.]*

Clause 19

REMOVAL UNDER CRIMINAL JUSTICE ACT 1991 (OFFENCES BEFORE 4TH APRIL 2005 ETC)

Amendment made: No. 14, page 15, line 25, leave out subsection (8). *[Mr. Khan.]*

Clause 20

REMOVAL UNDER CRIMINAL JUSTICE ACT 2003

Amendments made: No. 15, page 16, line 3, after 'removal)' insert '—

(c) for "subsections (2) and (3)" substitute "subsection (2)".'.

No. 16, line 5, leave out subsection (5) and insert—

'(5) For subsection (2) (conditions relating to time) substitute

"(2) Subsection (1) does not apply in relation to a prisoner unless he has served at least one-half of the requisite custodial period."

(5A) Subsections (3) and (3A) (cases where subsection (1) does not apply) cease to have effect.'.

No. 17, line 16, at end insert—

'(6A) In subsection (6) (order-making powers)—

(a) in paragraph (a) omit "or (3)(e)",

(b) omit paragraph (b), and

(c) in paragraph (c) for "subsection (2)(b)(ii)" substitute "subsection (2)".'. *[Mr. Khan.]*

Clause 36

ELIGIBLE COMPLAINTS: SPECIFIC REQUIREMENTS APPLICABLE TO ALL COMPLAINTS

Amendments made: No. 18, page 26, line 10, leave out 'matters giving rise to the substance of' and insert 'events giving rise to'.

No. 19, line 26, leave out 'matters' and insert 'events'. *[Mr. Khan.]*

Clause 37

TREATMENT BY COMMISSIONER OF COMPLAINTS

Amendments made: No. 20, page 27, line 18, leave out from 'Where' to end of line 20 and insert 'the Commissioner—

(a) rejects the whole or any part of the complaint, or

(b) declines to take or stops taking action to deal with the whole or any part of the complaint,'.

No. 21, line 29, leave out 'take any step mentioned in' and insert 'exercise a power under'. *[Mr. Khan.]*

Clause 40

INVESTIGATION OF DEATHS

Amendments made: No. 22, page 29, line 6, after 'conducted' insert 'in the United Kingdom'.

No. 23, line 8, at end insert—

'( ) The Commissioner shall defer the whole or any part of the investigation at the request of the Lord Advocate.

( ) Such a request may be made if the Lord Advocate considers that the whole or any part of the investigation might adversely affect a criminal investigation, or an investigation of a death, which is being or is to be conducted by the Lord Advocate or the procurator fiscal.'. *[Mr. Khan.]*

Clause 42

INVESTIGATIONS REQUESTED BY THE SECRETARY OF STATE

Amendments made: No. 24, page 30, line 39, leave out paragraph (b) and insert—

'(aa) is made by virtue of subsection (3)(h) and specifies a matter relating to events which have (or may have) occurred while a person was in the custody of immigration officers, or under their control or escort, in Scotland; or

(b) is made by virtue of subsection (4) and specifies a matter which the Secretary of State considers is (or may be) linked to events of the kind mentioned in paragraph (a) or (aa).'.

No. 25, page 31, line 9, leave out from 'defer' to 'might' in line 10 and insert

'the whole or part of an investigation under this section at the request of the Lord Advocate.

( ).Such a request may be made if the Lord Advocate considers that the whole or any part of the investigation'. *[Mr. Khan.]*

Clause 49

DISCLOSURE OF INFORMATION ETC.

Amendment made: No. 26, page 35, line 18, leave out second 'of' and insert 'conducted by'.—*[Mr. Khan.]*

Clause 51

NOTIFICATION OF MATTERS OF POTENTIAL CONCERN TO THE POLICE OR OTHER AUTHORITIES

Amendment made: No. 27, page 36, line 29, leave out 'the police' and insert 'a police force'.—*[Mr. Khan.]*

Clause 54

THE PRISONS AND PROBATION OMBUDSMAN

Amendment made: No. 28, page 37, line 22, leave out 'Commissioner' and insert 'Ombudsman'.—*[Mr. Khan.]*

Clause 55

INTERPRETATION OF PART 4

Amendments made: No. 29, page 38, line 26, at end insert—

'"police force" means—

(c) a police force in England, Wales or Scotland;

(d) the Police Service of Northern Ireland;

(e) the Ministry of Defence Police;

(f) the British Transport Police Force;

and "police officer" shall be construed accordingly;'.

No. 30, page 39, line 9, leave out from 'in' to end of line 10 and insert

'section 13 of the Offender Management Act 2007 (c.21)'.—*[Mr. Khan.]*

Clause 59

ELIGIBLE COMPLAINTS: GENERAL

Amendment made: No. 31, page 41, line 32, at end insert—

'( ) action taken by or on behalf of a health and social services body.'.—*[Mr. Khan.]*

Clause 60

ELIGIBLE COMPLAINTS: SPECIFIC REQUIREMENTS APPLICABLE TO ALL COMPLAINTS

Amendments made: No. 32, page 42, line 15, leave out 'matters giving rise to the substance of' and insert 'events giving rise to'.

No. 33, line 31, leave out 'matters' and insert 'events'.—*[Mr. Khan.]*

Clause 61

TREATMENT BY COMMISSIONER OF COMPLAINTS

Amendments made: No. 34, page 43, line 23, leave out from 'Where' to end of line 25 and insert 'the Commissioner—

(a) rejects the whole or any part of the complaint, or

(b) declines to take or stops taking action to deal with the whole or any part of the complaint,'.

No. 35, line 34, leave out 'take any step mentioned in' and insert 'exercise a power under'.—*[Mr. Khan.]*

Clause 64

INVESTIGATION OF DEATHS

Amendment made: No. 36, page 45, line 19, after 'conducted' insert 'in the United Kingdom'.—*[Mr. Khan.]*

Clause 65

REPORTS ON THE OUTCOME OF A DEATH INVESTIGATION

Amendment made: No. 37, page 46, line 6, leave out 'close'.—*[Mr. Khan.]*

Clause 67

REPORTS ON THE OUTCOME OF AN INVESTIGATION UNDER SECTION 66

Amendment made: No. 38, page 47, leave out line 37 and insert

'a report published under subsection (3)(c) must not identify the deceased person'.—*[Mr. Khan.]*

Clause 72

DISCLOSURE OF INFORMATION ETC.

Amendment made: No. 39, page 50, line 8, at end insert—

'( ) to the Northern Ireland Commissioner for Complaints for the purposes of the exercise of any functions of that office;'.—*[Mr. Khan.]*

Clause 77

TRANSITIONAL PROVISION: THE PRISONER OMBUDSMAN FOR NORTHERN IRELAND

Amendment made: No. 40, page 52, line 21, leave out 'Commissioner' and insert 'Ombudsman'.—*[Mr. Khan.]*

Clause 90

SFO'S PRE-INVESTIGATION POWERS IN RELATION TO BRIBERY AND CORRUPTION: FOREIGN OFFICERS ETC

Amendment made: No. 87, page 63, line 5, leave out from 'section' to end of line 7 and insert '17 (extent)—

(a) in subsection (2) (provisions of Act extending to Scotland), for "section 2" substitute "sections 2 and 2A"; and

(b) in subsection (3) (provisions of Act extending to Northern Ireland), after "sections 2" insert ", 2A".'.—*[Mr. Khan.]*

Clause 91

CONTENTS OF AN ACCUSED'S DEFENCE STATEMENT

Amendment made: No. 88, page 63, line 12, at end insert—

'(2) In section 11(2)(f)(ii) of that Act (faults in disclosure by accused), after "matter" insert "(or any particular of any matter of fact)".'.—*[Mr. Khan.]*

Clause 105

ORDERS TO PROMOTE REHABILITATION

Amendment made: No. 41, page 71, line 33, leave out from 'to' to 'the' in line 34 and insert 'assist'.—*[Mr. Khan.]*

Clause 109

IMPRISONMENT FOR UNLAWFULLY OBTAINING ETC. PERSONAL DATA

Amendment made: No. 89, page 74, line 31, leave out from beginning to 'and' in line 33.—*[Mr. Khan.]*

Clause 110

REQUESTS TO OTHER MEMBER STATES: ENGLAND AND WALES

Amendments made: No. 42, page 76, line 4, leave out 'the' and insert 'a'.

No. 43, line 12, at end insert—

'(da) any sum payable by virtue of section 137(1) or (1A) of the Powers of Criminal Courts (Sentencing) Act 2000 (c. 6) (orders requiring parents to pay fines etc.);'.

No. 44, line 13, leave out 'to (iii)' and insert 'to (iiia)'.—*[Mr. Khan.]*

Clause 112

REQUESTS TO OTHER MEMBER STATES: NORTHERN IRELAND

Amendments made: No. 45, page 77, line 27, leave out 'the' and insert 'a'.

No. 46, line 35, at end insert—

'(iiia) any sum payable by virtue of Article 35 of the Criminal Justice (Children) (Northern Ireland) Order 1998 (S.I. 1998/1504 (N.I. 9) (orders requiring parents to pay fines etc.);'.

No. 47, line 36, leave out 'to (d)' and insert 'to (da)'.—*[Mr. Khan.]*

Clause 114

REQUESTS FROM OTHER MEMBER STATES: ENGLAND AND WALES

Amendment made: No. 48, page 79, line 7, after 'central authority' insert 'of the other member State'.—*[Mr. Khan.]*

Clause 117

REQUESTS FROM OTHER MEMBER STATES: NORTHERN IRELAND

Amendment made: No. 49, page 80, line 42, after 'central authority' insert 'of the other member State'.—*[Mr. Khan.]*

Clause 119

MODIFICATION OF MAGISTRATES' COURTS (NORTHERN IRELAND) ORDER 1981

Amendment made: No. 50, page 81, line 34, leave out subsection (3) and insert—

'(3) For the purposes of subsection (2), if the amount of a financial penalty is specified in a currency other than sterling, that amount must be converted to sterling by reference to the London closing exchange rate on the relevant date.'.—*[Mr. Khan.]*

Clause 121

REQUESTS FROM OTHER MEMBER STATES: SUPPLEMENTAL

Amendments made: No. 51, page 82, line 28, leave out 'subsection (3)' and insert

'section 111(4), 113(4) or subsection (3) of this section'.

No. 52, leave out lines 29 to 32.

No. 53, line 33, at beginning insert 'modify,'.

No. 54, line 34, after 'including' insert 'this Act and'.

No. 218, line 39, after 'legislation' insert

'passed, or made, before the passing of this Act'.—*[Mr. Khan.]*

Clause 135

NOTIFICATION REQUIREMENTS: PERIODIC NOTIFICATION

Amendments made: No. 90, page 92, line 16, leave out 'period of one year' and insert 'applicable period'.

No. 91, line 23, leave out 'period mentioned in subsection (1)' and insert 'applicable period'.

No. 92, line 31, at end insert—

'(4A) In this section "the applicable period" means—

(a) in any case where subsection (4B) applies, such period as may be prescribed by regulations made by the Secretary of State, and

(b) in any other case, the period of one year.

(4B) This subsection applies if the last home address notified by the relevant offender under section 133(1) or 134(1) or subsection (1) above was the address or location of such a place as is mentioned in section 133(5)(b).'.—*[Mr. Khan.]*

Clause 140

OFFENCES

Amendments made: No. 93, page 95, line 33, leave out '12 months' and insert 'the relevant period'.

No. 94, line 36, at end insert—

'(6A) In subsection (6)(a) "the relevant period" means—

(a) in relation to England and Wales and Scotland, 12 months;

(b) in relation to Northern Ireland, 6 months.'.—*[Mr. Khan.]*

Clause 165

DISCLOSURE OF INFORMATION ABOUT CONVICTIONS ETC OF CHILD SEX OFFENDERS TO MEMBERS OF THE PUBLIC

Amendments made: No. 95, page 111, line 21, after 'causing' insert 'serious'.

No. 96, line 26, after 'from' insert 'serious'.

No. 97, line 37, after first 'to' insert 'serious'.

No. 98, page 112, line 38, at beginning insert 'serious'.—*[Mr. Khan.]*

Clause 167

NOTIFICATION REQUIREMENTS: PRESCRIBED INFORMATION

Amendment made: No. 99, page 114, line 13, at end insert—

'(5A) Section 85 of that Act (notification requirements: periodic notification) is amended as follows.

(5B) In subsection (1), for "the period of one year" substitute "the applicable period".

(5C) In subsection (3), for "the period referred to in subsection (1)" substitute "the applicable period".

(5D) After subsection (4) insert—

"(5) In this section, "the applicable period" means—

(a) in any case where subsection (6) applies to the relevant offender, such period as may be prescribed by regulations made by the Secretary of State, and

(b) in any other case, the period of one year.

(6) This subsection applies to the relevant offender if the last home address notified by him under section 83(1) or 84(1) or subsection (1) was the address or location of such a place as is mentioned in section 83(7)(b)."

(5E) In section 138(2) of that Act (orders and regulations subject to the affirmative resolution procedure), for "86 or 130" substitute "any of sections 83 to 86 or section 130".'.—*[Mr. Khan.]*

Clause 170

ORDERS AND REGULATIONS

Amendments made: No. 55, page 117, line 23, after 'section' insert '111(4), 113(4) or'.

No. 100, line 25, leave out 'section' and insert 'any of sections 133 to'.—*[Mr. Khan.]*

Clause 171

CONSEQUENTIAL ETC. AMENDMENTS AND TRANSITIONAL AND SAVING PROVISION

Amendments made: No. 141, page 118, line 11, leave out from 'any' to 'has' in line 12 and insert

'amendment or other provision made by this Act which comes into force before any other provision (whether made by this or any other Act or by any subordinate legislation)'.

No. 142, line 18, after 'legislation' insert

'passed, or made, before the passing of this Act'.—*[Mr. Khan.]*

Clause 174

EXTENT

Amendments made: No. 101, page 119, line 38, at end insert—

'(fa) section 140 (together with such of the other provisions of Part 9 as relate to the commission of offences under that section);'.

No. 144, line 38, at end insert—

'( ) section (Amendments relating to Scotland);'.

No. 56, line 49, after 'sections' insert '116 and'.

No. 57, page 120, line 4, leave out 'and 118' and insert 'to 119'.

No. 58, line 6, leave out paragraph (e).

No. 145, line 18, at end insert—

'( ) In section 9(4) of the Repatriation of Prisoners Act 1984 (c. 47) (power to extend provisions of that Act to the Channel Islands etc.) the reference to that Act includes a reference to that Act as amended by any provision of this Act.'.—*[Mr. Khan.]*

Clause 175

COMMENCEMENT

Amendments made: No. 59, page 120, line 45, at end insert—

'(e) paragraph 17 of Schedule 33.'.

No. 60, page 121, line 10, at end insert—

'(e) paragraph 22 of Schedule 33.'.—*[Mr. Khan.]*

Schedule 1

FURTHER PROVISIONS ABOUT YOUTH REHABILITATION ORDERS

Amendments made: No. 104, in page 122, line 19, leave out 'and' and insert—

'(ja) paragraph 23A(2) and (4) (intoxicating substance treatment requirement), and'.

No. 105, page 133, line 47, at end insert 'or experience'.

No. 106, page 135, line 21, at end insert—

'Intoxicating substance treatment requirement

23A (1) In this Part of this Act, "intoxicating substance treatment requirement", in relation to a youth rehabilitation order, means a requirement that the offender must submit, during a period or periods specified in the order, to treatment, by or under the direction of a person so specified having the necessary qualifications or experience, with a view to the reduction or elimination of the offender's dependency on or propensity to misuse intoxicating substances.

(2) A court may not include an intoxicating substance treatment requirement in a youth rehabilitation order unless it is satisfied—

(a) that the offender is dependent on, or has a propensity to misuse, intoxicating substances, and

(b) that the offender's dependency or propensity is such as requires and may be susceptible to treatment.

(3) The treatment required during a period specified under sub-paragraph (1) must be such one of the following kinds of treatment as may be specified in the youth rehabilitation order—

(a) treatment as a resident in such institution or place as may be specified in the order, or

(b) treatment as a non-resident at such institution or place, and at such intervals, as may be so specified,

but the order must not otherwise specify the nature of the treatment.

(4) A court may not include an intoxicating substance treatment requirement in a youth rehabilitation order unless—

(a) the court is satisfied that arrangements have been or can be made for the treatment intended to be specified in the order (including, where the offender is to be required to submit to treatment as a resident, arrangements for the reception of the offender),

(b) the requirement has been recommended to the court as suitable for the offender by a member of a youth offending team or by an officer of a local probation board, and

(c) the offender has expressed willingness to comply with the requirement.

(5) In this paragraph "intoxicating substance" means

(a) alcohol, or

(b) any other substance or product other than a drug which is, or the fumes of which are, capable of being inhaled or otherwise used for the purpose of causing intoxication.

(6) In sub-paragraph (5)(b) "drug" means a controlled drug as defined by section 2 of the Misuse of Drugs Act 1971 (c. 38).'.

No. 107, page 141, line 28, at end insert—

'An intoxicating substance treatment requirement.	The person specified under paragraph 23A(1).'.

Schedule 9

THE COMMISSIONER'S DEATHS REMIT

Amendments made: No. 61, page 205, line 12, leave out 'or premises in Scotland'.

No. 62, page 205, line 20, leave out 'or in Scotland'.

No. 63, line 24, leave out 'or premises in Scotland'.

No. 64, line 28, leave out 'or in Scotland'.—*[Mr. Khan.]*

Schedule 22

HATRED ON THE GROUNDS OF SEXUAL ORIENTATION

Amendment proposed: No. 231, in page 234, line 4, at end insert—

'(2A) After subsection (1) insert—

"(1A) When considering whether to consent to a prosecution under subsection (1) the Attorney General must have particular regard to the importance of the right to freedom of expression provided by the European Convention on Human Rights."'.—*[Mr. Heath.]*

Question put, That the amendment be made:—

The House divided: Ayes 64, Noes 316.

Division No. 041] **[7.45 pm**

AYES

Alexander, Danny
Baker, Norman
Beith, rh Mr. Alan
Bone, Mr. Peter
Bottomley, Peter
Brake, Tom
Breed, Mr. Colin
Brooke, Annette
Browne, Mr. Jeremy
Bruce, rh Malcolm
Burstow, Mr. Paul
Burt, Lorely
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Corbyn, Jeremy
Crabb, Mr. Stephen
Davey, Mr. Edward
Davies, Mr. Dai
Farron, Tim
Featherstone, Lynne
Foster, Mr. Don
George, Andrew
Gidley, Sandra
Hancock, Mr. Mike
Harris, Dr. Evan
Harvey, Nick
Heath, Mr. David
Hemming, John
Hollobone, Mr. Philip
Holmes, Paul
Howarth, David
Hughes, Simon
Huhne, Chris
Hunter, Mark
Kawczynski, Daniel
Keetch, Mr. Paul
Knight, rh Mr. Greg
Kramer, Susan
Lamb, Norman
Laws, Mr. David
Leech, Mr. John
McDonnell, John
Moore, Mr. Michael
Mulholland, Greg
Öpik, Lembit
Reid, Mr. Alan
Rennie, Willie
Rogerson, Dan
Rowen, Paul
Russell, Bob
Smith, Sir Robert
Spink, Bob
Stunell, Andrew
Swinson, Jo
Taylor, Matthew
Teather, Sarah
Wareing, Mr. Robert N.
Webb, Steve
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Younger-Ross, Richard

Tellers for the Ayes:
Jenny Willott and
Mr. Adrian Sanders

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Amess, Mr. David
Anderson, Mr. David
Anderson, Janet
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Baldry, Tony
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Bercow, John
Berry, Roger
Betts, Mr. Clive
Binley, Mr. Brian
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Gregory
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Chope, Mr. Christopher
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Philip
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Dodds, Mr. Nigel
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria

Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Evans, Mr. Nigel
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Fraser, Mr. Christopher
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Goodwill, Mr. Robert
Greenway, Mr. John
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoey, Kate
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hopkins, Kelvin
Howarth, Mr. Gerald
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Key, Robert
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Leigh, Mr. Edward
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Llwyd, Mr. Elfyn
Love, Mr. Andrew
Lucas, Ian
Luff, Peter
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McCrea, Dr. William
McDonagh, Siobhain
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Oliver, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Price, Adam
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Salter, Martin
Seabeck, Alison
Shaw, Jonathan
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Simpson, David
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Taylor, David
Thomas, Mr. Gareth
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Watson, Mr. Tom
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Williams, Hywel
Wills, Mr. Michael
Wilson, Phil
Wilson, Sammy
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Liz Blackman and
Mr. Dave Watts

Question accordingly negatived.

Amendment proposed: No. 1, page 234, line 26, schedule 22, at end insert—

'13A After section 29J insert

"29JA Protection of freedom of expression (sexual orientation)

Nothing in this Part shall be read or given effect in a way which prohibits or restricts discussion of, criticism of or expressions of antipathy towards, conduct relating to a particular sexual orientation, or urging persons of a particular sexual orientation to refrain from or modify conduct related to that orientation."'.—*[Jim Dobbin.]*

Question put, That the amendment be made:—

The House divided: Ayes 169, Noes 338.

Division No. 042] **[7.58 pm**

AYES

Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Atkinson, Mr. Peter
Baldry, Tony
Beith, rh Mr. Alan
Bellingham, Mr. Henry
Benton, Mr. Joe
Benyon, Mr. Richard
Beresford, Sir Paul
Binley, Mr. Brian
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter

Brady, Mr. Graham
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Browning, Angela
Burrowes, Mr. David
Burt, Alistair
Butterfill, Sir John
Campbell, Mr. Gregory
Campbell, Mr. Ronnie
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David *(Haltemprice and Howden)*
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Dorries, Mrs. Nadine
Drew, Mr. David
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fallon, Mr. Michael
Farron, Tim
Field, Mr. Mark
Flynn, Paul
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gillan, Mrs. Cheryl
Godsiff, Mr. Roger
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hoey, Kate
Hollobone, Mr. Philip
Holloway, Mr. Adam
Howard, rh Mr. Michael
Howarth, Mr. Gerald
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Kilfoyle, Mr. Peter
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Malins, Mr. Humfrey
Maples, Mr. John
Mates, rh Mr. Michael
May, rh Mrs. Theresa
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Mulholland, Greg
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Pope, Mr. Greg
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Redwood, rh Mr. John
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, Mr. Geoffrey
Rosindell, Andrew
Scott, Mr. Lee
Selous, Andrew
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Smith, Geraldine
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Steen, Mr. Anthony
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, David
Taylor, Mr. Ian
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Watkinson, Angela
Wiggin, Bill
Willetts, Mr. David
Wilshire, Mr. David
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Ayes:
Jim Dobbin and
Miss Ann Widdecombe

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, Danny
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Baker, Norman
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Bercow, John
Berry, Roger
Betts, Mr. Clive
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Blunt, Mr. Crispin
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brake, Tom
Brennan, Kevin
Brooke, Annette
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Browne, Mr. Jeremy
Bruce, rh Malcolm
Bryant, Chris
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Burstow, Mr. Paul
Burt, Lorely
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Davey, Mr. Edward
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Fabricant, Michael
Farrelly, Paul
Featherstone, Lynne
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Follett, Barbara
Foster, Mr. Don
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gardiner, Barry
George, Andrew
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gidley, Sandra
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia

Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hancock, Mr. Mike
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Dr. Evan
Harris, Mr. Tom
Harvey, Nick
Havard, Mr. Dai
Healey, John
Heath, Mr. David
Hemming, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Holmes, Paul
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hopkins, Kelvin
Howarth, David
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Hughes, Simon
Huhne, Chris
Humble, Mrs. Joan
Hunter, Mark
Hutton, rh Mr. John
Iddon, Dr. Brian
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keetch, Mr. Paul
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Key, Robert
Khan, Mr. Sadiq
Kidney, Mr. David
Kramer, Susan
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Lammy, Mr. David
Laws, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Leech, Mr. John
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Llwyd, Mr. Elfyn
Love, Mr. Andrew
Lucas, Ian
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moore, Mr. Michael
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Öpik, Lembit
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Price, Adam
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, Mr. Alan
Rennie, Willie
Rogerson, Dan
Rooney, Mr. Terry
Rowen, Paul
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Bob
Russell, Christine
Salter, Martin
Sanders, Mr. Adrian
Seabeck, Alison
Shaw, Jonathan
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, John
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Mr. Gerry
Swinson, Jo
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thomas, Mr. Gareth
Thurso, John
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaizey, Mr. Edward
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Watson, Mr. Tom
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek
Younger-Ross, Richard

Tellers for the Noes:
Mr. Dave Watts and Liz Blackman

Question accordingly negatived.

Schedule 23

OFFENCES RELATING TO NUCLEAR MATERIAL AND NUCLEAR FACILITIES

Amendment made: No. 108, page 242, line 20, leave out ', the Isle of Man'. — *[Mr. Blizzard.]*

Schedule 24

PENALTIES SUITABLE FOR ENFORCEMENT IN ENGLAND AND WALES OR NORTHERN IRELAND

Amendment made: No. 65, page 245, line 8, after 'person' insert

'required to pay the financial penalty'. — *[Mr. Blizzard.]*

Schedule 25

GROUNDS FOR REFUSAL TO ENFORCE FINANCIAL PENALTIES

Amendments made: No. 66, page 245, line 22, leave out 'offender' and insert 'liable person'.

No. 67, page 245, line 25, leave out 'offender' and insert 'liable person'.

No. 68, page 246, line 3, leave out from 'conduct' to end of line 4 and insert

'by a person who was under the age of 10 when the conduct took place.'.

No. 69, line 7, leave out 'offender' and insert 'liable person'.

No. 70, line 11, leave out first 'offender' and insert 'liable person'.

No. 70A, page 246, line 11, leave out second 'offender' and insert 'liable person'.

No. 71, line 14, leave out sub-paragraph (2) and insert—

'(2) For the purposes of sub-paragraph (1), if the amount of a financial penalty is specified in a currency other than the euro, that amount must be converted to euros by reference to the London closing exchange rate on the date the decision was made.'.

No. 72, line 19, leave out 'sub-paragraphs (1) and (2)' and insert 'sub-paragraph (1)'.

No. 73, page 247, line 33, at end insert—

'( ) "conduct" includes any act or omission;'.

No. 74, line 36, leave out paragraph (b) and insert—

'(b) "liable person" means the person required to pay the financial penalty to which the certificate relates.'.

No. 75, line 36, at end insert—

'( ) If the decision was made in respect of conduct by a person other than the liable person, the references in paragraph 6 to the liable person are to be read as references to that other person.' *[Mr. Blizzard]*

Schedule 28

POLICE MISCONDUCT AND PERFORMANCE PROCEDURES

Amendments made: No. 109, in page 262, line 40, leave out 'and'.

No. 110, page 262, line 41, at end insert 'and

(e) persons employed by a police authority who are under the direction and control of the chief officer of police of the police force maintained by that authority.'. *[Mr. Blizzard]*

Schedule 32

MINOR AND CONSEQUENTIAL AMENDMENTS

Amendments made: No. 76, page 286, line 33, at end insert—

'*Bail Act 1976*

4A In section 4 of the Bail Act 1976 (c. 63) (general right to bail of accused persons), in subsection (3) after paragraph (b) insert ", or

(c) the Schedule to the Street Offences Act 1959 (breach of orders under section 1(2A) of that Act).".'.

No. 146, page 287, line 8 at end insert—

'*Repatriation of Prisoners Act 1984 (c. 47)*

6A The Repatriation of Prisoners Act 1984 has effect subject to the following amendments.

6B Before section 1 insert—

"TRANSFER OF PRISONERS TO OR FROM THE UNITED KINGDOM"

6C (1) Section 1 (issue of warrant for transfer) is amended as follows.

(2) In subsections (2) and (3) for "warrant under this Act" substitute "warrant under this section".

(3) In subsection (4)—

(a) for "warrant under this Act" (in both places) substitute "warrant under this section";

(b) in paragraph (b) omit the words "under this Act".

(4) In subsection (5) (as it applies in cases in which the relevant Minister is the Scottish Ministers and in cases in which the relevant Minister is the Secretary of State) for "warrant under this Act" substitute "warrant under this section".

(5) In subsection (6) after "warrant" (in the first place it appears) insert "under this section".

(6) In subsection (7)(b) after "under" insert "any of".

(7) In subsection (8)—

(a) after "similar to" insert "any of";

(b) after "respect to" insert "—

(a) "; and

(c) at the end insert "; or

(b) the transfer between different countries and territories (or different parts of a country or territory) of responsibility for the detention and release of persons who are required to be so detained in one of those countries or territories (or parts of a country or territory) but are present in the other country or territory (or part of a country or territory)."

6D (1) Section 2 (transfer out of the United Kingdom) is amended as follows.

(2) In subsection (1) after "warrant" insert "under section 1".

(3) In subsection (4)—

(a) in paragraph (a) for "warrant under this Act" substitute "warrant under section 1"; and

(b) in paragraph (b)(i) after "33(1)(b)" insert ", (1A)".

(4) In subsection (7) for "warrant under this Act" substitute "warrant under section 1".

6E (1) Section 3 (transfer into the United Kingdom) is amended as follows.

(2) In subsection (1), after "a warrant" insert "under section 1".

(3) In subsections (2), (4) and (6), for "warrant under this Act" substitute "warrant under section 1".

(4) In subsection (7)—

(a) at the beginning insert "Part 1 of"; and

(b) for "warrant under this Act" substitute "warrant under section 1".

(5) Subsection (10) is omitted.

6F (1) Section 4 (temporary return) is amended as follows

(2) In subsection (1)—

(a) for "warrant under this Act" substitute "warrant under section 1";

(b) in paragraph (a), after "Kingdom," (in the second place it appears) insert ", or from which responsibility for his detention and release has previously been transferred to the United Kingdom,";

(c) in paragraph (b), after "transferred" insert ", or to which responsibility for his detention and release has previously been transferred,".

(3) In subsection (2)—

(a) for "a warrant under this Act" substitute "a warrant under section 1";

(b) for "earlier warrant under this Act" substitute "earlier warrant under section 1 or section 4A".

(4) In subsection (3)—

(a) for "issued under this Act" substitute "issued under section 1";

(b) after "an earlier warrant" insert "under section 1 or section 4A";

(5) In subsection (4) for "warrant under this Act" substitute "warrant under section 1".

(6) After subsection (5) insert—

"(6) Any reference in subsection (5)(a) to the prisoner having previously been transferred into or from Scotland includes a reference to responsibility for his detention and release having previously been transferred to or from the Scottish Ministers (as the case may be).".

6G Before section 5 (operation of warrant and retaking prisoners) insert—

"SUPPLEMENTARY AND GENERAL PROVISIONS"

6H (1) Section 5 (operation of warrant and retaking prisoners) is amended as follows.

(2) In subsection (1)—

(a) for "under this Act" substitute "under section 1"; and

(b) after "this section" insert "(apart from subsection (9))".

(3) After subsection (8) insert—

"(9) Where—

(a) a warrant under section 4A has been issued, and

(b) the relevant person is a person to whom subsection (3) of that section applies,

subsections (2) to (8) above apply for the purposes of that warrant (but with the modifications contained in subsection (10)), except (without prejudice to section 4C(4) or any enactment contained otherwise than in this Act) in relation to any time when the relevant person is required to be detained in accordance with provisions contained in the warrant by virtue of section 4C(1)(b).

(10) In their application for the purposes of a warrant under section 4A those subsections shall have effect as if—

(a) any reference to the warrant under section 1 (however expressed) were a reference to the warrant under section 4A;

(b) any reference to the prisoner were a reference to the relevant person;

(c) in subsection (4)—

(i) in paragraph (a) for "that person" there were substituted "the authorised person", and

(ii) paragraph (b) were omitted; and

(d) in subsection (8)(a) for "transfer of a prisoner to or from Scotland" there were substituted "transfer of responsibility for the detention and release of the relevant person to the Scottish Ministers".

6I (1) Section 6 (revocation etc. of warrants) is amended as follows.

(2) In subsection (1)—

(a) for "warrant under this Act" (in the first place they appear) substitute "warrant under section 1";

(b) in paragraph (b) for "this Act" substitute "that section".

(3) After subsection (1) insert—

"(1A) Subject to section 4A(8), if at any time it appears to the relevant Minister appropriate, in order that effect may be given to any such arrangements as are mentioned in section 4A(5)(a) for a warrant under section 4A to be revoked or varied, he may as the case may require—

(a) revoke that warrant; or

(b) revoke that warrant and issue a new warrant under section 4A containing provision superseding some or all of the provisions of the previous warrant."

(4) In subsections (2) and (3) after "subsection (1)(b)" insert "or (1A)(b)".

(5) In subsection (5)(a), for the words from "where" to the end substitute "in a case where—

(i) the warrant was issued under section 1 and provides for the transfer of the prisoner to or from Scotland; or

(ii) the warrant was issued under section 4A and provides for the transfer of responsibility for the detention and release of the relevant person to those Ministers;".

6J (1) Section 8 is amended as follows.

(2) In subsection (1) after the definition of "the prisoner" insert "; and

"the relevant person" has the meaning given by section 4A(5)(b)."

(3) In subsection (3)—

(a) in paragraph (a) after "section 1(1)(a)" insert "or 4A(5)(a)";

(b) in paragraph (b) for "such a party" substitute "a party to such international arrangements as are mentioned in section 1(1)(a)";

(c) after paragraph (b) (but before the "or" after that paragraph) insert—

"(ba) that the appropriate authority of a country or territory which is a party to such international arrangements as are mentioned in section 4A(5)(a) has agreed to the transfer of responsibility for the detention and release of a particular person in accordance with those arrangements;".

6K (1) The Schedule (operation of certain enactments in relation to the prisoner) is amended as follows.

(2) For the cross-heading before paragraph 1 substitute—

"PART 1

WARRANTS UNDER SECTION 1

Application of Part 1".

(3) In paragraph 1—

(a) at the beginning insert "This Part of";

(b) after "under" insert "section 1 of".

(4) After paragraph 8 insert—

"PART 2

WARRANTS UNDER SECTION 4A TRANSFERRING RESPONSIBILITY TO THE RELEVANT MINISTER

9 This Part of this Schedule applies where a warrant is issued under section 4A providing for the transfer of responsibility for the detention and release of the relevant person to the relevant Minister (within the meaning of that section).

10 Paragraphs 2 to 8 above apply as they apply where a warrant is issued under section 1, but with the following modifications.

11 Any reference to "the relevant provisions" is to be read as a reference to the provisions contained in the warrant by virtue of section 4C(1)(b).

12 (1) Any reference to the prisoner is to be read as a reference to the relevant person.

(2) Sub-paragraph (1) does not apply to the words "a short-term or long-term prisoner" in paragraph 2(3) (as it applies in Scotland to repatriated prisoners sentenced on or after 1 October 1993).

13 In paragraph 2 (as it applies in Scotland to repatriated prisoners sentenced on or after 1 October 1993) the reference to prisoners repatriated to Scotland is to be read as a reference to any relevant person sentenced on or after 1 October 1993 in whose case the warrant under section 4A transfers responsibility for his detention and release to the Scottish Ministers.

14 The reference in paragraph 7 to the time of the prisoner's transfer into the United Kingdom is to be read as a reference to the time at which the warrant under section 4A was issued."'.

No. 147, page 287, line 37, at end insert—

'Criminal Justice (International Co-operation) Act 1990 (c. 5)

10A In section 6(7) of the Criminal Justice (International Co-operation) Act 1990 (transfer of overseas prisoner to give evidence or assist investigation in the United Kingdom), for the words from "having been" to the end of paragraph (b) substitute "

(c) having been transferred there, or responsibility for his detention and release having been transferred there, from the United Kingdom under the Repatriation of Prisoners Act 1984;

(d) having been transferred there, or responsibility for his detention and release having been transferred there, under any similar provision or arrangement from any other country or territory,".'.

No. 148, page 288, line 17, at end insert—

'Prisoners and Criminal Proceedings (Scotland) Act 1993 (c. 9)

12A In section 10 of the Prisoners and Criminal Proceedings (Scotland) Act 1993 (life prisoners transferred to Scotland), after subsection (4) insert—

"(4A) The reference in subsection (4)(b) above to a person who has been transferred to Scotland in pursuance of a warrant under the Repatriation of Prisoners Act 1984 includes a reference to a person who is detained in Scotland in pursuance of a warrant issued by the Scottish Ministers under section 4A of that Act (warrant transferring responsibility for detention and release of offender) (referred to in subsection (4B) below as "a relevant person)".

(4B) Such a person is to be taken to have been transferred when the warrant under section 4A of that Act was issued in respect of that person."'.

No. 111, page 289, line 42, at end insert—

'20A In section 24(5)(a) (first meeting: duration of contract), after "under paragraph" insert "9ZD,".

20B In section 28(a) (offender etc. referred back to court), for "Part 1" substitute "Parts 1 and 1ZA".'.

No. 112, page 290, line 4, at end insert—

'22D (1) Schedule 1 (youth offender panels: further court proceedings) is amended as follows.

(2) In the heading for Part 1, at the end insert ": REVOCATION OF REFERRAL ORDER".

(3) In paragraphs 5(3), 9 and 14(2)(b), after "under paragraph" insert "9ZD,".'.

No. 149, page 290, line 11, at end insert—

'Life Sentences (Northern Ireland) Order 2001 (S.I. 2001/2564) (N.I. 2)

23A In Article 10 of the Life Sentences (Northern Ireland) Order 2001 (life prisoners transferred to Northern Ireland), after paragraph (5) insert—

"(6) The reference in paragraph (4)(b) to a person transferred to Northern Ireland in pursuance of a warrant under the Repatriation of Prisoners Act 1984 includes a person who is detained in Northern Ireland in pursuance of a warrant under section 4A of that Act (warrant transferring responsibility for detention and release of offender)."'.

No. 150, page 290, line 11, at end insert—

'Crime (International Co-operation) Act 2003 (c. 32)

23B In section 48(2)(b) of the Crime (International Co-operation) Act 2003 (transfer of EU etc prisoner to assist UK investigation), for the words from "having been" to the end of paragraph (b) substitute "—

(a) having been transferred there, or responsibility for his detention and release having been transferred there, from the United Kingdom under the Repatriation of Prisoners Act 1984;

(b) having been transferred there, or responsibility for his detention and release having been transferred there, under any similar provision or arrangement from any other country or territory."'.

No. 151, page 291, line 32, at end insert—

'321 In section 273 (life prisoners transferred to England and Wales), after subsection (4) insert—

"(5) The reference in subsection (2)(b) above to a person who has been transferred to England and Wales in pursuance of a warrant issued under the Repatriation of Prisoners Act 1984 includes a reference to a person who is detained in England and Wales in pursuance of a warrant under section 4A of that Act (warrant transferring responsibility for detention and release of offender)."'.—*[Mr. Blizzard.]*

Schedule 33

TRANSITORY, TRANSITIONAL AND SAVING PROVISIONS

Amendments made: No. 143, page 295, line 40, leave out paragraph 8.

No. 226, in page 296, line 21, at end insert—

'PART 2A

APPEALS

Appeals against conviction etc.

10A (1) The amendments made by sections 26 and 28 apply in relation to an appeal under Part 1 of the Criminal Appeal Act 1968 (c. 19) if the proceedings on appeal begin on or after the date on which those sections come into force.

(2) For the purposes of this paragraph, the proceedings on appeal begin—

(a) if the appellant appeals with leave of the Court of Appeal, on the date the application for leave is served on the Crown Court officer,

(b) if the judge of the court of trial grants a certificate that the case is fit for appeal—

(i) on the date the application for the certificate is served on the Crown Court officer or, in the case of an oral application, on the date the application is made to the judge, or

(ii) in a case where a certificate is granted without any application being made, on the date the certificate is granted, or

(c) if the Criminal Cases Review Commission refer the case to the Court of Appeal under Part 2 of the Criminal Appeal Act 1995 (c. 35), on the date the reference is made.

(3) In this paragraph, references to service on the Crown Court officer are to be read in accordance with the Criminal Procedure Rules 2005 (S.I. 2005/384).

10B (1) The amendments made by sections 27 and 29 apply in relation to an appeal under Part 1 of the Criminal Appeal (Northern Ireland) Act 1980 (c. 47) if the proceedings on appeal begin on or after the date on which those sections come into force.

(2) For the purposes of this paragraph, the proceedings on appeal begin—

(a) if the appellant appeals with leave of the Court of Appeal, on the date the application for leave is served on the proper officer,

(b) if leave to appeal is not required, on the date notice of appeal is served on the proper officer,

(c) if the judge of the court of trial grants a certificate that the case is fit for appeal—

(i) on the date the application for the certificate is made to the court of trial or lodged with the proper officer, or

(ii) in a case where a certificate is granted without any application being made, on the date the certificate is granted, or

(d) if the Criminal Cases Review Commission refer the case to the Court of Appeal under Part 2 of the Criminal Appeal Act 1995 (c. 35), on the date the reference is made.

(3) In this paragraph, "the proper officer" has the same meaning as in the Criminal Appeal (Northern Ireland) Rules 1968 (S.R & O (N.I.) 1968/218).

Prosecution appeals

10C (1) The amendment made by section 30 applies in relation to an appeal under Part 9 of the Criminal Justice Act 2003 (c. 44) if the proceedings on appeal begin on or after the date on which that section comes into force.

(2) For the purposes of this paragraph, the proceedings on appeal begin—

(a) if the prosecution appeals with leave of the Crown Court judge, on the date the application for leave is served on the Crown Court officer or, in the case of an oral application, on the date the application is made, or

(b) if the prosecution appeals with leave of the Court of Appeal, on the date the application for leave is served on the Crown Court officer.

(3) In this paragraph, references to service on the Crown Court officer are to be read in accordance with the Criminal Procedure Rules 2005 (S.I.2005/384).

10D (1) The amendment made by section 31 applies in relation to an appeal under Part IV of the Criminal Justice (Northern Ireland) Order 2004 (S.I. 2004/1500 (N.I.9)) if the proceedings on appeal begin on after the date on which that section comes into force.

(2) For the purposes of this paragraph, the proceedings on appeal begin—

(a) if the prosecution appeals with leave of the Crown Court judge, on the date the application for leave is made,

(b) if the prosecution appeals with leave of the Court of Appeal, on the date the application for leave is served on the proper officer, or

(c) if leave to appeal is not required, on the date the prosecution informs the Crown Court judge that it intends to appeal.

(3) In this paragraph, "the proper officer" has the same meaning as in the Criminal Appeal (Prosecution Appeals) Rules (Northern Ireland) 2005 (S.R (N.I.) 2005/159).'.

No. 152, page 299, line 32, at end insert—

'22A The amendment made by section (Delivery of prisoner to place abroad for purposes of transfer out of the United Kingdom) does not apply to warrants under section 1 of the Repatriation of Prisoners Act 1984 issued before the commencement of that section.'.

No. 114, page 300, line 4, leave out '140(6)(a)' and insert

'140(6A)(a) in its application in relation to England and Wales'.—*[Mr. Blizzard.]*

Schedule 34

REPEALS AND REVOCATIONS

Amendments made: No. 77, page 307, column 2, leave out lines 6 and 7.

No. 78, page 307, column 2, leave out lines 27 and 28.

No. 79, line 29, column 2, leave out 'subsections (2) and (3)' and insert 'subsections (3) and (3A)'.

No. 80, line 31, column 2, leave out 'paragraphs (b) and (c)' and insert 'paragraph (b)'.

No. 81, line 47, at end insert—

'Armed Forces Act 2006 (c. 52)	In Schedule 16, paragraph 225.'.

No. 153, page 310, line 18, at end insert—

'Repatriation of Prisoners Act 1984 (c. 47)	In section 1(4)(b) the words "under this Act". Section 3(10). In section 8(1) the word "and" after the definition of "order".'.

No. 154, page 310, line 18, at end insert—

'Police and Justice Act 2006 (c.48)	Section 44(4).'.

Title

Amendment made: No. 155, in title, line 8, after 'penalties;' insert

'to amend the Repatriation of Prisoners Act 1984;'.—*[Mr. Blizzard.]*

Order for Third Reading read.

8.13 pm

Mr. Hanson: I beg to move, That the Bill be now read the Third time.

I thank hon. Members on both sides of the House for their contribution both in Committee and on the Floor of the House today—*[Interruption.]*

Madam Deputy Speaker: Order. Will Members who do not wish to participate in the Third Reading of the Bill please leave the Chamber quickly and quietly?

Mr. Hanson: I pay particular tribute to the Opposition spokesmen, the hon. and learned Member for Harborough (Mr. Garnier) and the hon. Members for Somerton and Frome (Mr. Heath), for Enfield, Southgate (Mr. Burrowes) and for Cambridge (David Howarth). They have led for their parties both in Committee and on the Floor of the House, and I hope that they have seen some fruits from their labour. I thank the Under-Secretary of State for Justice, my hon. Friend the Member for Liverpool, Garston (Maria Eagle), and the Under-Secretary of State for the Home Department, my hon. Friend the Member for Gedling, for their support in Committee—

Miss Widdecombe: On a point of order, Madam Deputy Speaker. I note that we have about half an hour for Third Reading. Large groups of amendments have already gone completely undebated, and a Minister had to gallop through and not give any rationale for some amendments in order to facilitate debate. On a very major amendment, we did get a vote but had very restricted debate. Other major amendments, particularly the group introduced by the Under-Secretary of State for Justice, the hon. Member for Liverpool, Garston (Maria Eagle), have not even been discussed. This is an important Bill, and I would be grateful to know whether it is your view that we, as Back Benchers with the right to scrutinise legislation, have had a fair crack of the whip.

Madam Deputy Speaker: The occupant of the Chair is governed by the decisions taken earlier today when the programme motion was agreed. The right hon. Lady's comments are none the less on the record.

Mr. Gerald Howarth (Aldershot) (Con): Further to that point of order, Madam Deputy Speaker. In supporting my right hon. Friend the Member for Maidstone and The Weald (Miss Widdecombe), I also believe that it is a contempt of Parliament that so little time should have been—

Madam Deputy Speaker: Order. The hon. Gentleman's point follows on from that of his right hon. Friend, and I have already ruled on that point of order.

Mr. Howarth: May I then ask you to be kind enough to convey to Mr. Speaker the fact that many Members believe that it is in contempt of Parliament that so little time has been made available? Speaker Lenthall stood out against an overbearing Government, so will Mr. Speaker stand out against this overbearing Government?

Madam Deputy Speaker: Order. Mr. Speaker reads a copy of *Hansard* each and every morning, so the hon. Gentleman's comments will be relayed to him.

Mr. Hanson: When Mr. Speaker looks at those comments, Madam Deputy Speaker, he will see that the hon. Member for Aldershot (Mr. Howarth) was not present during the whole of today's debate.

Mr. Howarth *rose—*

Fiona Mactaggart *rose—*

Mr. Hanson: I give way to my hon. Friend.

Fiona Mactaggart: I was present during our debate and the Minister will be aware that this is the first time in five years that the House has been in a position to reform the prostitution laws, which the Bill is designed to do. In an era when hundreds of thousands of women are trafficked into sexual slavery, face daily rape and even murder, it has to be said that the Bill does not deal sufficiently with those problems. Will the Minister take an early opportunity to legislate to tackle the demand for prostitution? Sweden has shown that it works and we should follow its lead.

Mr. Hanson: I am grateful to my hon. Friend for raising that point. Like her, I am sorry that we did not have sufficient time to debate those matters today. Tomorrow, the Under-Secretary of State for the Home Department, my hon. Friend the Member for Gedling (Mr. Coaker), along with the Solicitor-General and the Under-Secretary of State for Work and Pensions, my hon. Friend the Member for Stevenage (Barbara Follett), are visiting Sweden as part of a six-month review of the demand side of prostitution. I can assure my hon. Friend the Member for Slough (Fiona Mactaggart) that those Ministers are conducting the review fully and, I hope, speedily. I expect the review to conclude in no more than six months, and we hope to announce the outcome as soon as possible with a view to legislating as necessary in the next Session.

I should like to pay tribute to my hon. Friend for her work on prostitution. I fully recognise that we need to tackle the demand for it, as well as continue to take action against the vile trade of human trafficking. I know that these issues are of great concern to Members. It is time for a real debate on those issues; it is time for change; it is time for further—

Madam Deputy Speaker: Order. I remind hon. Members that a Third Reading debate should be about the contents of the Bill under consideration.

Mr. Hanson: I accept that, Madam Deputy Speaker. I am simply responding to the intervention of my hon. Friend the Member for Slough and explaining that it is our firm intention to consider introducing legislation at an early opportunity in order to take that agenda forward.

Mr. Gerald Howarth: The Minister accused me of not being present during much of the earlier debate. That is perfectly true, as I had an appointment at the Ministry of Defence, having been invited by a Government official. I came here specifically to support my right hon. Friend the Member for Maidstone and The Weald (Miss Widdecombe), and I have to say that what the Minister has just said is a travesty. The hon. Member for Slough (Fiona Mactaggart) was unable to debate the issue of prostitution as she wanted to. Furthermore, we were told by the Under-Secretary of State for Justice, the hon. Member for Liverpool, Garston (Maria Eagle)—I would like the Minister to confirm this—that the Government are apparently going to introduce, either in this Bill or in some other measure, a law to repeal the blasphemy provisions. Will he confirm whether that will be done in this Bill? Will he confirm whether the Government have made up their minds on the matter before consulting the Church of England? Parliament has not had the opportunity to debate it.

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. The House needs to get back to the idea that we should be conducting a traditional Third Reading debate. Mrs. Heal has already made it clear that that requires the debate to be focused on what is in the Bill at this stage. I cannot begin to anticipate what might be done in other ways in other Bills in other places—*[Interruption.]* Order. My ruling applies across the House—to the Minister and all Members.

Mr. Hanson: Thank you, Mr. Deputy Speaker.

Dr. Brian Iddon (Bolton, South-East) (Lab) *rose—*

John McDonnell: *rose—*

John Bercow: Will the Minister give way?

Mr. Hanson: I cannot give way to three Members at once. The hon. Member for Buckingham (John Bercow) should know that.

[Mr. Hanson]

In response to the hon. Member for Aldershot, let me simply say that my hon. Friend the Under-Secretary of State for the Home Department gave a commitment today that the issue would be considered in another place very shortly in the context of blasphemy legislation. I will now give way to my hon. Friend the Member for Bolton, South-East (Dr. Iddon).

Dr. Iddon: I am grateful to my right hon. Friend. I am also grateful for the fact that we are to have a much-needed full debate on the issue of prostitution, which is of great concern to me for constituency reasons. May I ask him, however, whether he would be prepared to remove the relevant clauses from the Bill as it is today and transfer them to the final Bill? We have not discussed them on this occasion, and some of us would certainly have objected to clause 105. Removing them from this Bill and proposing them in, I understand, the fourth session of this Parliament would allow us a full debate on the whole subject of prostitution, and enable us to get the law absolutely right this time.

Mr. Hanson: As my hon. Friend will know, the issue of prostitution is not currently in the Bill in terms of the proposals from my hon. Friend the Member for Slough (Fiona Mactaggart), but I have already said that my hon. Friend the Under-Secretary of State for the Home Office is considering these matters and will report to the House in due course. I will now give way to the hon. Member for Buckingham.

John Bercow: I am grateful to the Minister. Thankfully, in my view, clause 107, which creates the offence of homophobic hate crime, remains unamended in the Bill. On the assumption that that continues to be the case after the other place has considered these matters, can the Minister tell us roughly how soon the Government expect to be able to issue the invaluable guidance to which they have already committed themselves?

Mr. Hanson: I am grateful for the hon. Gentleman's support for those measures. I think that they are supported across Government and the Opposition, and I am pleased that my colleagues were able to introduce them. We are working at official level to complete the process as speedily as possible, subject to the consideration of another place and to Royal Assent.

John McDonnell *rose—*

Mr. Hanson: I will give way to my hon. Friend, but I must then make some progress.

John McDonnell: On Second Reading, Back Benchers were given a maximum of three minutes each in which to debate prostitution, and only three were able to speak. We have not been able to debate any amendments on the subject today. Now, in the middle of the Third Reading debate, the Minister has announced a Government review of the prostitution legislation that may result in subsequent legislation. In the meantime, we are producing legislation that may lead to the imprisonment of thousands of women. May I urge him to think again? If there is to be a delegation and a review, can we remove clause 105 and end up with a decent Bill, a decent proposal, and a decent period in which we can debate the matter properly? What has happened today has been a fiasco.

Mr. Hanson: As my hon. Friend will know, my hon. Friend the Under-Secretary of State for the Home Department, who is dealing with this matter, said in Committee before Christmas that he was undertaking the review that I have just mentioned, along with my hon. and learned Friend the Solicitor-General and the Under-Secretary of State for Work and Pensions, my hon. Friend the Member for Stevenage. They will visit Sweden on Thursday to examine the legislative position there. In the context of the amendments that were not considered today, my hon. Friend the Under-Secretary of State for the Home Department has said he will ensure that the issues are considered in another place following a review of the legislation and the visit to Sweden. That may involve legislation in another place and in this place at a future date, but he will examine the issues in detail. I appreciate the concerns that Members have expressed, but I must make some progress now.

Sir Paul Beresford (Mole Valley) (Con) *rose—*

Mr. Hanson: I will take one more intervention, but then I must make some progress.

Sir Paul Beresford: Part 13 of the Bill includes a clause on child sex offenders. On Second Reading, I raised two issues with the Minister in that regard. Two new clauses were proposed, but fell. I intend, with the help of my colleagues on the Front Bench, to pursue them in another place. I should be grateful if the Minister examined them carefully and positively. He will find support on his side of the House, including in the Home Department.

Mr. Hanson: The hon. Gentleman did refer to those issues on Second Reading, and of course I will examine the proposals.

This Bill is a key Bill for the Government, and I am proud to have introduced it in the House with the Lord Chancellor. It brings into effect not just violent offender orders, the extension of existing crack house closure proposals and measures to deal with nuisance and disturbance on NHS premises, but strong preventive measures on youth rehabilitation orders, measures for the early removal of foreign national prisoners, measures to place the prison and probation ombudsman on a statutory footing, measures to create a youth conditional caution for offenders aged 16 and 17, and a new offence of extreme pornography—a matter on which hon. Members have campaigned for many years.

I am particularly pleased that we have brought forward measures to make incitement to homophobic hatred an offence and to end such incitement. I am also pleased that, following the Carter proposals, we brought forward before Christmas major measures not just to support the building of prison places that Carter proposed but to make effective changes on indeterminate public protection sentences, bail conditions and other matters.

Lynne Jones (Birmingham, Selly Oak) (Lab): I welcome the provisions against incitement to hatred on grounds of sexual orientation, but is not it illogical for the Government to introduce those measures without

also legislating against incitement to hatred on grounds of transgender issues? Will my right hon. Friend look at that matter and perhaps meet me and other hon. Members who are concerned about it with a view to introducing appropriate amendments in the other place?

Mr. Hanson: I am grateful to my hon. Friend for raising that point. I have some considerable sympathy with the points that she makes. I know that the Lord Chancellor and the Under-Secretary of State for Justice, my hon. Friend the Member for Liverpool, Garston, will be happy to meet my hon. Friend to discuss those matters in due course in relation to the legislation.

This Bill is an important piece of legislation. It brings forward a number of measures that have been long expected and which will help to continue the Government's record on reducing crime. Crime has fallen by 35 per cent. since 1997. The risk of being a victim of crime has fallen since 1997. The number of crimes detected has risen and public confidence in the criminal justice system has increased. The Bill will help to add to those measures and to that record of success, and I commend it to the House.

8.27 pm

Nick Herbert: Today, we debated for just an hour new clauses that were tabled just 48 hours ago to outlaw industrial action in prisons. We also debated for just under an hour and a half new proposals that the Secretary of State tabled following his speech to the Labour party conference on important matters relating to home owners' ability to defend their properties. One of my hon. Friends who introduced a private Member's Bill on the subject was unable to be called because there was insufficient time.

We then debated sentencing provisions in the Bill for just an hour and a quarter: provisions of serious controversy, particularly in relation to the fettering of indeterminate sentences for public protection, the recall of prisoners and the new bail provisions. All the provisions that I have mentioned so far are in some way new to the Bill—they go beyond the Bill that was introduced on Second Reading.

We debated youth justice for just an hour, including—the point was raised by the Liberal Democrat spokesman, the hon. Member for Somerton and Frome (Mr. Heath)—the fundamental principle of the extent to which we should be incarcerating juveniles. We debated the repatriation of prisoners for just a few minutes. We debated blasphemy and incitement to hatred, fundamentally important matters, in less than an hour—

Mr. Hanson: Will the hon. Gentleman give way?

Nick Herbert: No, I will not.

Back Benchers barely had a chance to intervene, let alone to make a speech.

We debated prostitution, or rather one hon. Member moved her new clause on prostitution and was able to speak for 15 seconds. We did not reach at all the powers of magistrates courts—very controversial measures to restrict magistrates' ability to suspend sentences. We did not discuss provisions on pornography and sex offenders. We did not reach the issue of personal data, and Opposition Members were unable to move an amendment proposing an offence of recklessly mishandling data—an offence that is currently of enormous interest to the public given the debacle in relation to data loss by the Government, and which has been proposed by the Justice Committee and the Information Commissioner. We did not debate miscarriages of justice or powers to restrict the Court of Appeal, which have caused enormous controversy outside the House, and on which the Government have been completely at sea.

Mr. Hanson: Will the hon. Gentleman give way?

Nick Herbert: No, I will not give way.

We did not debate violent offender orders, which raise fundamental issues. *[Interruption.]* I am talking about the debate we have just had, in case that has escaped the Minister. We did not debate nuisance on NHS premises, either. The Home Office promised a debate on tobacco sales—the promise was made in Committee—but that did not happen.

Mr. Straw: Will the hon. Gentleman give way?

Nick Herbert: I shall not give way to the right hon. Gentleman for the moment; I wish to make an additional point.

I want the Government, and particularly the right hon. Gentleman, to understand that I am not going through the motions in relation to the criticisms that Conservative Members frequently make about criminal justice Bills: that they are often unprepared, that they change, and that there has been a series of them. It would be easy to make those criticisms in relation to this Bill, and my hon. and learned Friend the Member for Harborough (Mr. Garnier) did so, but I am making a specific and serious point, which I hope the right hon. Gentleman will take seriously, about the pitiful lack of scrutiny that this House has just given to this important Bill.

Mr. Straw *rose*—

Nick Herbert: The right hon. Gentleman will have a chance to reply in a minute. There are serious issues that have simply not been given proper consideration by this House. I believe that we in the House of Commons have today treated the public, and in particular groups within the public, with complete contempt. What will gay people think about the House debating for only half an hour an important measure relating to their protection, in respect of which hon. Members, including me, were also suggesting that there should be restrictions on that protection? What do the Anglican Church and its members, and other people of faith, think about the fact that we chose to debate the blasphemy laws for only a few minutes? What do prison officers think about the fact that a proposal that was first made on Monday and was the subject of a statement, and has now received less than an hour's debate, has already gone through the House of Commons? The Government said it was not an emergency measure, but it looked like that to me.

I am being serious when I say that I do not believe that this is any way for the House of Commons to behave. What has happened today is made worse by the

[Nick Herbert]

Government's posturing in relation to their pledge to strengthen Parliament. Those words have rung particularly hollow today. I ask the Secretary of State—who I believe is committed to, and personally supports, the strengthening of the powers of this place and of the role of the legislature—to reflect on whether he really believes that this has been Parliament's finest hour. I believe that we in this House should have cause to be ashamed of ourselves about the fact that we have debated and considered these matters with such little scrutiny, when we are making the criminal law. Above all, I think the Government should be genuinely ashamed about the way they have behaved, and I would like them to reflect seriously on that point.

8.34 pm

Mr. David Heath (Somerton and Frome) (LD): Without employing hyperbole, I must say that I think this has been a deplorable advertisement for the powers of this House to scrutinise legislation effectively. I am serious when I say that nothing this House does is more important than looking at criminal justice legislation. A superfluity of such legislation is going through, and it has a direct effect on the life and liberty of individuals in this country. If the House of Commons is not employed in giving it proper scrutiny before it passes from this Chamber, it is worthless in protecting the interests and liberties of this country's people.

Mr. Philip Hollobone (Kettering) (Con): I served with the hon. Gentleman for some 47 hours on the Public Bill Committee. Does he agree that the promising start to the Committee, whereby a new process invited witnesses to give evidence, was a good departure from the norm and is in sad contrast with what has happened today, when consideration of the Bill has ended in such a shabby way after such a promising start?

Mr. Heath: It is indeed, and I am glad that the hon. Gentleman made that point. The Committee did its work well, and I paid tribute earlier, and I do so again, to the Ministers who went before it and to those who represented the Conservatives. We did our job as well as could be expected within the constraints of the Committee system, but the parliamentary system is supposed to be an iterative one. It is not supposed to be a system whereby Committee does it all and then something is rubber-stamped on Report in this Chamber. The Report stage is the opportunity for the wider House to have its say on issues that engage it, yet today's Report stage effectively started at 5.40 pm, because until then we were considering new measures. We were considering new Government proposals that the Committee had never considered, so this House was sitting as a rather inadequate committee for the first few hours of today's consideration of the Bill. We had just two hours to deal with what took the Committee many days to consider, and that is simply inadequate. It is also unfair, not only to the Members who came to this House this evening, some of whom were keen to debate issues that were of great importance to them and to their constituencies, but to the people outside this House whom we represent.

I shall not go through all the areas that we did not touch upon, but the Bill contains vital measures. We have not had the opportunity to test on Report, on the Floor of this Chamber, matters that it is impossible to suggest are trivial. After all the years of controversy about how we protect the public against sex offenders who have been released—the multi-agency public protection arrangements and the so-called Sarah's law—I cannot believe that the Bill will have gone through without a word being said this evening on the subject. The House has had no opportunity to talk about a fundamental change in this country's public protection systems.

The proposals on extreme pornography are controversial in some circles and will have an effect. People might be expected to be able to express a view on them, but again we have not had the opportunity to discuss them at all. I could also mention the prostitution issues. We know that Ministers are going to Sweden, and I believe that they are going to Holland too, so we are not simply looking at one country's experiences. I welcome that, because it is a sensible way of gathering evidence to see what might be a proper future response. If something is going to form part of this Bill, it is proper for this House to have the opportunity to debate it, yet, as we know, this House was prevented from doing so. The changes to the Court of Appeal are matters of fundamental legal substance. They are not a trivial matter or an afterthought that can simply be swept along.

In passing this Bill to another place we will sub-contract our primary purpose as a House to an unelected House, so that it can do the work that we apparently cannot do. I find it offensive that we spend time talking about the primacy of this House of Commons but the Executive then treat it in this way. I am sorry if this is, to an extent, a continuation of our debate on the programme motion, but that is inevitable, because this seriously large and important Bill has received inadequate scrutiny. If we cannot say that on Third Reading, when can we say it? In a few moments, the Bill will have left this House and gone to another place for consideration. We will not have a similar opportunity to affect the shape of the Bill again. The House has failed in its duty.

The Bill has its good points and its bad points. It is open to amendment, and we are now relying on those in another place to make those amendments for us. It would have been so simple for the Government to have provided another day of debate, which would have satisfied the House and the requirements of scrutiny and would not have thrown the Government's legislative programme into disarray.

Mr. Garnier: In the event that the other place sends back amendments, does the hon. Gentleman think that we will be given adequate time to consider them?

Mr. Heath: The hon. and learned Gentleman knows that that is a rhetorical question. He knows perfectly well that the procedures of the House do not allow proper consideration of Lords amendments and that the ping-pong system offers scant scrutiny of what the other House says with no attempt to coalesce ideas from both Chambers and reconcile them constructively. Today has set out in stark contrast all the deficiencies of the legislative process in this House.

As I said earlier, the Lord Chancellor is responsible for the Bill. Before he was Lord Chancellor, he was Leader of the House. He committed himself to making the legislative process work properly. He said how important this Chamber and the Report stage were.

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I am sorry to interrupt the hon. Gentleman, but he has admitted that this is a continuation of the earlier debate. I ask him to bear it in mind that other Members may wish to participate in the debate in the last few remaining minutes.

Mr. Heath: There may indeed, Mr. Deputy Speaker. The sad truth is that I cannot possibly cover the content of the Bill, because we do not have time to do so. That is the sad tragedy in the way in which the Government have chosen to address the Bill tonight. It is a shame on the House.

8.42 pm

Mr. Ian McCartney (Makerfield) (Lab): I think I have one minute, and I want to support the Government. In particular, I want to thank them for their proposals in clause 107 and schedule 22. The truth is that they are a logical extension of the law, and have been the law in Northern Ireland for some time. There is no evidence in Northern Ireland that the law curtails religious freedom, comment or thought. With Northern Ireland being as it is, if that was the case we would have heard about it. The truth is that the British public will welcome the debate.

On the subject of the religious divide, gay people are religious and carry through their religious belief. People who are not gay who are religious still support those who are gay. The issue is not about a division between those who are religious and those who are not. Human rights are about all people. Sexuality is not a gateway to a human right. A human right is—

It being eight hours after the commencement of proceedings on the programme motion, MR. DEPUTY SPEAKER *put forthwith the Question already proposed from the Chair, pursuant to Order [this day].*

Question agreed to.

Bill accordingly read the Third time, and passed.

John McDonnell (Hayes and Harlington) (Lab): On a point of order, Mr. Deputy Speaker. The role of the Speaker in the House has traditionally been to protect the rights of Back Benchers. May I ask you to engage in discussions with the Speaker about what has happened today and about how the role of the Speaker can be used to protect the rights of Back Benchers?

Even on Third Reading, only one Back Bencher has been allowed to speak for 90 seconds. That has been the practice throughout the Bill—although not in Committee—for those Back Benchers who did not serve on Committee. Some have described that as a disgrace. Today, we have sunk to a new level in the House in failing properly to scrutinise the Bill and in involving the whole House in the process. I ask you to engage in that discussion with the Speaker, Mr. Deputy Speaker, and to come back with some proposals about how Back Benchers' rights can be protected.

Mr. Edward Garnier (Harborough) (Con): Further to that point of order, Mr. Deputy Speaker. On behalf of Opposition Front Benchers, may I associate my party entirely with what the hon. Gentleman has said?

Mr. Deputy Speaker (Sir Alan Haselhurst): The First Deputy Chairman of Ways and Means responded to a point of order on the same lines when she was in the Chair earlier. The discontent felt in certain parts of the House is on the record and Mr. Speaker will be aware of that, but he is the servant of the House and must preside over what the House agrees to do. It is not possible to involve the Chair in determining the length of time devoted to any particular item of business, or indeed what the business before the House is. That has not been how things have been done, and any change would require a radical rethink.

However, the hon. Member for Hayes and Harlington (John McDonnell) is quite right to say that Mr. Speaker is concerned about the rights of Members, and no doubt he will study carefully the views that have been expressed in the House today.

PETITION

Post Office Closures (Harrogate)

8.45 pm

Mr. Phil Willis (Harrogate and Knaresborough) (LD): I have pleasure in presenting a petition signed by more than 7,000 Harrogate residents. They are dismayed and angered that their local sub-post office in Cold Bath road is faced with closure when it is highly profitable, well used by a wide selection of the local community and provides vital services, particularly to the elderly and the less mobile.

The petition states:

The Petition of residents, employees in and visitors to the Borough of Harrogate and Knaresborough and all those seriously concerned about the decision of the Post Office to review the future of Cold Bath Road Sub Post Office at 109 Cold Bath Road, Harrogate HG2 0NU,

Declares that the importance of this Sub Post Office to thousands of people living, working in and visiting Cold Bath Road and surrounding areas, including the more elderly and disabled; recalls this Office was retained when the Harlow Hill Sub Post Office was closed; and reminds Members of Parliament of the number of closures of Local Sub Post Offices in the Harrogate and Knaresborough area over recent years.

The Petitioners therefore request that the House of Commons urges the Secretary of State for Business, Enterprise and Regulatory Reform to make clear to the Post Office the importance of this Office continuing as a Sub-Post Office and the benefit of withdrawing as soon as possible any proposals which put at risk any of the existing services provided from this Office. And the Petitioners remain, etc.

[P000103]

Independent Police Complaints Commission

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Blizzard.]*

8.47 pm

Mr. David Amess (Southend, West) (Con): In this Adjournment debate, I want to explore how complaints against the police are handled. I do not expect the Minister responding to the debate to be able to reply in detail to the matters that I am about to raise, but although I never intended to develop expertise in the process involved in complaints against the police, I should be grateful if we continued the dialogue at a later stage.

No one likes to be the subject of a complaint. The process can be tiresome and a nuisance, but public bodies such as the police must be open to real scrutiny. The question of who polices the police is one of the matters that I want to cover tonight. In other words, to which organisations are the police responsible for their actions? In addition, I want to examine the role of the Commissioner of Police of the Metropolis and the powers of the Independent Police Complaints Commission. I also want to find out who enforces the judgment when the IPCC finds against the police after a complaint has been made. Finally, what is the purpose of the police authorities, and how are they independent from the police force?

I have been a Member of Parliament for 25 years, and in that time there have been big changes in the way in which the police operate as an organisation. It is not the role of this Adjournment debate to go into too much detail about how things have changed, but they certainly have changed. All Members of Parliament have been flooded with faxes and emails from serving police officers, complaining about their pay and conditions. The Minister will be only too well aware of that. While police officers are complaining about their pay and conditions, the general public, who pay for the service, also raise with MPs their concerns about the way in which police officers do their job today.

I feel very strongly about the poor example of leadership given to the force by the Commissioner of Police of the Metropolis. On 1 January he appeared on the "Today" programme—he seems not to be inhibited in any way in his dealings with the media, unlike those who have held the post before—and he said that there was a growing problem in the relationship between the police and the public whom they are supposed to serve. He is right, and I think that he is part of the problem. He talks and acts like a politician, but he has not been elected and he does not seem to be accountable.

There is a growing sense that the police see themselves as controlling us, rather than serving us. That clearly starts at the top. The present head of the Met has politicised the job since he took over, and I can prove that. In September 2005, the head of the Met made history when he appeared on "Any Questions". That was ridiculous. If I had been Home Secretary, I would have called him in on Monday morning to find out what on earth he was playing at. He was the first serving police commissioner to appear on that programme. Listeners were treated to his opinions on the withdrawal of troops from Iraq, racial segregation and the meaning of being British.

Shortly afterwards, the head of the Met even gave the Richard Dimbleby lecture. In the same month, he openly lobbied Members of Parliament in support of the extension of the detention of terror suspects to 90 days. He cannot have it both ways. Either he is a policeman or he is a politician. He cannot continue to be both. Recently, five former heads of the armed services made speeches in the other place, but they were not in post at the time. We cannot continue with the present head of the Met giving his opinions on anything and everything. Indeed, the problem is much more serious than that.

I turn to the terrible case of the killing—murder—of Mr. de Menezes. No Member of Parliament who has children will be content with matters as they stand at the moment. I shall not bore the House with the precise details of the case, but before the Independent Police Complaints Commission reported, the head of the Met clearly said that if it found evidence of systemic failure, he would resign. Well, the IPCC found that there was significant corporate failing, and that is exactly the same thing. We should not play with semantics. The head of the Met said that he would resign, and he has not done so. Even more appallingly, he decided that the IPCC would not be allowed to investigate the killing of Mr. de Menezes. It emerged, of course, that he had no power to decide that, and the IPCC work was soon under way. I repeat to the Minister that that sort of behaviour is not acceptable. As we all know, the Greater London authority passed a motion of no confidence, and all sorts of people have given a view about the behaviour of the Met, but its head is still there.

The purpose of this debate is to examine the role of the IPCC. Let me tell the Minister at the outset that I have the highest regard for that organisation. It is definitely an improvement on the old Police Complaints Authority. I congratulate the chairman of the IPCC on his appointment; he has splendid hard-working staff behind him. At the end of my remarks, I will tell the Minister that I want the IPCC's powers to be increased. I have been given a splendid briefing by the Library on the powers to investigate complaints about the police. The control of policing is shared between the Home Secretary, chief constables and local police authorities, but I must say that, with the best will in the world, the system just is not working. When there is a tough complaint, we end up being given the runaround.

All Members of Parliament take up complaints on behalf of constituents, particularly relating to the health service. Some of the issues go on for a year, or two or three years. The staff investigating the complaints move on. I think that in certain respects it is rather hoped that the complainant will eventually give up, but I will not give up on any of the issues, because I feel strongly that the system is not working.

As an Essex Member of Parliament, I have dealt with a number of issues concerning the police on behalf of constituents, particularly when David Stevens was the chief constable of Essex, and Michael Thwaites the chief superintendent of Southend. The sort of complaints that I used to hear were that there were not enough police officers; that is hardly a new complaint. A view was taken that many of the complaints, such as those to do with graffiti and noise nuisance, were trivial, and that the police were concentrating on

serious crime. All my constituents pay for the police service, and they were just not satisfied with the way in which matters were dealt with. I shall briefly mention three complaints on which I have spent a huge amount of time trying to help my constituents to resolve the issue—but, in a way, to no effect.

On 7 November 2001, there was a terrible car crash on Hamlet Court road in Westcliff-on-Sea. It took place in heavy, congested, slow-moving traffic. The 19-year-old lady driving the car, who had her boyfriend next to her, found a vehicle coming towards her, swerved to avoid it, and crashed into a wall. She died a week later in hospital. Her mother was a magistrate. The person responsible for the accident had one eye, no car insurance and no MOT certificate. I could go on and on about all the issues involved. The Crown Prosecution Service in Essex did not do a good job on that case, to say the least. At the end of it all, the police were blamed for being a week too late in laying the matter before the court, and the person responsible for the incident ended up paying a fine of £60.

I had a debate in Westminster Hall, which was answered by one of the Law Officers—the then Solicitor-General, now the deputy leader of the Labour party. She admitted all those points—the police were at fault, the Crown Prosecution Service was at fault—but no one was held responsible. I say again to the Minister that I hope that when he gets a chance, he will ask his officials to look again at that case.

The second case is that of Mr. Phil Collings. Mr. Collings, who happened to be a twin, died on 3 December 2004, at the age of 19 coming up to 20. He left the Talk nightclub in Southend and became involved in an altercation with a number of youths. Moments later, Mr. Collings was found not to be breathing. An ambulance was called, but Mr. Collings passed away at 3 am.

Mr. Collings had been lying on the floor, and on top of him was the son of a local police officer. I will not go into huge detail about what went on, but the police did not inform the pathologist that Mr. Collings had suffered a blow outside the Talk nightclub. Again, the Crown Prosecution Service and the IPCC were involved. I have raised the matter in the House of Commons many times, but at the end of it all it was claimed that Mr. Collings died as a result of sudden adult death syndrome. There was insufficient evidence of a physical altercation.

As the Minister can see, I have dealt with two cases involving youngsters. The families will never get over those deaths. The third and final case is that of Mr. Faisal Al-Ani, who died in July 2005. He died in police custody, and the case has not been resolved; it is ongoing.

When complaints are made to the police, the police never seem to admit that they are wrong. They never apologise. One gets what I regard as an arrogant, silly, insulting letter that ends, "I am sorry that you felt the need to complain about the actions of Essex Police." I am more than sorry that I continually have to complain about the actions of police. I want some acceptance of the complaints. These are not trivial matters. None of us should ever be above the law.

The Home Affairs Committee fourth report of Session 2004-05 made some excellent recommendations. The then Chairman of the Committee is now in the Cabinet, but there is another splendid Chairman. I understand that the Committee may well examine the way in which the IPCC works, and I hope the Minister will take those representations into account.

There is statutory guidance on how the IPCC should operate. The guidance makes it clear what the responsibilities of police authorities are. The role of police authorities in complaints forms part of their core duties around promoting the efficiency and effectiveness of policing locally. Section 15 of the Police Reform Act 2002 sets out the responsibilities of police authorities to keep themselves informed about complaints, provide the IPCC with the information and documentation that it needs, and so on.

I have found my dealings with the police authority to be somewhat pointless. Many people do not know what police authorities do. I know what they are charged to do, and it costs a lot of money to keep the system going, but in trying to hold them to account I have found them wanting. I should be grateful if the Minister assisted me in this drive to make the Essex police authority more proactive in these matters.

Given the current review of the complaints system, I very much hope that the Government will carefully consider making the system more complainant-centred, which would be a big step forward, and making it quicker and more open, and consider conciliatory payments. The IPCC is doing a splendid job examining complaints—huge money is being spent on this—and a judgment is made, yet the police do nothing. There is no reporting back, no apology and no suggestion of some sort of settlement. There seems to be no process whereby the hard work of the IPCC is delivered.

9.5 pm

The Parliamentary Under-Secretary of State for the Home Department (Mr. Vernon Coaker): I am grateful to the hon. Member for Southend, West (Mr. Amess) for raising this subject. I am also extremely grateful for the measured way in which he made his important points. The debate gives me the opportunity to explain the work of the Independent Police Complaints Commission and of police authorities in relation to the accountability of the police in England and Wales, much of which the hon. Gentleman will be familiar with.

Before I do that, given that I may not cover all the remarks and points that the hon. Gentleman made, it may be particularly helpful to say that, in respect of the cases that he has raised regarding matters of concern to him in his constituency, I will undertake to look into those with my officials and I will write to him about them. That will probably be the most appropriate way forward and I hope that it is of help to him.

In addition, I will be happy, either on my own or with my hon. Friend the Minister of State, to meet the hon. Gentleman to consider some of the issues in more detail with our officials to see whether we can take on board some of the points that he has made, and whether we can use his experience, knowledge and views to inform some of the processes and discussions that are going on at the moment about accountability but also about the stock-take that the IPCC is undertaking, which will

[Mr. Vernon Coaker]

bring forward recommendations in due course. I hope that that will help us to take these matters forward.

The relationship between the police service and the communities that it serves is a consensual one, and it is important that the public can have confidence in the police and the safeguards put in place to ensure their accountability. I am aware that the hon. Gentleman has on a number of occasions expressed his interest in ensuring that the police are accountable for their actions and that the police complaints system, as overseen by the IPCC, and the oversight exercised by police authorities and Her Majesty's inspectorate of constabulary are both effective, albeit that they have different remits. As the hon. Gentleman said, he met the chair of the IPCC, Nick Hardwick, yesterday to discuss its work, and I welcome that contact. I too am impressed with the work that Mr. Hardwick has done and with the general work of the IPCC.

As I am sure the hon. Gentleman is aware, the IPCC was established by the Government through the Police Reform Act 2002 and became operational on 1 April 2004. It has statutory guardianship of the police complaints system and has specified functions in relation to the recording and investigation of complaints and conduct matters. It provides an independent oversight of the police complaints system by holding police officers to account for their actions, and as a barometer of public opinion. The hon. Gentleman will also be aware that the IPCC was granted considerably more powers than those enjoyed by the Police Complaints Authority, the predecessor organisation—for example, in being given the powers to undertake independent investigations with its own trained investigators.

In addition, the Police Reform Act 2002 provides that no commissioner, including the chair, may previously have been a police officer in any part of the United Kingdom. That is an important point. The hon. Gentleman will be aware that the IPCC does not itself investigate every complaint made by a member of the public or every conduct matter that is identified. In most cases, the matter is handled by the relevant police force. That is only right, and the hon. Gentleman wants that point to have real credibility. Chief officers have responsibility for the conduct of the police officers and police staff in their force, and it was never the intention of the 2002 Act that they would relinquish that role. However, the hon. Gentleman's point is how to make the system credible and give people in the locality the confidence that the police are investigating complaints in their areas as thoroughly as they should. In many cases they do, although no doubt sometimes there are problems.

The IPCC undertakes independent investigations into the most serious matters and may also choose to manage or supervise investigations undertaken by a police force. In those cases, once the investigation has been concluded, the IPCC will also have a role in respect of whether disciplinary proceedings should be taken against any of those involved. In many cases, there will be agreement between the IPCC and the chief officer or police authority about what action should be taken. However, when there is no agreement, the commission can ultimately direct that disciplinary proceedings be taken.

Inevitably, there will be occasions when a complainant or members of the police service concerned do not agree with the action being taken. The IPCC, in common with many other organisations, has an appeals procedure through which its decisions can be challenged and reviewed. It can also make recommendations to chief officers as a result of an investigation. Depending on the nature of the recommendations, it is a matter for the Association of Chief Police Officers and the Association of Police Authorities, the Home Office, the National Policing Improvement Agency or Her Majesty's inspectorate of constabulary to consider them. The IPCC also chairs a "learning the lessons" committee, on which key stakeholders are represented. We hope to ensure that that makes a difference.

Importantly, the IPCC is a statutory independent body and is therefore independent of Ministers and Government Departments, which rightly have no role in influencing the commission's decisions. There is, however, a final right of challenge available through judicial review in the administrative court.

I turn now to some of the issues that the hon. Gentleman discussed when he met the chair of the IPCC yesterday. I know of the hon. Gentleman's interest in the complaints statistics for 2006-07 in England and Wales which were published by the IPCC on 14 November 2007, and in the increase in allegations involving neglect of duty, incivility and the quality of service that police officers provide to crime victims or others asking for their assistance.

The hon. Gentleman will be aware that there was an increase of 10 per cent. in complaints compared with the previous year. Although that is not an insignificant increase, it appears that the rate of increase has been steadying since the IPCC was established in 2004. Taken together, the categories to which I have referred account for about half the allegations made in 2006-07. Although that is clearly a matter of concern, it may also indicate that the public have a greater awareness of, and willingness to use, the police complaints system, which can only be an encouraging sign. Almost half of all complaints were dealt with through local resolution by the police. Just under a third—30 per cent.—of the complaints were investigated and, of them, 11 per cent. of allegations were upheld.

As I mentioned at the beginning, the IPCC is currently undertaking a stocktake of the complaints system to consider how it is operating and to make recommendations for further improvements. The hon. Gentleman will be pleased to know it is anticipated that the IPCC will conclude its stocktake in March and will submit its views to the Home Office—together with any recommendations, which we will consider. I will ensure that the hon. Gentleman is given a copy of those recommendations; he may well then wish to comment on them so that he can feel involved in the process.

The hon. Gentleman will know that police authorities have a direct role in police complaints and disciplinary matters in respect of the most senior officers within the force for which they have responsibility. Police authorities are independent bodies that hold the local police force to account on behalf of the people who live and work in that area. Their job is to ensure that there is an efficient

and effective local police force that gives best value to local people. They set the strategic direction for their force and hold the chief officer to account, on behalf of the local community, for the policing service delivered. However, it is the responsibility of the chief officer to deliver those policing services.

Police authorities have a statutory duty under the Police Reform Act 2002 to ensure that it is kept informed of all matters concerning complaints against the police and a role in deciding whether disciplinary proceedings should be taken against senior officers, including chief officers. They also have the power to refer certain cases to the IPCC where they consider that it would be appropriate to do so by reason of the gravity of the matter or any exceptional circumstances. A police authority cannot, however, act as an avenue of appeal for decisions made by the IPPC.

I disagree with the hon. Gentleman's seeking to castigate Sir Ian Blair. I am happy to endorse and repeat the Home Secretary's continuing support for the commissioner and the Metropolitan police, who remain in the forefront of the fight against crime and terrorism. Sir Ian Blair did not decide that the IPPC should not investigate—he asked whether the investigation should go ahead during an ongoing counter-terrorism investigation, and he received advice from the Home Office that the law could not be set aside and that the investigation should go ahead, as it did. Sir Ian Blair and the Metropolitan police have our full confidence and our thanks and support in the difficult job that they do.

We have had an important debate. I believe that the system does allow for independent scrutiny. There is clearly a need for us to consider the recommendations that come from the IPCC, and I would like to involve the hon. Gentleman in that. I will write to him about the individual cases that he mentioned, and if he would like to come and meet us to consider how we take this whole agenda forward, I will be only too happy to arrange that.

Question put and agreed to.

Adjourned accordingly at seventeen minutes past Nine o'clock.

House of Commons

Thursday 10 January 2008

The House met at half-past Ten o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

INNOVATION, UNIVERSITIES AND SKILLS

The Secretary of State was asked—

Second Degrees

1. **Ms Katy Clark** (North Ayrshire and Arran) (Lab): What Government policy is on the provision of funding for those seeking to gain second degrees; and if he will make a statement. [177246]

The Secretary of State for Innovation, Universities and Skills (Mr. John Denham): We have asked the funding council to redeploy, by 2010-11, £100 million of the £529 million that currently goes to support students studying for equivalent and lower qualifications. This will provide an opportunity for some 20,000 full-time equivalent students to enter higher education for the first time or to progress to a higher level who would otherwise have been turned away.

Ms Clark: My right hon. Friend is aware that many of those seeking to obtain second degrees are women intending to return to work after taking time off to look after children, people who have lost employment and are seeking to retrain, or those who have a first degree that is not relevant to the employment that they need to acquire. Does he accept in principle that the Government should provide support to such groups?

Mr. Denham: My hon. Friend raises an important point. Although the Government have made clear their desire to reprioritise some of the funding to those who have never had the chance to go to university, we are also protecting for equivalent or lower qualification funding foundation degrees, which are a major route of vocational retraining, and a list of exempt, strategic and vulnerable subjects that are important to the economy and are, therefore, most likely to provide employment opportunities to a woman who is retraining. Even when the changes have been implemented, there will be many routes available to the women whom my hon. Friend describes who need to re-educate at a higher education level.

Mark Pritchard (The Wrekin) (Con): The three universities nearest my constituency, Keele, Birmingham and Wolverhampton, have real concerns about the proposals. Unless the Government do a U-turn—there is no shame in that; they have done many before—there will be a detrimental impact on all the students, all the staff and, in particular, the budgets of those universities. The hon. Member for Wolverhampton, South-West (Rob Marris) rightly pointed out the other night that the impact on Wolverhampton university's budget would be equivalent to £2.5 million worth of cuts. Is that acceptable?

Mr. Denham: I do not accept the figures that have been presented as a realistic prediction. Even if one set aside the transitional protection, which means that no institution will lose in cash terms over three years, the figures ignore the fundamental point that no money is being lost to higher education. The £100 million that is being reprioritised will be available for students who have not otherwise had the chance to go to university, so the universities that say they will lose money are effectively saying that they do not believe that they can recruit a single additional student from the vast pool of people who have never been in higher education. In reality, all those institutions are already recruiting such students successfully. They simply need to build on the efforts that they have already made. We are clear that we need to provide the transitional protection that enables those institutions to adjust the ways in which they work to make sure that that happens.

Adam Price (Carmarthen, East and Dinefwr) (PC): Since the Open university is a UK-wide institution, does the Government's policy have implications for Wales, Scotland and Northern Ireland? Has the Secretary of State discussed the matter with his counterparts in the devolved Administrations?

Mr. Denham: The proposals that we make affect the funding of English students. With reference to the interest that exists in the devolved Administrations, the most important answer is the one that I gave in response to the previous question. We are making sure that we have put in place the transitional protection and the support for relevant courses to ensure that important universities such as the Open university are able to recruit additional students, change their way of working, come through strongly and deliver the education that is needed. There is no reason why any student who might be planning to go from Scotland in the future should fear that the open university that they wish to attend will be damaged by our proposals.

Mr. David Willetts (Havant) (Con): May I congratulate the Secretary of State on his powers of persuasion with the hon. Member for North Ayrshire and Arran (Ms Clark), who was one of the 63 Labour MPs who signed the original motion criticising the Government's policy but voted against the very motion that she had signed. She is a Member for a Scottish constituency, where the policy that she now supports—

Mr. Speaker: Order. The hon. Gentleman should ask a supplementary question, not question the motives of another hon. Member: put the question to the Minister.

Mr. Willetts: May I follow the Secretary of State's previous response and invite him to use his excellent powers of persuasion to argue that his policy should apply in Scotland as well?

Mr. Denham: I, unlike the hon. Gentleman, respect the devolution settlement and believe that it is important. It is not my job to persuade another devolved Administration to adopt particular policies. However, as reference has been made to the debate earlier this week, I point out that it has not escaped the attention of many people—including, I am sure, many members of the Open University Students Association—that the Opposition motion did not oppose the principle behind our proposals. A number of my hon. Friends signed the early-day motion, but Tuesday's debate was about securing the interests of the institutions that would be affected by the change. The measures that I have set out secure the future of those institutions, and my right hon. and hon. Friends who supported the Government on Tuesday were right to do so.

Mr. Willetts: That was a very complacent answer. I invite the Secretary of State to confirm that Universities UK, the Open university, Birkbeck, the university heads of pharmacy, Million Plus, the National Union of Students, the University and College Union and the CBI criticise his policy. Will he confirm that he has even united *The Guardian* and the Church of England in opposition to his policy? I applaud him for creating such a broad coalition, but I thought that the new Prime Minister wanted to create broad coalitions in favour of his policies, not against them. Can he identify a single serious body in the world of higher education that supports his policy?

Mr. Denham: One of the responsibilities of government, which I accept, is that sometimes one takes difficult decisions that are widely criticised. It is true that not everyone accepted our decision to prioritise opportunities for people who never had the chance to go to university. In Tuesday's debate, not a single voice among Conservative Members was raised on behalf on people who have never had a chance to go to university, which tells hon. Members everything they need to know about the Conservative party.

Mr. Graham Stuart (Beverley and Holderness) (Con): Of those studying at the Open university, 25 per cent. are doing science, maths or technology courses. The Prime Minister recently said that science, innovation and technology are crucial to any advanced industrial economy. Why is the Minister planning to make it harder for undergraduates to study those very subjects?

Mr. Denham: The answer is that those STEM—science, technology, engineering and mathematics—subjects are among the list of protected courses in the proposals on which the Higher Education Funding Council for England has consulted. We have yet formally to receive HEFCE's advice on its consultation and to respond to it, but I entirely share the point that has been made. We need to ensure that individuals have the opportunity to study the disciplines that are important to the economy.

Stephen Williams (Bristol, West) (LD): I, too, congratulate the Secretary of State on persuading 63 of his colleagues to vote with him on Tuesday night. Meanwhile, back in the real world, the higher education sector remains unconvinced that this is a sensible policy, particularly in its impact on certain students whom the Government want to attract into higher education. Will he belatedly now undertake a full equalities impact study on the impact on women, older students and poorer students, and, to allow room for that study, delay implementation until 2009 when the wide-ranging review of higher education is scheduled to take place?

Mr. Denham: It was not my powers of persuasion on Tuesday but the fact that the hon. Gentleman, whom I welcome again to his post today, spent most of his speech reading out the briefing for Labour Members of Parliament that—

Mr. Willetts: That was the turning point.

Mr. Denham: That was the turning point. That was what they found persuasive.

The Department intends to conduct a full equalities impact assessment of the entire system of higher education funding when the relevant decisions have been taken. That is the right way to handle that important matter.

Academic Freedom

2. **Mr. Siôn Simon** (Birmingham, Erdington) (Lab): What definition of academic freedom his Department uses; and if he will make a statement. [177247]

The Minister for Lifelong Learning, Further and Higher Education (Bill Rammell): Academic freedom is a fundamental principle of our higher education system. It is vital that academic staff have freedom within the law to question and test received wisdom, and to put forward new ideas and voice controversial or unpopular opinions, without placing themselves in jeopardy. A definition of academic freedom setting out this principle is included in the model articles of government for higher education institutions. We expect all institutions to include such a provision, protecting academic freedom, in their governing documents.

Mr. Simon: How could such a definition be used to help combat the growth, such as it is, of extremism on university campuses, where surely, of all places, intolerance of any kind, particularly intellectual intolerance, should not be allowed to flourish?

Bill Rammell: I very much agree with the thrust of my hon. Friend's question. I recently gave a major lecture on the importance of academic freedom; I argued that within such freedom lies one of the most powerful means at our disposal to refute violent extremist views on campus and promote a cohesive community. I strongly believe that academics must use the tools of their trade to expose the faulty logic and flawed arguments of those in favour of violent, extremist solutions.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): The Minister will be aware from Adjournment debates of my interest in this subject, and he will know that there is statutory protection for freedom of speech on university campuses. If a lawful meeting, approved by university authorities and the police, takes place and there is a demonstration against it, does he agree that

the police have a duty to ensure that the lawful meeting can go ahead, rather than be disrupted by demonstrators? Demonstrators would have the right to demonstrate, but not to prevent a meeting's right to freedom of speech.

Bill Rammell: I agree with the hon. Gentleman; he and I have discussed such issues in the House before. He, I or other people might find a whole range of views objectionable and disagree fundamentally with them, but individuals have the right to express such views at a higher education institution as long as they are within the law. That is why the Government do not support a blanket no-platform policy. The most effective way to counter and challenge views with which we fundamentally disagree is by open, rational argument.

Mr. Rob Wilson (Reading, East) (Con): The House is well aware of the danger of extremism on university campuses, and we understand that the Government are shortly to publish guidelines on the monitoring of extremist activity at our universities. What obligations and duties over and above those required of an ordinary UK citizen will be imposed on academics to report the activities of students?

Bill Rammell: The hon. Gentleman will forgive me if I do not pre-empt guidance that we will shortly publish. Nevertheless, we published guidance last year on helping institutions to secure the safety of their students. Clearly, if illegal activities are taking place, it is incumbent on any responsible citizen to deal with them and report them.

Lifelong Learning

3. **Mr. Mark Harper** (Forest of Dean) (Con): What assessment he has made of the effect that withdrawal of funding for equivalent or lower qualifications will have on lifelong learning. [177248]

7. **Mr. Andrew Mackay** (Bracknell) (Con): What assessment he has made of the effect that withdrawal of funding for equivalent or lower qualifications will have on lifelong learning. [177254]

The Minister for Lifelong Learning, Further and Higher Education (Bill Rammell): We are not cutting funding to higher education; in fact, funding has been and is increasing significantly. Our decision is the right one for lifelong learning. It directs funds to those who most need them and is a fairer way to spend public money. It is the best way of making progress towards the target that 40 per cent. of the working-age population should have a higher-level qualification.

Mr. Harper: I listened carefully to the Minister's answer and the Secretary of State's at the beginning. The Secretary of State referred to the full assessment that will be made as part of the review of higher education funding. Would it not be more sensible to delay the decision on the withdrawal of funding until that assessment had taken place? However persuasive Ministers were to their colleagues, they have not managed to persuade any of the institutions, including the university of Gloucestershire, which has written to me expressing great concern about the issue. If the Ministers' case was so sound, surely they would be able to use rational argument to persuade their colleagues in higher education?

Bill Rammell: I do not believe that there is a case for delay. Were we to delay, the alternative critique would be that we were not allowing institutions sufficient time to plan for the new system. Interestingly, as the Secretary of State said earlier, the Conservative party did not oppose our policy in our debates earlier this week. It offered principled opposition for just one year – until the 2009 commission. With respect, that is not really principled opposition, but opportunism.

Mr. Mackay: Notwithstanding the Secretary of State's characteristic good humour, we still do not know why the 63 Labour MPs who signed early-day motion 317 voted against an identical motion on Tuesday evening. Will the Minister explain? Does he agree that it adds to public cynicism?

Bill Rammell: I do not believe that that is the case at all. *[Laughter.]* Forgive me—perhaps it is not a surprise, but I do not agree with that. There was a request for reassurance that institutions will be able to cope with this pace of change, and we have set out very clearly, in detailed terms, the protections that will be available to enable them to do so. That is why people are being, and will be, reassured.

Mr. David Chaytor (Bury, North) (Lab): Was it not the case on Tuesday night that neither of the conservative parties defending the status quo opposed the principle of this, nor did they make any constructive alternative proposals on the way forward? In my constituency, 82 per cent. of constituents have never been to university, some have never been anywhere near a university, and some do not even know what a university is. If their children and grandchildren are to have a better chance in life than they did, this transfer of funds is an essential first step.

Bill Rammell: My hon. Friend is absolutely right. It was he who pointed out in the debate earlier this week that we heard not one word from the Opposition about the importance of targeting people in our communities who are not yet at first degree level. Six million adults in the workplace have the equivalent of A-level qualifications but have not yet progressed to degree level. I believe that they are our first priority in public expenditure.

Mr. Mark Lancaster (North-East Milton Keynes) (Con): Doubtless one of the tools in the tool box that the Secretary of State used magically to convert the 86 Labour Members who signed my early-day motion was to convince them about all the exemptions regarding students currently studying for ELQ qualifications. Will he acknowledge that those exemptions account for just 4.8 per cent. of students currently studying for ELQs at the Open university? If he does not acknowledge that, will he, as he has clearly considered the matter, tell me exactly what percentage of students will be exempt?

Bill Rammell: The hon. Gentleman has bandied about several statistics this week. Earlier this week, he gave a fanciful figure about the financial impact on the

Open university. The merit of his argument is not helped by exaggeration. We strongly believe that, with the protections that are in place, open institutions such as the Open university and Birkbeck are best placed to reap the rewards of the growth that we are proposing.

Dr. Vincent Cable (Twickenham) (LD): Speaking as somebody who tutored in the Open university when it was first established, I believe there has always been a healthy mixture of people without academic qualifications and those seeking to adapt and improve their academic qualifications. Setting one group against the other threatens to undermine one of the few lasting achievements of that Labour Government.

Bill Rammell: If one had asked Jennie Lee in 1966 whether she thought that a founding core element of the mission of the Open university was to provide degrees for people who already have them, I do not think that she would have recognised that description of its central purpose. In the hon. Gentleman's party, money always grows on trees, but in government one has to make choices and set priorities, and I believe that the interests of those who are not yet at first degree level come first.

Mrs. Maria Miller (Basingstoke) (Con): When the hon. Member for North Ayrshire and Arran (Ms Clark) raised the issue of women returning to work, the Secretary of State said there were many avenues for them. The group of women who find it most difficult to get back into work after having children is that of women who have a first degree. Can the Minister go further by guaranteeing that those women will not be penalised by his proposals, and will he acknowledge their important role in the future of our economy?

Bill Rammell: I am indeed concerned about the interests of women. Of the 20 million adults within the workplace who do not have a first degree, 10 million are women. As the Secretary of State explained, women who already have a first degree will be able to take a vocational foundation degree, which is in many senses the most effective way to retrain, and to apply for one of the strategically important and vulnerable exempted subjects. They will be able to consider those avenues, and that will help them to retrain and reskill.

Science

4. **Ann Winterton** (Congleton) (Con): If he will increase financial support for science in the north-west and if he will make a statement. [177249]

The Minister for Science and Innovation (Ian Pearson): The science budget is not allocated on a regional basis. However, it will grow over the next three years from £3.4 billion this year to £4 billion in 2010-11. Universities in the north-west are well placed to share in that growth.

Ann Winterton: Is the Minister aware of the potential damage that will be caused by the Government's reduction in support for academic research in science and its impact on Manchester university's school of physics and astronomy, including Jodrell Bank observatory, one of the world's leading astronomical centres, which last year celebrated the 50th anniversary of the Lovell telescope? Will he review urgently the £80 million shortfall in research funding to prevent damage to the United Kingdom's research capacity and effectiveness in physical science, and to its international reputation?

Ian Pearson: It might help the House if I put a couple of facts on record. The budget of the Science and Technology Facilities Council is going up over the next three years by 13.6 per cent.—an increase of £185 million over the budgetary period. The STFC will spend £1.9 billion during that three-year period, a significant proportion of which will be spent in the north-west. Like other research councils, the STFC has to make some difficult decisions, and it has to decide what its priorities should be. The Government are concerned about the health of all the disciplines, which is one of the reasons we have asked Research Councils UK to undertake a series of reviews of the health of the disciplines, starting with physics. Bill Wakeham will lead that review, and its terms and references have been scoped out.

Dr. Brian Iddon (Bolton, South-East) (Lab): The noble Lord Sainsbury of Turville created three important science sites in Britain at Harwell, near Oxford, where the diamond synchrotron project is now operating, and one at Daresbury in Cheshire, which serves all the northern universities. Is my hon. Friend aware that 300 to 400 jobs—three quarters of the staff at the Daresbury site—are at risk due to the £80 million shortfall in the STFC budget? I recognise what my hon. Friend says about significant increases in the STFC budget, but it appears to have been badly handled in this financial year.

Ian Pearson: The Government remain absolutely committed to developing Daresbury and Harwell as sites and innovation campuses. Figures have been quoted in some of the press in the north-west about potential job losses, and I say in response that for a number of years there have been plans to close the second generation light source, or SRS, and some redundancies will be associated with that. Because of the difficult decisions the STFC has had to make, it has announced a voluntary redundancy programme for all its sites, not just Harwell, but Daresbury and in Scotland as well. It will be some time before the pattern of voluntary redundancies becomes clear. I do not think that it is right to say that there is a definite figure for job losses at Daresbury or anywhere else. The Government will, of course, continue to monitor the situation closely.

Mr. Phil Willis (Harrogate and Knaresborough) (LD): Dr. Brian Cox of Manchester university's school of physics and astronomy has said:

"Scientific research is not a luxury, it is a necessity".

I am concerned that most of the cuts that will occur as a result of the £80 million shortfall will not be to major facilities, but to small grants going to physics and astrophysics departments, not only in the north-west, but throughout the country. What assurances can the Minister give that that bedrock of blue skies research in physics and astrophysics, which brought us things such as the MRI scanner, will be protected?

Ian Pearson: I agree with Dr. Brian Cox that scientific research is not a luxury, but an absolute necessity, and in the north-west a great deal of world-class scientific research is conducted. During the past few weeks, the university of Liverpool have been developing a model that can predict the risk of any person developing lung cancer in a five-year period. The university of Manchester, to which the hon. Gentleman referred, has discovered a key process that may be involved in the spread of cancer, which could lead to new treatments to stop 80 to 90 per cent. of cancers in their tracks. A great deal of research into other matters, too, is being undertaken at north-west universities. As I said earlier, the budgets of all research councils have grown—for example, the STFC budget has increased by 13.6 per cent. and the Engineering and Physical Sciences Research Council's budget has increased significantly. However, it is up to research councils to determine their priorities, based on their best assessment of the science. There will be change because we live in a changing world and difficult decisions have to be taken, but it is best if those best placed to make the judgments are allowed to do so.

Adam Afriyie (Windsor) (Con): My hon. Friend the Member for Congleton (Ann Winterton) and other hon. Members have demonstrated the effects around the country of the £80 million deficit in the science budget. The problems are also manifesting themselves internationally through our potential withdrawal from the linear collider project among others. The Minister, given his responsibility, must have some interest in our embarrassing withdrawal. Doubtless, he shares some of the embarrassment, but does he accept any responsibility for the problems that are affecting our international reputation?

Ian Pearson: I have a deep and abiding interest in science and the ability of our science base to contribute to our economic prosperity and social well-being in future. I passionately believe that it is vital to continue to invest in science. That is one of the reasons for the Government's doubling the science budget in the past 10 years. It will triple by 2010-11.

I ask the hon. Gentleman to look at some of the facts: the STFC's budget is increasing by 13.6 per cent. and the overall science budget is increasing from £3.4 billion to £4 billion. Yes, difficult decisions must be made. On particle physics, the STFC says that its priority is CERN—I believe that that is right and that it will be recognised as such by the scientific community.

Adult Apprenticeships

5. **Mr. Stephen Hepburn** (Jarrow) (Lab): What steps he is taking to increase the number of people taking up adult apprenticeships. [177250]

The Parliamentary Under-Secretary of State for Innovation, Universities and Skills (Mr. David Lammy): We have announced that, for the first time, funding will be targeted specifically at expanding apprenticeships for adults aged over 25. That will mean 30,000 additional such apprenticeships costing £90 million over the next three years.

Mr. Hepburn: Unemployment among the over-25s—the very group at which adult apprenticeships are targeted—is double the national average in large areas of the north-east of England. Does my hon. Friend take that into consideration when allocating resources?

Mr. Lammy: The north-east was the first area that I visited to look at apprenticeships. My hon. Friend is right that unemployment remains a problem in the north-east, certainly in his constituency. I want to reassure him that one of the criteria for ensuring that we get extra adult apprenticeships is linking them to the unemployed as a priority group.

Tony Baldry (Banbury) (Con): Ministers have said that impartial advice on adult apprenticeships is available from learndirect and the next steps agency, which are both operated by the Learning and Skills Council. The difficulty is that the LSC is almost invisible in constituencies such as mine. What qualitative research is the Department undertaking to ascertain the LSC's success at engaging with employers, especially small and medium-sized employers? All the Department's laudable schemes will be as nothing if there is no connection between the LSC and local employers.

Mr. Lammy: We must recognise that there has been an increase in apprenticeships, led by the Learning and Skills Council. However, we should also acknowledge that we set up the apprenticeship review precisely to consider issues about the national leadership and profile of apprenticeships and their relevance to medium-sized and smaller employers.

Mr. John Hayes (South Holland and The Deepings) (Con): Ministerial questions and answers are often characterised by spin and bombast. I therefore hope that the Under-Secretary will answer a straightforward and short question. A few weeks ago, on 21 November, the Prime Minister said that there were 250,000 apprentices. Just before Christmas, as the Under-Secretary knows, official figures were released detailing whether apprenticeship figures had gone up or down. Do they show that the number of apprentices at level 2 and level 3 is greater or less than the number that the Prime Minister cited in November? I have the figures here, in case the Under-Secretary does not.

Mr. Lammy: And the hon. Gentleman talks about bombast and spin! He knows that when we talk about apprentices, what is important as a statement of fact is the number of apprentices starting and then completing. Apprenticeships last for different periods across the country. They are not like university courses; they do not start in September and end three years later in June. They start at different times. I can confirm that the average number over the past three years is 250,000. I have to say that when we inherited apprenticeships in 1997, there was no inspection and the completion rate was less than 25 per cent. We therefore make no apology for ensuring quality and ensuring that some employers and providers are not in the system, which accounts for the drop most recently.

Learning and Skills Council

6. **Miss Anne McIntosh** (Vale of York) (Con): When he last met the chief executive of the Learning and Skills Council. [177251]

The Secretary of State for Innovation, Universities and Skills (Mr. John Denham): I last met Mark Haysom, the chief executive of the Learning and Skills Council, on 12 December. Ministers in my Department regularly meet the LSC chief executive as part of the overall accountability and performance framework.

Miss McIntosh: I am grateful for the Secretary of State's reply. As he will know, the predecessor of the Learning and Skills Council was the training and enterprise council. In North Yorkshire there were good relations between businesses and the local TEC. I now find that, as my hon. Friend the Member for Banbury (Tony Baldry) mentioned, the Learning and Skills Council tends to be invisible to local businesses. What plans does the Secretary of State have to encourage the LSC to engage positively with local businesses to sell the skills and business training that it offers?

Mr. Denham: A number of different measures are being taken forward. First, my hon. Friend the Under-Secretary of State announced over the Christmas recess that LSC funding for small and medium-sized enterprises for management training and training to understand their skills needs will increase from £4 million to £30 million. That gives the LSC a vastly increased budget with which to offer a practical and useful service to those businesses that want to understand their skills needs.

Secondly, as our response to the Leitch report made clear, we are keen to encourage the development of local employment and skills boards, as is the LSC, which will bring together training providers and employers locally to create a forum in which to discuss with the LSC how its funding is used in that area. We want that bottom-up influence on the use of LSC funding to grow in the years to come, because I acknowledge that, in the process of driving up standards in education—for example, through the improvement in the completion of apprenticeships, which is one of the LSC's real achievements—the LSC has at times been felt to be insensitive to local needs. We recognise that, and so does the chief executive of the LSC. I hope that in the years ahead the hon. Lady will see the sort of flexibility that she is looking for.

Rob Marris (Wolverhampton, South-West) (Lab): Can my right hon. Friend explain to me what the point of the LSC is?

Mr. Denham: The answer is that the Government need a mechanism to distribute the record sums of funding to deliver adult education. The amount of funding going to adult skills over the next three years will increase by 17 per cent. That will cover everything from basic numeracy and literacy to level 2 and level 3 qualifications and Train to Gain. The question for the Government is always whether every one of those decisions should be taken directly by Ministers or somebody working directly for them.

Rob Marris: Yes.

Mr. Denham: Well, my hon. Friend expresses the view that that should always be the case, but I think that there are strong advantages in keeping some distance between the practical day-to-day decisions taken locally and Ministers. Two Opposition Members have today talked about the need to ensure that funding is available locally. Some degree of separation between Ministers and those funding decisions is desirable. That separation should not be total, nor should the arrangements always be exactly the same as they are today; however, I am not sure that we would be better served by simply having such a huge sum of money administered by Departments and Ministers.

Apprenticeships

8. **Paul Clark** (Gillingham) (Lab): What recent discussions his Department has had on the availability of apprenticeships; and if he will make a statement. [177255]

The Parliamentary Under-Secretary of State for Innovation, Universities and Skills (Mr. David Lammy): Alongside announcing investment of more than £1 billion in apprenticeships, we are introducing a new national online matching service. We will publish the outcomes of our review of apprenticeships early this year.

Paul Clark: I thank my hon. Friend for that response and I welcome the expansion in the number of apprenticeships. Along with that review will come further development. My constituents in Gillingham and Rainham will undoubtedly benefit from apprenticeships. I am worried, however. As this is a regeneration area where much work has been done on identifying shortfalls in skills opportunities and where we need to attract different business sectors, will the Minister ensure that his work matches the provision of services with the expectations identified through other work in other Departments and through local partnerships?

Mr. Lammy: My hon. Friend is right. His area is a growth area requiring substantial housing development over the forthcoming period and the Olympics are not far away, so we need to ensure that our sector skills councils work in tandem with the apprenticeships scheme to produce growth in sectors such as construction across the piece. In respect of big national schemes such as housing, it is important for local adults and young people to come in, secure apprenticeships and benefit the local area.

Mr. Mark Field (Cities of London and Westminster) (Con): In answer to the main question and in the earlier exchange on adult apprenticeships, the Minister made much of the quantity of apprenticeships put in place by the Government. Will he give more emphasis to considerations of quality—not just having an inspection regime, but, more importantly, ensuring that our current apprenticeships are relevant for the global skills that will be required for the decades ahead?

Mr. Lammy: Yes. Key to ensuring quality is inspection, which I have to tell the hon. Gentleman did not exist before. It is also key to ensure completion of apprenticeships, which has increased from below 25 per cent. to 63 per cent.—another achievement. It is also important that employers are confident in our apprenticeships, so I was pleased to hear Sir Terry Leahy, chief executive of Tesco, saying:

"I am a huge fan of apprenticeships because of the benefits they bring to the individual and business".

Mr. Bill Olner (Nuneaton) (Lab): Being an apprentice does not mean only learning a trade in a certain discipline; it provides good discipline in many things that affect people's livelihoods. I would like the Minister to recognise the status of the time-served apprentice, whether female or male. Once that is established, people in this country will be as attracted to apprenticeships as people are in such countries as Germany.

Mr. Lammy: My hon. Friend puts the case brilliantly. It is important to ensure that this group of young people has the same status in our society, frankly, as graduates. That is what we are seeking to achieve in the apprenticeship review, as we understand that, in the end, an apprentice is mentored and assisted in routine, discipline and dedication, which are skills that parents across the country want for their young people. We must ensure that we celebrate the success of these young people, which is exactly what we will seek to achieve in the months ahead.

Open University

10. **Mr. Michael Jack** (Fylde) (Con): If he will make a statement on his Department's proposals for funding for the Open university in 2008-09. [177257]

The Secretary of State for Innovation, Universities and Skills (Mr. John Denham): Funding for individual universities is for the Higher Education Funding Council to determine on the basis of the grant letter that we expect to issue in the near future. We have already announced that for higher education as a whole, there will be a funding increase of 2.5 per cent. in real terms in each of the next three years. The Government's priorities, including employer engagement, widening participation and more opportunities for mature learners who have so far missed out on higher education, will create excellent opportunities for the Open university over the coming years.

Mr. Jack: Notwithstanding his answer, the Secretary of State knows that his proposals for equivalent or lower qualifications will deprive the Open university of a stream of funding. I have read the report of the debate on this subject, but could he enlighten me as to where I can find the body of evidence that justifies the changes that he has proposed and that shows new students are being deprived by the current arrangements? When will there be proper consultation on a proposal that appears to have been introduced without any discussion with colleges such as Birkbeck, or with the Open university?

Mr. Denham: The evidence can be found in the Leitch report, which clearly described the need to increase the number of graduates in the work force by 2020. That means that people who would not otherwise have the chance to go to university can do so. The evidence is based on international comparisons—comparisons with what our major competitors are doing—and tells us where we need to be in terms of the skills of our work force in order to be able to compete internationally. Certainly there is evidence of the potential for that, as was mentioned earlier in respect of the number of people who are already qualified to level 3—those who have reached the normal level for entry to university, but have not had the chance to go there. The challenge—and I do not shy away from it—is to encourage higher education institutions to reach out to that group of students, and I believe that they will succeed in doing that.

Topical Questions

T1. [177271] **Mr. Paul Burstow** (Sutton and Cheam) (LD): If he will make a statement on his departmental responsibilities.

The Secretary of State for Innovation, Universities and Skills (Mr. John Denham): Last week, in pursuit of my departmental responsibilities, I launched a consultation on how the provision of English for speakers of other languages can make the biggest possible contribution to community cohesion and integration by prioritising assistance to those with a long-term commitment to building their lives in this country.

Mr. Burstow: Given that learning in retirement has been shown to have health benefits—prolonging life and as a consequence reducing the burdens on our national health service and social service care budgets—will the Secretary of State or his ministerial team look again at the redefinition of the vocational courses currently provided by institutions such as the Sutton college of liberal arts and lifelong learning in my constituency? The narrowing of the definition has meant that courses that many older people have come to love, rely on and enjoy over a number of years are being priced out of their pockets, and that is having knock-on effects on costs in the health service and elsewhere.

Mr. Denham: The hon. Gentleman has raised an important point. I will continue to defend the way in which the Government have concentrated resources on building up the skills and qualifications of people of working age for reasons set out in the Leitch report, but education that is undertaken purely for fulfilment, enlightenment and general personal development—another purpose of education, which is important throughout life—matters to the Government as well. Next week I shall launch a consultation on how informal adult education of that sort can be developed in the years to come. Yesterday I consulted the University of The Third Age, the National Institute of Adult Continuing Education, the BBC, Help the Aged and the association representing museums and galleries—a wide variety of organisations. I think that this is an important challenge for the Government and for society as a whole, and I hope that the hon. Gentleman will participate in the consultation when it is under way.

Paul Clark (Gillingham) (Lab): At the end of November, our right hon. Friend the Prime Minister launched a multi-million pound plan for the regeneration area of the Thames Gateway. An integral part of that plan was the skills, training and opportunities sector. What progress has my right hon. Friend the Secretary of State made with the commitment to deliver three new campuses throughout the gateway area? Will he accept an invitation to visit—

Mr. Speaker: Order. That is just about enough for the Minister to handle.

Mr. Denham: My hon. Friend is right to raise this issue because the plans for new campuses are not only exciting, but some elements of them are unique, particularly the proposal that all students who gain a level 3 qualification be given the chance to progress to higher education. Progress is being made: the university of Essex in Southend had its first intake of undergraduates in September 2007, and further developments are in the pipeline. However, I would very much like to take up my hon. Friend's invitation to visit the campuses that are in, or that serve, his area to see for myself the progress that is being made.

Sir Nicholas Winterton (Macclesfield) (Con): To follow on from the question of the hon. Member for Sutton and Cheam (Mr. Burstow), does the Secretary of State agree that colleges have an increasing role to play in the provision of vocational education? Many millions of pounds have been spent on the college in Macclesfield; it is part of the new learning zone, and it is very welcome and is doing a wonderful job. What increased support can the Secretary of State give to colleges, which exist to provide the skilled people this country needs for the future?

Mr. Denham: Part of the support is obviously the Government's spending, which is increasing as I mentioned earlier: there will be a 17 per cent. increase in spending on adult skills over the next three years. Secondly, there is a major capital programme—more than £2 billion will be invested in the further education and training estate colleges, improving them to world-class standards to develop specialisation over the next three years. The hon. Gentleman did not ask his question in a partisan spirit, but I will point out that there was no capital programme for further education in 1997; we have already spent more than £2 billion on further education colleges, with another £2 billion to come in the years ahead.

T3. [177273] **Mrs. Joan Humble** (Blackpool, North and Fleetwood) (Lab): Will the Secretary of State outline what plans he has to advertise and promote the Government's new and exciting package of student support, so that especially young people from families from which nobody has ever been to university respond, and do so before the Universities and Colleges Admissions Service deadline of just next week and therefore have an opportunity to access university education from September?

The Minister for Lifelong Learning, Further and Higher Education (Bill Rammell): I very much agree with my hon. Friend. We have been running a major TV, radio and DVD advertising campaign to get across the benefits of the new system of student financial support. Indeed, last week we launched the First to Go campaign, targeting that one-third of young people from families from which nobody has previously gone to university. We must get across the fact that under the new system two-thirds of students will be eligible for non-repayable grants, which is in stark contrast to the system we inherited from the last Government.

T4. [177274] **Mr. Andrew Mackay** (Bracknell) (Con): In the light of revelations that almost half the colleges on the Department's list of approved providers for overseas students are bogus, what action will the Secretary of State take to deal with that, and does he agree that it is a very serious problem that adds to illegal immigration?

Bill Rammell: We need to get the balance right. Overseas students are a significant benefit to our universities and to the country; they are worth about £5 billion to the UK economy. However, we have to tackle illegal immigration. That is why we established the education and training register three years ago. Since then—I regard this as a virtue of the system—124 colleges have been removed from that register. We now conduct unannounced visits to institutions that wish to go on to the register, and I believe that the introduction of the new Australian points-based immigration system will give us greater powers to identify bogus colleges and remove them from the list.

T5. [177275] **Fiona Mactaggart** (Slough) (Lab): Men who live in Slough earn about £450 a week, yet men who work in Slough earn £550 a week on average. That is a reflection of the low skills levels of the residents I represent. They are working with local business to try to tackle that. A striking finding from the research we did with local businesses is that they want soft skills—they want people with a determination to learn. What can the Government do to help to promote soft skills, and enable ordinary people to get the kind of work that is available in Slough, which my constituents cannot access because of their lack of skills?

The Parliamentary Under-Secretary of State for Innovation, Universities and Skills (Mr. David Lammy): I am grateful to my hon. Friend for that question. She rightly says that such skills are what employers are identifying—indeed, that was the first thing on the agenda of the new business council that the Prime Minister set up. We have asked the new Commission for Employment and Skills, led by Sir Mike Rake, to examine how we can improve on this issue. More than £1 million of funds within Train to Gain will be available for businesses and small and medium-sized enterprises in particular. Part of those funds will be able to be used by small businesses in particular, where managers and owners recognise a problem and want to deal with it. We are taking this matter seriously, and I suspect that the new commission will make proposals later this year.

T6. [177276] **Chris Mole** (Ipswich) (Lab): May I ask the Minister for Science and Innovation whether he has visited the survey ship James Cook? If he has not, will he make efforts to do so in order to lend his authority to the work that it does, using tools such as the remote submersible Isis, in exploring the under-sea ecology, and which through international co-operation is adding hugely to mankind's knowledge of those environments?

The Minister for Science and Innovation (Ian Pearson): I have not been on the James Cook, but I would be delighted to do so in the future. I am aware of some of the wonderful research work that it does. Obtaining a greater understanding of our oceans and of how climatic conditions are changing, as they are at the moment, is important in supporting the overall picture that we have on climate change. Ensuring that we get a better understanding and better predictive models is one of our important priorities.

Mr. Tim Boswell (Daventry) (Con): Ministers have a job to do to explain away the decline in the number of apprenticeships. Perhaps less controversially, may I ask the Minister whether he agrees that it is essential that future employers will want to take on the apprentices who have qualified? Can he give us the assurance that he will pay particular attention to the destinations of qualified apprentices and to their being able to obtain long-term employment, rather than merely being able to complete the course?

Mr. Denham: It is obviously important that apprenticeships lead to secure employment. Of course, the crucial part of an apprenticeship is that an employer knows that the individual has a solid grounding in the world of work, as well as the particular technical and vocational skills that go with it. The apprenticeship review that I hope we will publish in the fairly near future will set out how we strengthen the leadership of the apprenticeship programme. I hope that it will find ways of demonstrating more clearly that the programme is delivering what we want, which is an increase in the number of people both going on to apprenticeships and successfully completing them. Those are clearly the real-world outcomes that we need to be able to measure and report on.

T8. [177278] **Mr. David Chaytor** (Bury, North) (Lab): Can my right hon. Friend tell us about the progress that has been made in respect of diplomas as a means of entry to universities? Specifically, what is the attitude of the Universities and Colleges Admissions Service to diplomas? What discussions has he had with the Russell group of universities about their attitude to diplomas?

Bill Rammell: My hon. Friend raises an exceedingly important point. If diplomas are to work, as we strongly believe they can and will, we must ensure that they are seen as a legitimate entry means to university. The recent decision by UCAS on the tariff for the diploma is an encouraging example. The participation of the higher education sector in the development of the diplomas is crucial, and we need to ensure that people who take the diplomas can see them as a means of progressing right the way through the education system to university.

T9. [177280] **Dr. Roberta Blackman-Woods** (City of Durham) (Lab): I know that my hon. Friend is aware of the concern in the science community, in particular the physics sector, about the allocation of science funding, not least from the volume of questions asked by hon. Members this morning. I am sure that many will welcome the review of science funding announced by the Secretary of State. I am not certain that institutions that have invested heavily in physics, such as Durham university in my constituency, will be comforted by simply referring the matter to the research councils. Is there more that the Government could do to protect physics research in those excellent institutions, so that they remain economically competitive in terms of international research?

Mr. Denham: I am grateful to my hon. Friend for that question. It is important to make a big statement of principle on this issue. The Haldane principle, established many years ago, says that Ministers should not intervene directly in the funding decisions of research councils. That is to protect the autonomy of research councils in deciding where research should take place. When the Science and Technology Facilities Council made its proposals, despite its above-inflation increase in grant, to reduce certain areas of physics expenditure, it would not have been appropriate to breach the Haldane principle, to step in and to take money away from the Medical Research Council and give it to the STFC. However, because of the concerns, I did my job by asking Professor Bill Wakeham, the vice-chancellor of Southampton university, to produce a report on the health of physics as a discipline, which will consider our overall funding of physics, including those areas that have attracted controversy. As the Secretary of State, I have done what it is right for me to do and

Mr. Speaker: Order. I have to stop the Secretary of State there.

Philip Davies (Shipley) (Con): In the light of an earlier answer, do the cases of Frank Ellis and David Coleman not show the extent to which academic freedom is under threat, and how fragile it is in this country? Does the Secretary of State agree that academics should have the freedom to explore unpopular and unconventional views in universities of all places, and not be put off by the intolerant, illiberal and politically correct bullies?

Bill Rammell: When we compare academic freedom in this country to that in many other countries, we find it is very robust and at the heart of a successful university system. I totally agree with the hon. Gentleman that academic freedom is a key tool in tackling violent, extremist ideology, and we need to push that forward strongly.

UK Energy Policy

11.31 am

The Secretary of State for Business, Enterprise and Regulatory Reform (Mr. John Hutton): With permission, Mr. Speaker, I wish to make a statement on UK energy policy. Our strategy, as set out in our energy White Paper last year, is designed to achieve two objectives—first, to ensure that the UK has access to secure energy supplies and, secondly and together with other countries, to tackle the global challenge of climate change.

The competition for energy resources is increasing. Access to supplies across the world is becoming increasingly politicised. As a result, the cost of energy is rising. And few who have been exposed to the science of climate change now doubt the immediacy of the threat to our planet. As the UK shifts from being a net energy exporter to a net importer, our ability to source a diverse range of secure, competitively priced energy supplies will be one of the most important challenges that we face as a country—affecting our economy, our environment and, ultimately, our national security.

Our strategy to manage these risks is based on three key elements, which are increasing energy efficiency and helping people and businesses make a real contribution to solving the challenges we face; using the widest range of cleaner energy sources; and ensuring that the UK is as energy independent of any one supplier, country or technology as possible. Let me touch on each of these.

We have already set out the measures that we are taking on energy efficiency. These could result in savings of between 25 tonnes and 42 million tonnes of CO_2 by 2020. We will keep these measures under review, going further and faster wherever we can. We are also planning for the amount of UK electricity supplied from renewable sources to treble by 2015. The Energy Bill, published today, will strengthen the renewables obligation and help to speed up the deployment of an even greater share of energy from renewable sources. Offshore wind, wave and tidal power will all gain from that new approach.

The Government are also committed to funding one of the world's first commercial-scale demonstrations of carbon capture and storage. CCS is a technology that has the potential to make a critical contribution to tackling climate change. Measures in the Energy Bill will enable that to move forward.

If we are to be as energy independent as possible, it is also vital, first, that we continue to press the case for energy market liberalisation in the EU, and secondly, that we look to maximise economic domestic energy production. Finally, we must ensure that energy companies have the widest range of options open to them when it comes to investment in new low-carbon power generation.

Over the next two decades, we will need to replace a third of the UK's generating capacity, and by 2050 our electricity will need to be largely low-carbon, so we must be clear about the potential role of nuclear power. In October, we concluded a full and extensive consultation across the UK, seeking people's views on whether new nuclear power should play a continuing role in providing Britain with the energy that it needs. Today I am publishing the Government's response in the form of a White Paper alongside our analysis of the comments that we received. I can confirm that, having carefully considered the responses, the Government believe that new nuclear power stations should have a role to play in this country's future energy mix alongside other low-carbon sources. The Government's view is that it is in the public interest to allow energy companies the option of investing in new nuclear power stations and that we should therefore take the active steps necessary to facilitate that.

Nuclear power has provided us with safe and secure supplies of electricity for more than half a century.

Paul Flynn (Newport, West) (Lab): At enormous cost.

Mr. Hutton: It is one of the few proven low-carbon technologies that can provide base load electricity. Nuclear power currently provides us with around 19 per cent. of our electricity requirements.

Nuclear power will help us to meet our twin energy challenges: ensuring secure supplies and tackling climate change. First, a continuing role for nuclear power will contribute to the diversity of our energy supplies. Secondly, it will help us meet our emissions reduction targets, as every new nuclear power station will save the same amount of carbon emissions as are generated by about 1 million households. The entire lifecycle emissions from nuclear power—from uranium mining through to waste management—are only between 2 and 6 per cent. of those from gas for every unit of electricity generated. Thirdly, nuclear power will reduce the costs of meeting our energy goals. Analysis of future gas and carbon price scenarios shows that nuclear is affordable and provides one of the cheapest electricity options available to reduce our carbon emissions. *[Interruption.]*

Mr. Speaker: Order. Mr. Flynn must be quiet. It is unfair to the Secretary of State while he is making a statement to the House.

Mr. Hutton: Our energy suppliers recognise that, and in a world of carbon markets and high fossil fuel prices, they recognise that nuclear power makes commercial sense. For those reasons, I do not intend to set some artificial cap on the proportion of electricity that the UK should be able to generate either from nuclear power or from any other source of low-carbon energy. That would not be consistent with our long-term national interest. Given that nuclear power is a tried and tested, safe and secure form of low-carbon technology, it would be wrong in principle to rule it out now from playing any role in the UK's energy future.

Not surprisingly, however, some important concerns were expressed during the consultation about nuclear power. They fall in to four broad categories: safety and security, waste management, costs, and the impact of nuclear power on investment in alternative low-carbon technologies. Ensuring the safety and security of new nuclear provision will remain a top priority. Having reviewed the evidence put forward and the advice of independent regulators, we are confident that we have a robust regulatory framework. The International Atomic Energy Agency concluded that our regulatory framework is mature, flexible and transparent, with highly trained and experienced inspectors.

However, it is right that we should work closely with the regulators to explore ways of enhancing their efficiency in dealing with new nuclear power stations. I am keen, therefore, to ensure that the UK has the most

effective regulatory régime in the world. I believe that it could be a critical differentiator for the UK in securing access to international investment in new nuclear facilities. I have asked Dr. Tim Stone to take that work forward, alongside his continuing work on the financial arrangements regarding new nuclear power stations.

Secondly, during the consultation, many argued that a permanent solution for dealing with existing waste must be developed before new waste is created. We have considered the evidence fully, and our conclusion is that geological disposal is both technically possible and the right approach for managing existing and new higher-activity waste. It will be many years, of course, before a disposal facility is built, but we are satisfied that interim storage will hold waste from existing and any new power stations safely and securely for as long as is necessary. In addition, before development consents for new nuclear power station's are granted, the Government will need to be satisfied that effective arrangements exist, or will exist, to manage and dispose of the waste that those stations will produce.

The third concern relates to cost. It will be for energy companies, not the Government, to fund, develop and build new nuclear power stations. That will include meeting the full costs of decommissioning and each operator's full share of the waste management costs. The Bill includes provisions to ensure that, and transparency in the operation of the arrangements will be essential.

So in order to increase public and industry confidence, we will establish a new, independent body to advise on the financial arrangements to cover operators' waste and decommissioning costs. The advice of that new body will be made public. The nuclear White Paper published today sets out a clear timetable for action to enable the building of the first new nuclear power station, which I hope will be completed well before 2020. The Planning Bill will improve the speed and effieiency of the planning system for nationally significant infrastructure, including new nuclear power stations, while giving local people a greater opportunity to have their say. A strategic siting assessment, to be completed by 2009, will help identify the most suitable sites for new build. We expect that applications will focus on areas in the vicinity of existing nuclear facilities. Work is already under way on assessing the safety of the new generation of reactors.

Finally, we must work with our EU partners to strengthen the EU emissions trading scheme to give potential investors confidence in a continuing carbon market. We look forward to the Commission's proposals later this month. I remain firmly of the view that there should and will be room for all forms of low-carbon power technologies to play a role in helping the UK meet its energy objectives in the future. Nuclear power can be only one aspect of our energy mix as, on its own, it cannot resolve all the challenges that we face. Meeting those challenges requires the full implementation of our energy and climate change strategy, with nuclear taking its place alongside other low-carbon technologies. The Energy Bill will ensure that we have a legislative framework enabling all of those technologies to make a positive contribution to our future requirements for cleaner and more secure energy.

Giving the go-ahead today that new nuclear power should play a role in providing the UK with clean, secure and affordable energy is in our country's vital long-term interest. I therefore invite energy companies today to bring forward plans to build and operate new nuclear power stations. Set against the challenges of climate change and security of supply, the evidence in support of new nuclear power stations is compelling. We should positively embrace the opportunity of delivering this important part of our energy policy.

I commend this statement to the House.

Alan Duncan (Rutland and Melton) (Con): May I thank the Secretary of State for advance sight of his statement?

There has never been a more pressing time for responsible policy making. Carbon emissions are changing our climate, we are paying $100 for a barrel of oil and we are facing a clear and massive energy shortfall. It is our duty to set political scrapping aside so that we can make sure that we do what is right for the country. So let me make it absolutely clear that, where we can find agreement with the Government, we are up for it and we will reach that agreement.

Our vision on nuclear is clear: we must refine the planning system, set a price for carbon to establish a long-term climate for investment, and ensure that there is clarity on waste and decommissioning. On no account, however, should there be any kind of subsidy for nuclear power. Judging by what the Secretary of State has just said, our position is, by and large, similar to the Government's. If business wants to invest in new nuclear power stations on that basis, it should be free to do so, and it should know that the investment climate will remain stable under any Conservative Government. Any such investment must not be allowed to detract from unrelenting effort to improve efficiency and to encourage renewable technologies, microgeneration, decentralised energy and feed-in tariffs.

The first of our concerns — and those of investors — is the apparent weakness of our national skills base. Is it not the case that the nuclear installations inspectorate cannot find, recruit, train and retain the number of skilled employees it requires to assess and approve the different types of reactor for which licences are sought? Is it the Secretary of State's policy to require the NII simply to accept or reject the proven designs submitted to it, or will it be empowered to reject the endless subsequent design adjustments that have so dogged the industry in the past?

Both the Government's policy and ours is that there must be no subsidy. Although nuclear companies claim that they do not want subsidies, suspicions remain that the industry will end up asking for them, either through subsidised waste disposal or guaranteed off-take agreements. Is the Secretary of State satisfied that the industry will not later request some form of subsidy?

Will the Secretary of State tell us more about the authority of the new advisory board that he intends to set up? How will it assess and confirm the honesty, accuracy and integrity of new-build projects, and might he not prefer to set up that board on a statutory basis?

On the question of waste, what do the Government mean by their reference to the "full share" of waste management costs rather than to the full costs of waste disposal? Who exactly will pay for what? On decommissioning, we accept that companies will set

[Alan Duncan]

money aside, but how can the Government be confident that their economic modelling is correct, and what would happen if a nuclear company went bankrupt?

We need a long-term price on carbon, but the present carbon regime is weak. The EU emissions trading scheme is insufficiently robust. Does the Secretary of State agree with us that it needs to be underpinned by a possible carbon tax? In the spirit of the responsible approach that we wish to engender, does the right hon. Gentleman accept that it is illogical to continue with the climate change levy, which taxes nuclear, when a carbon regime should release nuclear from carbon penalties and affect only methods that create carbon?

We shall study with the greatest care the broader proposals set out in the White Paper and the Energy Bill. We note in passing that the Government appear to be putting no limit on the number of new nuclear power stations that might be built. We regret that the Government seem to have rejected feed-in tariffs, even for microgeneration, but we welcome—at least as a first step—their proposal to band the renewables obligation to give more balanced support to emerging technologies in a way that removes the perverse bias towards onshore wind and methane.

We are critical of the delay in respect of carbon capture and concerned about the contradictions in the Government's policy. Britain was ahead of the game; now, it is not. How can the Government say that it is not their policy to pick one technology over another when they have done exactly that in determining the terms of their carbon capture competition?

Whatever happens to nuclear, it is clear that it is part of a much bigger picture. If we are to have secure, affordable and green energy in 20 years' time, we must do much more to encourage energy efficiency, we must achieve a fundamental shift toward microgeneration and decentralised energy, and we must lead the world in taking advantage of renewable and new energy technology. Today's statement is just one part of that process. The true test of the Government's determination will be whether they continue to put together all the pieces of the energy jigsaw.

Mr. Hutton: I broadly welcome what the hon. Gentleman says. All of us Labour Members will welcome what I hope is the end of the flip-flopping on nuclear policy that we have witnessed from the Opposition in recent months. *[Interruption.]* We probably need to move on. I hope that the hon. Gentleman will support the Planning Bill's progress through the House, because it is a critical part of speeding up the introduction of low-carbon technologies. So far, his party has been lukewarm in its support for that legislation. We have set out a full, balanced and diverse energy policy that includes support for renewables and diversified energy systems. Nuclear will be one part of our policy in future, not the sum total of it.

The hon. Gentleman raised a number of specific points about nuclear, including on reactor safety procedures. Of course, that is properly and responsibly a matter for the nuclear installations inspectorate, but clearly its decisions could have important financial implications for potential new nuclear investors. As it is a matter for the NII, I do not want to comment on any aspect of the safety and approval system. On his point about subsidy, there will not be a subsidy for new nuclear, and we have made that absolutely clear. As for the new body that he asked about, we will consider all the options. As I say, the Energy Bill is published today; its Committee stage will start in the next few weeks, and there will be plenty of opportunity to consider the argument then. He asked how the body would do its job. We will need to get good, decent, experienced people to serve on it, and I am sure that there will not be a shortage of people prepared to do that.

The hon. Gentleman asked what was meant by the "full share" of decommissioning costs. Each energy company that wants to operate a new nuclear power station will have to meet its full share of the cost of new nuclear waste. I do not think that that policy is unclear. Of course, what each company's share will be needs to be resolved, because it will obviously depend on how many nuclear power stations that operator runs. There will be an opportunity later in the spring for us to consult fully on the details of the financial mechanisms that we are proposing. I hope that the broad principles will be available for the Committee considering the Energy Bill later next month.

The hon. Gentleman asked about the financial modelling for the economics of new nuclear. We have proceeded on a prudent, conservative basis—I hope that he will like that—in terms of understanding the modelling of nuclear economics in future. We have taken the best international evidence from the International Energy Agency and others to form the basis of our calculations. On carbon pricing, we are waiting to see new proposals from the Commission on the ETS. We will keep all our options open for the long term to make sure that investors have sufficient confidence that the ETS will work in the way that we want it to. There has to be a robust, increasing price for carbon; it is a pollutant, and we have to make sure that we regard CO_2 in that way.

The hon. Gentleman raised his familiar arguments about feed-in tariffs and the renewables obligation. I am sure that there will be other occasions when we can consider the detail of those matters. Finally, I do not accept his view that the UK has slipped when it comes to carbon capture and storage. We are one of only three countries in the world to have signalled their willingness to invest and support the demonstration of a commercial-scale carbon capture and storage project. The others are the US and Norway. That puts the UK in a global leadership role; we are not losing ground on CCS.

Mr. Elliot Morley (Scunthorpe) (Lab): There is much to welcome in the energy White Paper, and of course we cannot separate energy policy from the overriding need to tackle climate change, but will my right hon. Friend confirm that there has been nothing to stop anyone coming forward with a suggestion for a nuclear power station in the past 20 years? He can understand why people will ask, "What has suddenly changed?" On carbon prices, is he talking about some form of carbon price guarantee? On subsidies, will he make it clear that the obscene windfall profits for generators from free carbon allocation needs to be looked into at some point?

Mr. Hutton: I pay tribute to my right hon. Friend for all his years of service as a Minister in the Government. On his point about the ETS, we will have to wait and see what proposals come forward from the Commission later this month, but I have tried to put forward in the House today our view that we need a strengthening of the ETS. The issue of allocations and allowances will have to be looked at carefully as part of that.

My right hon. Friend's more fundamental question was about what had changed. It is of course true that any company could have brought forward a proposal to open or operate a new nuclear power plant, but they would not do so unless there was a clear planning framework and a view from Government that such a plant could be an acceptable way forward. Today, that signal is being given, but it was not previously. That is why there have not been new applications for some considerable time. The other things that have changed are the science of climate change and the economics of nuclear power, to which I referred, including carbon markets. That is leading to a totally different situation.

Steve Webb (Northavon) (LD): I thank the Secretary of State for his statement, just in case we had not read it in the newspapers last week.

I am not clear about what the Secretary of State has just said. As the right hon. Member for Scunthorpe (Mr. Morley) asked, what has changed? The Secretary of State said that, following a second sham consultation, the Government have come up with the answer that they first thought of, which is hardly a surprise. He said that the Government would now take the active steps necessary to facilitate new nuclear, but we are still not clear what they are. We still do not know how we will dispose of the waste. How are companies meant to invest with certainty, unless the Government give them guarantees and subsidies? Can he give us a cast-iron guarantee that there will be no subsidies at any stage of the entire process? Can he put that on the record?

Is there not a danger that new nuclear will lock us rigidly to a technology for the best part of a century, at a time when other technologies such as carbon capture and storage and renewables are evolving practically every day? Is not the danger that the technology will be obsolete by the time that we get the first, small amount of new nuclear power?

What about before 2020? We have an energy crisis now. Does he agree with his predecessor, the right hon. Member for Derby, South (Margaret Beckett), who said:

> "It would have been foolish to announce...that we would embark on a new generation of nuclear power stations because that would have guaranteed that we would not make the necessary investment and effort in both energy efficiency and in renewables."?—[*Official Report*, 24 February 2003; Vol. 400, c. 32.]

She was right. Why does he not agree with his predecessor that going ahead with new nuclear inevitably crowds out renewables and energy efficiency, in terms of Government time, expertise, and manpower? Why are the Government so slow on such issues? Why are we producing half the renewable energy of the rest of Europe, when we have the resources to do far more?

What about fuel poverty? The Secretary of State did not mention it. Will the Energy Bill include anything on mandatory social tariffs? There are too many people in this country living in fuel poverty, and the statement offered them no hope. I cannot decide whether new nuclear is a white elephant or a red herring, but it clearly is not the answer to the energy problems that we face today.

Mr. Hutton: I am saddened but not entirely surprised by that response. I am particularly disappointed that the hon. Gentleman did not understand what I said in my statement. If he would like me to send him a copy with bolder type, so that he can understand it, I shall be happy to do so. It may be helpful if I cleared up one or two confusions under which he is labouring. We are not mandating the use of nuclear power.

Steve Webb: I appreciate that.

Mr. Hutton: Well then, obviously the hon. Gentleman has understood my statement. We are not giving planning permission today for new power stations, and we will not subsidise them; I have made that absolutely clear. If power companies want to invest in other forms of cleaner technology, there is obviously nothing stopping them doing so. Those are decisions that the energy operators or companies will make. It is transparent from the hon. Gentleman's contribution that we in this House could benefit from some fresh thinking, instead of a rehash of all the old prejudices that have confused the debate for so long. We want open minds, not closed minds. I am all in favour of reducing emissions, and we can start with what comes out of the hon. Gentleman's mouth.

Mr. Adam Ingram (East Kilbride, Strathaven and Lesmahagow) (Lab): I thank my right hon. Friend for the statement. It will be particularly welcomed in my constituency, the home of British Energy. May I draw his attention to the fact that thousands of jobs in Scotland are tied up in the nuclear industry? It is vital to the science, engineering and technology base of the Scottish economy. Will he use his persuasive powers to try to convince the Administration in Holyrood, led by the Scottish National party, of the error of their ways, and to make them understand the vitality of the industry and its importance in the energy equation?

Mr. Hutton: On my right hon. Friend's latter point, I shall certainly do that. We invited Scottish Ministers to support a Sewel motion in the Scottish Parliament to facilitate the operation of the energy clauses of the Bill on a UK-wide basis. That would have been sensible, because the clauses are designed to ensure that there is no subsidy going into the costs of nuclear waste decommissioning and disposal. It is a missed opportunity.

My right hon. Friend is right about the manufacturing consequences of the announcements that we are making today. There could be a renaissance in UK power engineering, with significant consequences in constituencies all over the United Kingdom. I hope that that is another reason why hon. Members will support what we are trying to do.

Peter Luff (Mid-Worcestershire) (Con): I am in no doubt that today's statement from the right hon. Gentleman represents a very big step forward and a

[Peter Luff]

welcome one in progress towards building a new generation of nuclear power stations. In that context, I am particularly glad about the response of my hon. Friend the Member for Rutland and Melton (Alan Duncan), which underlines the fact that there is now broad cross-party support for the issue in the House, which is genuinely welcome. Another key test that the Trade and Industry Committee laid down in its report 18 months ago related to a carbon price. The Secretary of State referred to that in his response. There is not much in his statement about that, and there is not much in the documentation. Will he repeat to the House his assurance that if the second phase proposals to the Commission are not strong enough, he will take unilateral steps in the United Kingdom to provide a firm price for carbon?

Mr. Hutton: I am grateful to the hon. Gentleman for the work that he and his colleagues on the Select Committee are doing. I agree that if there is cross-party consensus on these matters, that would be a tremendously good thing for the long-term future of our country. In relation to carbon markets, the most sensible thing for us all to do is to wait and see what the Commission proposes. I am sure that my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs will look carefully at those proposals. We do not rule out any option, as I said, but it is important that the carbon price is strengthened in subsequent phases of the emissions trading scheme. That will be important for the economics of nuclear, and will be the right signal for our approach to climate change.

Dr. Alan Whitehead (Southampton, Test) (Lab): My right hon. Friend draws attention to the fact that we will have to replace one third of our power plants by 2020 or so. Bearing in mind the existing published material, including that from the Health and Safety Executive, his Department and various other agencies, on the timetable for justification for site search, planning permission and so on, does he accept that it is unlikely that there will be any new nuclear power plant on stream by the time we have to replace that one third of our energy plant? Does he therefore accept that our concentration now should be on replacing that one third of energy with renewable energy, to make sure that that new one third of power plant is indeed low-carbon?

Mr. Hutton: We need to do all those things. I tried to make it clear in my response to the hon. Member for Northavon (Steve Webb), who speaks for the Liberal Democrats, that our argument today is not that nuclear can fix all the problems. That would clearly be the wrong argument, but we should not rule nuclear out because on its own it cannot meet all the challenges. My argument today is that it has a role to play. I do not believe that it is unlikely that there will be new nuclear power stations operating in the UK by the middle of the 2020s. It is likely that there will be several nuclear power stations operating by that stage. We should also remember that it is not just the 2020 target towards which we must aim our sights—it is 2050. Between 2020 and 2050 the challenge of responding to the science of climate change will intensify, not become easier to deal with. That is why it would be wrong in principle to rule out now one proven form of low-carbon technology.

Mr. John Gummer (Suffolk, Coastal) (Con): I welcome the statement from the Minister and from our Front-Bench spokesman, my hon. Friend the Member for Rutland and Melton (Alan Duncan), and I look forward to being able to work on the progress of a Sizewell C. Does the Minister recognise that it will be much more difficult to do that if the second half of the Planning Bill is not changed? My constituents accept that the decision on the safety of nuclear power should be made here centrally, but when it comes to a discussion about the much needed road changes and so on for such a large construction, they want to have an inspector locally to whom they can put their case. If they do not, we will hold up the proposals to a degree that the right hon. Gentleman will find unimaginable. He must give local people direct influence, not hand the matter over to a quango. They want an inspector.

Mr. Hutton: I welcome the first part of the right hon. Gentleman's comments. I had the good fortune to be in his constituency yesterday to look at Sizewell B, which is a phenomenal success story—probably the most successful pressurised water reactor in the world. It is coming towards the end of 445 days of full load capacity without a break. That is an extraordinary achievement, and I congratulate his constituents on it. His comments in relation to the Planning Bill will have been heard. The Bill is in Committee, and there will be an opportunity to consider the detail of that. As a point of information, which I am sure the right hon. Gentleman does not need but others might, the Sizewell B inquiry took 340 days. It dealt with local planning issues for only 30 of those 340 days, so anyone who argues that the current system is defensible does not live in the real world.

Mr. Michael Meacher (Oldham, West and Royton) (Lab): Bearing in mind, first, that taxpayers will pay more for nuclear electricity to cover decommissioning costs and will still have to pay for any shortfall, which could run into billions; secondly, that taxpayers will have to pay the massive construction costs for storing hundreds of thousands of tonnes of highly radioactive waste; thirdly, that taxpayers will also be called on, if necessary, to guarantee a minimum price of carbon; and, fourthly, that the last round of nuclear build led to the country and taxpayers having to pay £5 billion to bail the nuclear industry out of bankruptcy, as well as £70 billion to deal with the waste, is not the whole nuclear project the mother of all white elephants?

Mr. Hutton: No, it is not. I am sorry that my right hon. Friend takes that view. He raised a number of specific points about decommissioning and waste disposal. We all accept that the responsibility for dealing with the legacy waste from the Magnox and advanced gas-cooled reactors will occur on the balance sheet of Governments for some considerable time. That is right, and there is no point pretending otherwise. Clearly, taxpayers will be involved to that extent. My statement was about the future of nuclear power. In a nutshell, we should learn from what has happened, and we can do so. There is a different way of doing it. We should be open-minded about the future. I know that my right hon. Friend follows these arguments closely. For me, the science of climate change is changing my understanding of these matters. It is imperative in our national interest that we do not take a decision now

that we would rue in future. To deny future generations the benefits of nuclear power would be entirely the wrong thing to do.

Mr. Michael Howard (Folkestone and Hythe) (Con): I, too, welcome the Secretary of State's statement and the response from my hon. Friend the Member for Rutland and Melton (Alan Duncan). Is the Secretary of State aware that British Energy has recently objected to proposals to expand Lydd airport in my constituency, because of the effect that that might have on the existing nuclear power station at Dungeness and a possible future station on that site? In view of his statement today, will the right hon. Gentleman make representations to his right hon. Friend the Secretary of State for Communities and Local Government to call in the airport application and hold a public inquiry, so that the effects of the airport proposals on the nuclear power station and on the local environment more generally can be subjected to independent public scrutiny?

Mr. Hutton: I welcome the support from the right hon. and learned Gentleman for what we are trying to do. On his specific point about Lydd and the planning application, I am completely unaware of those issues, but as we say in the trade, I will cause inquiries to be made.

Mr. Speaker: Mr. Flynn, you may speak now.

Paul Flynn: I am grateful to you, Mr. Speaker. Why on earth are we repeating the nuclear folly of the last years, when one power station was 14 years late, there were vast cost overruns, and £75 billion was required to manage the waste? The new thinking on waste is to bury it in a hole in the ground, which was the answer 40 years ago. I appeal to the Government to turn away from this atrocious decision and turn to the renewables, which are practical and cheap, especially marine power, which has long been neglected, tidal powers and the other marine powers, which are clean, non-carbon, practical, British and eternal?

Mr. Hutton: We are making significant support available so that the renewable sources of energy that my hon. Friend mentioned can come to fruition. Through the renewables obligation, all of us are subsidising renewable power. It is the right thing to do. We are not subsidising nuclear. So I do not believe that what I said today will in any way crowd out from the energy mix of the UK in the future a proper and growing role for renewable power.

John Hemming (Birmingham, Yardley) (LD): The Government seem to have rejected the idea of the feed-in tariff for the UK, but in Germany it has massively increased the amount of renewables. Will the Government at least stop lobbying within the EU to stop feed-in tariffs?

Mr. Hutton: The renewables obligation is a genuine market mechanism and that is why it has been successful. It has overseen a rapid increase in renewable energy in the UK and we should stick with what works. The feed-in tariff in Germany has undoubtedly incentivised microgeneration in particular, but a significant extra cost has been borne by consumers as a result.

Andrew Miller (Ellesmere Port and Neston) (Lab): Will my right hon. Friend confirm that the effect of his statement today on future waste streams is quite small because of the historical legacy and the inefficiency of previous systems and waste from the weapons programme? Will he also ensure that as part of the ongoing work that is undertaken, work is done through Sellafield Ltd and the university sector to ensure that improvements are made in the exploitation of those waste streams for future power sources?

Mr. Hutton: Yes, it would be right and proper for us to look at all those options. Primarily, that will be the responsibility of the Nuclear Decommissioning Authority and others, but it is worth making it clear that the new generation of reactors is likely to produce significantly less waste than Magnox and AGR, and that has to be a good thing.

Mr. William Cash (Stone) (Con): The Minister may know that recently I initiated a debate in Westminster Hall on clean coal technology. Given the UK's vast coal reserves and the fact that he has said that he has an open mind about these matters, will he be a little more specific today with respect to the opportunities that could be made available for clean coal technology, perhaps with regard also to the question of Medway and the opportunities for exporting our technology to China?

Mr. Hutton: With great respect to the hon. Gentleman, the Kingsnorth Medway application is a current application and at some point it will come to me to be approved, so it would be improper for me to say anything about that today.

Coal has an exciting role to play in future. The successful demonstration project in carbon capture and storage will be critical. If CCS does not work, we will have to work twice as hard on energy efficiency, renewables and other sorts of low-carbon technology to make good the deficit, but if we are prepared to back the right project—post-combustion coal is the right way to take CCS forward, partly because it would suit the UK's requirements, but it also has significant global application, given what is happening in China and other emerging economies—the UK could, rather unlike the hon. Gentleman, take an important global leadership role in supporting exciting new clean coal technology in the future, and I hope that he will support that.

Mr. Richard Caborn (Sheffield, Central) (Lab): I welcome my right hon. Friend's clear leadership in terms of the two big issues of security of supply and climate change, but also in terms of my constituency and the engineering industry. Last night I was talking to Graham Honeyman at Forgemasters, and in the light of this decision it is giving serious consideration to an investment in a 15,000 tonne open die forging press, one of the largest in the world, and the associated melting and engineering capacity that goes with that, because there is a chronic lack of capacity globally for such programmes and many others. In the light of this statement it is important that consideration is now given to the supply chain of that so that we can capitalise for UK Ltd more fully than we have done before

Mr. Hutton: I welcome my right hon. Friend's comments. He is absolutely right in relation to the supply chain and the industrial matters that touch on the important issue of new nuclear in the UK. Forgemasters is an excellent company. I have had the benefit of seeing at first hand its extraordinary facilities and expertise. We will need to invest significantly in the nuclear skills industry and in engineering if the UK is to take advantage of this opportunity, and I look forward to working with my right hon. Friend in Sheffield and elsewhere to make that happen.

Mrs. Jacqui Lait (Beckenham) (Con): I too welcome the statements from both Front-Bench spokesmen on the reconsideration of nuclear power, but the Secretary of State mentioned the Planning Bill. May we take it as read that the White Paper is a draft national policy statement, and, if so, how does he plan to take forward consultation and what plans does he have for inviting the House to consider the White Paper as a national planning statement?

Mr. Hutton: We need to take forward the detailed work on a nuclear national policy statement and that work is under way. I do not think that the national policy statement will be the White Paper; we need to do more work on that. The NPS will need to be as site specific as it possibly can be in relation to possible future nuclear sites. I understand that there will be an opportunity for the House to approve nuclear national policy statements about all of the national policy statements, and that will enhance the democratic credibility around planning for major infrastructure projects in the future.

Mr. Chris Mullin (Sunderland, South) (Lab): Does my right hon. Friend accept that although he may be right in his analysis, one of the reasons for scepticism is that the nuclear industry has a long history of misleading the public and previous Governments about the costs, safety and aspects of waste disposal? What makes him think that he has not been misled this time?

Mr. Hutton: There is no doubt that many people in the country have real concerns about nuclear going forward, and we have heard some of those expressed today and we heard them expressed during the nuclear consultation exercise. It is a subject of great emotion for many people. I hope that my hon. Friend will accept my assurance that we have looked carefully—my officials, Ministers, my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs and previous Ministers in this role—at these issues. We are in a different set of situations now. The science and the economics have changed, and the nuclear engineering capacity and capability have also changed significantly. The simple question for all of us today is not whether we should consent to an individual nuclear power station or mandate power companies to use nuclear—that is not what I am talking about—but whether we want to rule out for all time the possible contribution that a proven, and it is proven, form of low-carbon technology could make to tackling climate change and energy security problems in the UK. It would be entirely the wrong thing to do today to rule out this technology in perpetuity knowing that it could make a significant difference. That is not just my view but the view of many others in the scientific community and the Sustainable Development Commission and others.

Mr. Michael Jack (Fylde) (Con): I welcome the Secretary of State's statement and the reply of my hon. Friend the Member for Rutland and Melton (Alan Duncan), but the right hon. Gentleman will be aware that my constituency is the home of the majority of nuclear fuel manufacture in the UK. What assurances can he give me today that the NDA will enter into meaningful discussions with Toshiba Westinghouse to ensure that a suitable business model can be developed to make sure that we can sustain the manufacture at that site of nuclear fuel for the benefit of the UK and to realise the benefits of fuel and energy security for the UK?

Mr. Hutton: Again, I welcome what the right hon. Gentleman says. In relation to Springfields, these are matters for the NDA to resolve and work through. We have given it the executive responsibility to handle these matters and it should get on with it. I hope that he will be at least partly reassured to know that I want to see the UK gain the maximum that it can for its industrial sectors and manufacturing capacities from what we seek to do. I am sure that it is also the NDA's view, in managing the business and taking it forward, that it needs to maximise every opportunity for new business, growth and employment in the UK nuclear industry. That will be my priority and I will ensure that Ian Roxbrough and the NDA board are aware of that.

Mr. David Kidney (Stafford) (Lab): On the question of investment in alternative low-carbon technologies, I welcome my right hon. Friend's announcement during the recent recess, not repeated in today's statement, of a major expansion in offshore wind power. Does he agree that between now and 2020, that decision has much more significance for our secure energy supplies and cutting carbon emissions than his nuclear decision today? Will he confirm that the contracts for the interconnectors to bring the electricity from offshore to the coast and from the coast to the national grid will soon be in place, a matter of great importance to the power industries in Stafford?

Mr. Hutton: I can certainly confirm that work is under way to make sure that we can take full advantage of the extraordinary opportunity that offshore wind offers the UK. In the short term, my hon. Friend is also absolutely right that this is what we should be focusing on. Work is under way, particularly in relation to the point about transmission access. That is critical. There is precious little point in building offshore wind turbines if we cannot connect them to the grid, so we had better make sure that we have that issued sorted.

Mr. Mike Weir (Angus) (SNP): I do not suppose that it will come as a total surprise to the Secretary of State that the Scottish National party remains fully opposed to new nuclear power stations; fortunately, the SNP Government in Scotland will not allow new such stations in our country. I remind the Secretary of State that that stand is supported by many Labour MSPs.

May I press the Secretary of State further on the question of financing the containment and guarding of nuclear waste for a period in excess of recorded human history? In the White Paper, he talks about using an exercise in waste-cost modelling to set a fixed price or upper limit for nuclear operators. Can he tell us how

that price will be calculated and how he will ensure that it is paid? Will generators have to provide security for future costs at the outset, or is he talking about a one-off payment when they put the waste in the depository?

Mr. Hutton: On the hon. Gentleman's first point about the attitude of Scottish Parliament Ministers, I should say that that is obviously a matter for them. The Bill and the White Paper respect the devolution settlement. I think that those Ministers are making a mistake and that their stand has more to do with a political stunt than taking a responsible long-term decision in the best interests of Scottish electricity consumers and the wider UK perspective. I regret the stand that those Ministers have taken, and I believe that they will come to regret it too.

On the hon. Gentleman's point on financing, I should say that a lot of the detail is set out in the White Paper. I do not want to go through all the detail in this response, but the clauses will apply only to England, and not to Scotland, in respect of the technical plan and other issues; the hon. Gentleman should not be too worried about them. In February, there will be an extensive consultation setting out in more detail how the particulars of the provisions will work. As I said, I hope that that will be of assistance to the Select Committee.

Mr. Jamie Reed (Copeland) (Lab): May I congratulate the Secretary of State, the Minister for Energy and the Prime Minister on their courage and wisdom in making today's decision, which is long overdue. I welcome it.

The Secretary of State knows that my constituency is home to the single largest concentration of British nuclear workers in the country. Following today's announcement, will he work with me to ensure that, although there will be multinational efforts in part, the delivery of new reactors in this country will be predicated on British workers, British nuclear expertise, British companies and British skills and experience?

Mr. Hutton: May I reciprocate my hon. Friend's warm feelings? He is my constituency neighbour; I see locally and in this place the excellent work that he does as an advocate for his constituents, and I am aware of the arguments that he makes for the UK nuclear industry. He has done a great deal to help the decision that we have announced today. The UK and his constituents will be well placed to take full economic advantage of new nuclear technology, and what is good for the UK nuclear industry is certainly good for my hon. Friend's constituency.

Mr. Ian Liddell-Grainger (Bridgwater) (Con): I welcome the Secretary of State's statement because of my interest in Hinckley Point.

West Somerset and Sedgemoor district councils have been working on a framework document for local people to get planning gain over the life of the nuclear industry; Hinckley Point has been around since 1957. Will the Secretary of State consider forming some sort of framework agreement extending from central Government to local government, so that the benefits come straight to a community fund or some other form of organisation that could benefit local people directly in their areas?

Mr. Hutton: I am happy to consider what the hon. Gentleman has said, although such matters are primarily for my right hon. Friend the Secretary of State for Communities and Local Government.

Mrs. Joan Humble (Blackpool, North and Fleetwood) (Lab): I welcome the Secretary of State's comments about renewables, but as he is well aware, the fishermen of Fleetwood—and the ferry operators that transport their goods from Fleetwood to Northern Ireland—are concerned about the large number, and size, of offshore wind farms proposed for the Irish sea. Will the Secretary of State ensure that there are meaningful discussions between those whose livelihoods are affected by those developments and the energy operators so that there can be a solution that satisfies both sides?

Mr. Hutton: I certainly recognise the issue that my hon. Friend has raised; she and I have already discussed it a number of times, as fishermen in my constituency have raised similar concerns with me. As we set about the process of siting further offshore wind turbines, of course a full and proper consultation will be necessary. Furthermore, an effective strategic environmental assessment of the proposals will have to be made. I am sure that that will give my hon. Friend's constituents the opportunity to get involved in the decision making.

Mr. Ian Taylor (Esher and Walton) (Con): I congratulate the Secretary of State on standing up to the muddle-headed thinking of the environmental organisations that claim to be green but are against nuclear power. His statement has provided a clear framework for going forward. Will he confirm that he will consider some of the research and development implications of the White Paper? For example, it is still not possible safely to channel the variable supply from renewables through the grid. More research is needed on that issue.

We still need to consider pre-emission and not just post-combustion carbon capture and we genuinely need more science and engineers for the development of power stations. I hope that the Secretary of State will work with his colleagues to ensure that specific skills targets and encouragement for research grants are given to the relevant people.

Mr. Hutton: I am grateful to the hon. Gentleman for his words. I agree that we are at the beginning of the process, not the end. A lot of work will need to be done on a number of different issues—he referred to science, engineering and skills and I accept what he said. The Government have a role to play and they need to play it.

Obviously, we considered carefully whether we could support a variety of different technologies through the competition process for CCS. We had clear legal and other advice that the right thing was to be clear about which technology we were inviting interest in and bids for. The competition would have been much more complicated if those basic ground rules had not been properly established. There are opportunities across the European Union for other types of project to be supported. The European Commission is seeking to develop 12

[Mr. Hutton]

demonstration projects in the EU, and I hope that there will be other opportunities for other technologies to be explored fully.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): The Secretary of State has confidence in nuclear power, but does he not have concerns when he considers Finland? The latest plant there is already two years behind schedule and running over budget only three years after construction started. Has the Secretary of State taken that into account in his long-term planning?

The competition for carbon capture and storage may be difficult, but the Government's job is to do difficult things, not make things easy by making exclusions. If the competition were genuine, it would have embraced the full variety of technologies.

Mr. Hutton: I tried to say that there would be opportunities for other forms of CCS technologies to be properly developed. We are not against that. However, in this country we have to be clear about the ground rules for the competition, and we have done that. We have acted properly and prudently, taking into account the advice that we have received.

The hon. Gentleman made a wider point about nuclear power. The project that he mentioned has run into difficulties; that is a matter of fact. However, it is quite wrong to conclude from that any general or wider lessons for the UK.

Colin Challen (Morley and Rothwell) (Lab): We have to be honest and recognise that the statement is as full of holes as the Sellafield reprocessing plant. Margaret Thatcher promised 10 new nuclear power plants and delivered one. We have heard about the Finnish experience and know that Germany, which is tackling climate change with a thorough energy policy, is eradicating the possibility of new nuclear plants there. When does my right hon. Friend anticipate that the first new nuclear plants will be commissioned and how many will we get?

Mr. Hutton: As I tried to say in my statement, I am not going to set a limit or attempt to calculate the number; that is not for Ministers to do in an energy market that operates on liberal parameters. Industry estimates suggest that the first such nuclear power station could be operational in the UK by 2017. I think that an optimistic assessment, but it is what the industry is saying.

To those who sneer about the contribution of nuclear power, and many in the House have done so, I simply repeat what I said in my statement: we should keep an open mind and not rule out the potential benefits of nuclear power. That, for example, was the view of the Sustainable Development Commission and I think that it is right. Nuclear power could make a significant contribution to carbon mitigation in the UK. Furthermore, the view of Patrick Moore, one of the co-founders of Greenpeace, is interesting; in April 2006, he wrote in *The Washington Post* that nuclear power could make a decisive and important contribution to saving the world from the serious threat of climate change.

Several hon. Members *rose*—

Mr. Speaker: Order.

Business of the House

12.28 pm

The Leader of the House of Commons (Ms Harriet Harman): With permission, I should like to make a statement about the business for next week.

MONDAY 14 JANUARY—Second Reading of the Education and Skills Bill.

TUESDAY 15 JANUARY—Motion to approve a Ways and Means resolution on the Health and Social Care Bill, followed by motion to approve the payments into the Olympic Lottery Distribution Fund etc. Order 2007, followed by consideration in Committee of the European Communities (Finance) Bill, followed by remaining stages of the European Communities (Finance) Bill.

WEDNESDAY 16 JANUARY—Opposition Day [6th Allotted Day]. There will be a debate entitled "Pensioner Poverty", followed by a debate entitled "Human Trafficking". Both debates will arise on an Opposition motion.

THURSDAY 17 JANUARY—Topical debate. Subject to be announced, followed by remaining stages of the Channel Tunnel Rail Link (Supplementary Provisions) Bill.

FRIDAY 18 JANUARY—The House will not be sitting.

The provisional business for the week commencing 21 January will include:

MONDAY 21 JANUARY—Second Reading of the European Union (Amendment) Bill.

TUESDAY 22 JANUARY—Second Reading of the Energy Bill.

WEDNESDAY 23 JANUARY—Opposition Day [7th Allotted Day] (First Part). There will be a debate on an Opposition motion, subject to be announced, followed by remaining stages of the Student Loans Bill.

THURSDAY 24 JANUARY—Topical debate, subject to be announced, followed by motions relating to Senior Salaries Review Body report on parliamentary pay, pensions and allowances.

FRIDAY 25 JANUARY—Private Members' Bills.

Next Wednesday, 16 January, the Government will publish the report of the Senior Salaries Review Body on parliamentary pay, pensions and allowances. At the same time, we will issue a written ministerial statement setting out the Government's response and table the relevant motions that will be debated by the House on the following Thursday, 24 January. Because of the difficult decisions that we have taken over the past year to stage the public sector pay awards, inflation has fallen, and that has allowed the Bank of England to keep interest rates down. As my right hon. Friend the Prime Minister has made clear, as Members of this House, we too—[HON. MEMBERS: "This is a business statement."] As my right hon. Friend the Prime Minister has made clear—*[Interruption.]*

Madam Deputy Speaker (Sylvia Heal): Order.

Ms Harman: As Members of this House, we too are paid from the public purse, and it is right that we should be subject to the same disciplines on public sector pay as the rest of the public sector.

Simon Hughes (North Southwark and Bermondsey) (LD): On a point of order, Madam Deputy Speaker. I respect the fact that the Leader of the House is trying to be helpful, but this is not business—it is something else—and I ask you to guide her to make this statement at an appropriate time—*[Interruption.]*

Madam Deputy Speaker: Order. I am sorry, but I did not hear the conclusion of the hon. Gentleman's remarks because of the noise in the Chamber.

Simon Hughes: I invite you, Madam Deputy Speaker, to advise the Leader of the House on how she might help us by giving a statement in the right way and at the right time.

Ms Harman: Further to that point of order, Madam Deputy Speaker. Perhaps I can assist the House by explaining that I was saying that because I am about to make an announcement that is important to the House about how, in future, the pay and pensions of Members of this House will be set.

Mr. Michael Jack (Fylde) (Con): On a point of order, Madam Deputy Speaker.

Madam Deputy Speaker: I am dealing with a point of order at the moment. In responding to that, I suggest to the Leader of the House that however helpful she is attempting to be in this matter, we are really dealing with the business of the House for next week rather than the detail that she was trying to be helpful in giving to the House at this stage.

Ms Harman: I apologise if I have strayed out of order, but I was hoping to explain to the House that we will publish the SSRB report in advance of debating it so that Members will know that they will have adequate time to debate it, and so that they will know that this will possibly be the last time that they will have to go through that exercise because of the review that we intend to set up.

Mrs. Theresa May (Maidenhead) (Con): I thank the Leader of the House for giving us the forthcoming business. I also thank her for giving us an insight into the speech that she will give on 24 January in the debate on the SSRB report. I note that she was attempting to make a statement to the House on the Government's position before the Government have published that position and before Members have seen the SSRB report.

On an entirely different subject, can the right hon. and learned Lady ensure that at around the time of St. David's day we have a debate on Welsh affairs?

Yesterday, the Prime Minister was less than convincing when he tried to explain his ever-shifting policy on ID cards. My right hon. Friend the Leader of the Opposition has written to him and has not received a reply. When will the Prime Minister make a clear statement to the House on his position on ID cards?

Last year, the Government graciously accepted the Modernisation Committee's recommendation to have topical debates, yet only the first debate was genuinely topical. Since then, the right hon. and learned Lady has selected subjects to match the Government's news

[Mrs. Theresa May]

agenda. Will she now listen to the House and agree to a topical debate on Sir John Tooke's report on the shambolic handling of the recruitment system for junior doctors?

Yesterday, despite the importance of the Criminal Justice and Immigration Bill, we had only one day to debate its remaining stages. Many amendments were not debated. Can the right hon. and learned Lady make a statement on why the consideration of this important Bill was cut short?

In November, in response to a question from my right hon. Friend the Leader of the Opposition, the Prime Minister promised to make available in the Library details of the "preventing violent extremism" programme. Despite repeated promises from Ministers, the information is still not there. When will it be placed in the Library?

When the Prime Minister still claimed to be a change, he promised to

"entrust more power to Parliament".

Since then, the Government have made no fewer than 28 policy announcements to the media before Parliament. Just this week, we have had press briefings on the NHS, nuclear power stations and deactivated firearms. When will the Leader of the House ensure that her ministerial colleagues, including the Prime Minister, do what he promised and put Parliament first? Every week, she tells us that she puts Parliament first, yet every week her colleagues treat Parliament with disdain.

Another of the Prime Minister's changed policies was that there should be a deep clean of hospitals to fight superbugs. Yet now we know that only 50 out of 1,500 NHS hospitals have had a deep clean. The cost of the treatment is coming out of existing budgets, and the Health Secretary thinks that it is all a waste of time. When will the Health Secretary come to the House to make a statement on the Prime Minister's deep clean programme?

Yet another of the Prime Minister's new policies was, notoriously, to promise British jobs for British workers. However, as we now know, 80 per cent. of new jobs go to migrant workers, the Government have lost a court ruling on foreign junior doctors, and the Government are weakening the resident labour market test. Will the beleaguered Work and Pensions Secretary take a break from the mess that he has created and make a statement to the House on the mess created by the Prime Minister?

Do not those examples tell the sad truth about this Prime Minister? In the words of his own right hand man, he simply cannot claim to be the change, and is not that why his latest relaunch is doomed to fail?

Ms Harman: The right hon. Lady raised the question of ID cards. The Prime Minister made the Government's position clear to the House yesterday, particularly in relation to the importance of biometric information on passports and on visas for foreign nationals, and to the fact that if there were any progress towards making that compulsory for British nationals, it would be in the light of experience that we would be bringing it back for a vote of this House. That is, and remains, the position on ID cards.

We have had a number of topical debates—in Government time, as the House will remember—on matters that are important regionally, nationally or internationally, topical and of public interest. We have so far debated immigration, climate change, apprenticeships and financial problems for low-income families, and I invite all hon. Members to continue to propose subjects that they think are topical. One of the problems is that in order to give Members enough time to plan to be part of a topical debate, we give out information and make the decision earlier in the week. Because that process happens earlier in the week, the subject is inevitably less topical by the time we debate it later in the week. *[Laughter.]* The reality is that there is a trade-off between giving people notice and topicality, but we have committed to review the situation, as we undertook to the House and the Modernisation Committee, and we will do so.

The right hon. Lady mentioned the recruitment of junior doctors. She will know that we have recently had the publication of important work undertaken as part of the Tooke report.

Mrs. May: I asked about that.

Ms Harman: Indeed. I am dealing with it because the right hon. Lady asked about it. On that basis, we will go forward in consultation with the British Medical Association to improve the situation.

The right hon. Lady mentioned the amount of time the House had to debate the Criminal Justice and Immigration Bill on Report. We sought to make extra time available yesterday, but we acknowledge that it did not turn out to be enough. If we have the opportunity, consistent with ensuring the implementation of the Bill—particularly with regard to the time-critical issue of prison officers' right to strike—we shall see whether we can find some extra time when the Bill returns to this House on consideration of Lords amendments. We all agree that the amount of time spent last night was unsatisfactory.

The situation has raised a point that we will face again, and which business managers need to talk about: the amount of time available for this House to debate major Bills on Report. A number of major Bills have received a Second Reading or will receive it soon, and the question is whether enough time for Report is structured in, or whether we should seek to find more. If we do the latter, it will put pressure on the amount of time that the House has to debate non-legislative issues, or we will end up doing so at the expense of the amount of time hon. Members are able to spend in their constituencies. We all want enough time for scrutiny on Report, and we need to address this matter, especially in the light of the House's experience last night.

The right hon. Lady talked about the Government's approach to tackling extremism and our action on that, and I shall look into the points that she made.

Once again, the right hon. Lady made accusations and asserted that Ministers were making policy statements to the media that were rightly for this House. She gave a number of examples. I look into every single example, and I take the matter very seriously. I agree that it is important that Ministers are answerable to this House rather than the media. One example that she cited was

the announcement today by my right hon. Friend the Home Secretary about deactivated firearms. I looked into that matter before I came to the House today because there are always judgments to be made in such situations, and I wanted to know what the background to this one was and why the announcement was not the subject of an oral statement to the House.

The issue in question is an intention that will be subject to consultation. It is a detailed and complex area, about which there will be consultation, and my right hon. Friend will come to the House with any proposals before we are asked to consider them in legislation. We have a business statement today and an important debate later on Army personnel; we also have a topical debate today, and we have had an important debate on energy. The question is whether it would have been right for her to come to the House to make a statement about the launch of a consultation about deactivated firearms. As far as I am concerned, she made a sensible judgment, which I am quite happy to defend to the House. I do not agree that we are not putting Parliament first.

The right hon. Member for Maidenhead (Mrs. May) talked about hospital-acquired infection. We are on target to progress with our deep cleans, and we do not think that they are a waste of time, as she alleged.

Mrs. May: The Health Secretary said that they are.

Ms Harman: He did not say that. We think that patients value them, and they are very important.

The right hon. Lady also talked about migration. I remind her that we discuss that matter often in the House, and one of the key issues to keep under consideration is the Government's migration impact forum.

I wish the right hon. Lady and the whole House a happy new year.

Mr. Frank Field (Birkenhead) (Lab): May I bring the Leader of the House back to MPs' pay? When I was first in the House, we worked ourselves up into a great state about our pay. The Government, led by Mrs. Thatcher, made it plain that what we wanted was against the level of settlement that they wished us to award ourselves. We passed our resolution, we incurred the displeasure of our constituents, and Mrs. T brought forward an order that fitted her wages policy. Before we debate our resolution on MPs' pay, may I ask the Leader of the House whether the same procedure, in which we pass a resolution that cannot become effective until the Government place an order for us to vote on, will operate? Before we vote—and perhaps make fools of ourselves—will she tell us whether the Government will bring forward only an order that fits their wages policy for the public sector?

Ms Harman: My right hon. Friend is right. The process, under the current procedures of this House, of setting, debating and voting on our pay, pensions and allowances is as he described it, based on his memories. That is why many Members say that they find it unacceptable, and we know that the public do not accept that MPs should decide their own pay and pensions by voting. Therefore, we intend to review the procedures for setting MPs' pay and pensions in the future, with a view to examining options that find objective criteria for pay determination within a framework that does not require Members to vote.

Several hon. Members *rose*—

Madam Deputy Speaker: Order. Clearly, many Members are hoping to raise questions on this statement. May I ask that there be a single supplementary question put briefly to the Minister and a short response.

Simon Hughes: Madam Deputy Speaker—*[Laughter.]* You may not have been very helpful by making that point then, rather than later. *[Interruption.]* I am standing my ground.

We had an energy statement, which was important; it may or may not have been welcome. Following the questions put to the Prime Minister yesterday by my hon. Friend the Member for Sheffield, Hallam (Mr. Clegg), our new party leader, and my hon. Friend the Member for Northavon (Steve Webb), our new energy spokesman, on fuel costs and fuel poverty, will the Leader of House provide time in the near future for a debate on the effects of rising international fuel costs on people in this country and their fuel bills? Throughout the country, many people are finding the increased costs a difficult burden, and we would all benefit from a discussion about where we are, and where we can go to reduce the gap between rich and poor.

We have just had the end of the consultation period on the Government's proposed local government settlement for the next three years. The right hon. and learned Lady will know, from our constituencies, that there is much unhappiness among all parties about the proposed tight settlement, and in relation to all councils and types of councils in England. Before we have the "big bang" debate later this month where we vote on whether we accept the settlement, could she find time for a debate that gives colleagues the chance to explore the impact of the proposals of the Secretary of State for Communities and Local Government for their type of council?

On Members' pay, pensions and allowances, may I help the right hon. and learned Lady by suggesting that, next Wednesday, when the Government propose to publish the report from the independent body, she comes to the House after Prime Minister's questions and makes a statement, which we can explore, on the Government's position, so that the House is well informed in the week before we debate the issues? That is sensible and will facilitate the most managed method of dealing with the amendments that will inevitably be tabled.

The right hon. Member for Maidenhead (Mrs. May) made an early bid for a Welsh debate around St. David's day. We have had a terrible time in parts of the Commonwealth—Pakistan and Kenya—over Christmas and the new year. Commonwealth day is 10 March. May we have an annual Commonwealth day debate so that those of us who believe that the Commonwealth should and can be effective can try to persuade the Government to use their influence to ensure that democracy is supported more effectively throughout the Commonwealth?

[Simon Hughes]

Lastly, following the big issue of yesterday, the Leader of the House has been helpful. We had a seven-and-a-half-hour Report stage on the Criminal Justice and Immigration Bill. More than four fifths of that time—more than six hours—was spent on Government new clauses, new schedules and amendments. There were 120 of them, all on matters that should not take time away from Government Back Benchers and Opposition Members. There were nine debates to be had on issues as important as blasphemy, prostitution, sex offences, pornography and personal data; yet we had only one out of nine. May I suggest that, in future, we negotiate the time for Report stage, which is the time for Back-Bench and Opposition contributions, and that if the Government want to do their own thing, they do it in extra time that they add to the agreed time? Only by doing that can we avoid the nonsense of the House of Commons considering one of the major Bills of the year but debating only what the Government wish to discuss, as happened yesterday.

Ms Harman: The hon. Gentleman reinforced the points about the Criminal Justice and Immigration Bill. He expressed what is largely a shared view. The hon. Member for Somerton and Frome (Mr. Heath) had already raised the points with me, so I was well aware of the concerns. In the interests of brevity, I shall not add to my comments in response to the right hon. Member for Maidenhead, but we take the point, which was well made.

On the energy statement and fuel costs, fuel poverty and fuel costs were raised many times in the topical debate before Christmas on people living on low incomes. However, the subject could be considered for a further topical debate and I am sure that it will be discussed on Second Reading of the Energy Bill next week.

There are obviously further proposals to make on the local government settlement, but Communities and Local Government questions will take place on 15 January, which is next week. The hon. Gentleman is right that it has been a tight settlement. We must be careful with the public finances, but there has been a real-terms increase, which has been important year on year in areas such as my constituency and his in the London borough of Southwark. There has been a real-terms increase, despite the growing demand and the fact that we would all like more.

The hon. Gentleman asked whether, when we publish the SSRB report on 16 January, which is next Wednesday, and the written ministerial statement which sets out our position, and table our resolutions, we should make an oral statement. We are trying to make the written ministerial statement, which will be the Government's response to the SSRB report on MPs' pay, as full and as explanatory as possible so that we not only table the resolutions and enable hon. Members to examine them straight away and consider their amendments, but ensure that they have the Government's argument, set out as fully as possible, in an inevitably lengthy written ministerial statement. That will give hon. Members quite enough material to work out whether—and if so, how—they want to amend the resolutions. They will have more than a full week before the debate on 24 January. A written but full ministerial statement is the right approach.

The hon. Gentleman mentioned St. David's day, which is not for two months. The debate does not always take place on the day, but we always have a debate for Wales within 12 calendar months. He mentioned Commonwealth affairs. The Foreign Secretary recently made a statement to the House on Pakistan and Kenya. I will bear the hon. Gentleman's point in mind, bring it to the attention of the Foreign Secretary and ask my right hon. Friend to come to the House if there are further points that he needs to make about the Commonwealth.

Mrs. Ann Cryer (Keighley) (Lab): Would it be possible to have a debate next week on the total lack of democratic accountability of the housing trusts that took over our council housing following various stock transfers? I have realised in the past few days that they are outside the remit of the freedom of information legislation, which makes matters even worse.

Ms Harman: I am well aware of my hon. Friend's point and I know she wants to ensure that her constituents have not only high quality housing but some measure of redress if that is not the case, and that there is proper accountability. The Government are considering that important issue and we hope that there will be an opportunity in the next Session to introduce a housing Bill, which deals not with the supply side—the subject of the current measure—but issues such as the rights of tenants. I know that my hon. Friend will play a major part in contributing to policy development on the matter.

Sir George Young (North-West Hampshire) (Con): Further to the questions about next Wednesday's business, what conceivable reason can there be for the Government's not placing in the Library today a copy of the SSRB report, which they have had since July, about which the Leader of the House sought to make a statement today, and which is widely available in the media?

Ms Harman: The SSRB report is not yet printed. [Hon. Members: "July!"] We need to be sure that the leaders of Opposition parties have sufficient time to read the report before its publication. *[Interruption.]* Just bear with me.

Madam Deputy Speaker: Order.

Ms Harman: We need to be sure that leaders of Opposition parties have enough time to consider the report so that they can make their responses to the Government before we publish our response. [Hon. Members: "Why?"] It is also crucial that Back Benchers have sufficient time to examine the resolutions, consider the amendments that they might want to make and consider the full report.

Mrs. May: The Leader of the Opposition has not received a copy.

Ms Harman: The right hon. Lady claims from a sedentary position that leaders of the Opposition have not had a copy of the report. That concerns me. *[Interruption.]* Let me just say that a copy of the report was given to her party leader on Monday.

Simon Hughes: We have received our copy.

Ms Harman: I am reassured that the leader of the Liberal Democrats has received his copy. That leads me to believe that the Leader of the Opposition has not told the shadow Leader of the House that he has got a copy or what is in it.

Hon. Members: So it must have been printed.

Madam Deputy Speaker: Order.

Mr. Chris Mullin (Sunderland, South) (Lab): How have we once again got ourselves into a position whereby we are invited to vote on our remuneration, given that we have been assured on several occasions during the 20 or so years that I have been in this place that it would not happen again? If we are to set up a review, can we ensure that it does not include too many complex criteria? Surely the solution is to link our remuneration to the fortunes of preferably the humblest of our constituents and leave it that way for eternity.

Ms Harman: If we had acted on my hon. Friend's suggestion a number of years ago, we would not be in the position that we are in now. He tabled a motion that we should not set our own pay and that it should be indexed. I have announced to the House that we are now acting in the spirit of his proposals, albeit some years on.

John Bercow (Buckingham) (Con): Further to the earlier exchanges on the subject, can we please have a debate on the Floor of the House next week on the Government's approach to the programming of the Report stage of each and every Bill, in the course of which it would be possible, among other ideas, to consider the merits of the imposition of time limits on Back-Bench speeches?

Ms Harman: I think that this issue needs further consideration, not just in the debate about programme motions, but by taking it in the round and looking ahead. That involves both consultation with the usual channels and the business managers reflecting on it. I very much take the hon. Gentleman's point.

Anne Moffat (East Lothian) (Lab): Is my right hon. and learned Friend aware of this morning's report about British troops serving in Afghanistan being given blood supplied by the Americans that had not been properly screened? Those troops are now going through the horror of waiting to see whether they have HIV, hepatitis B or other sexually transmitted diseases. Given that our fine soldiers are out there doing what they are doing, they should not be subjected to that. Can we have a statement as soon as possible?

Ms Harman: I thank my hon. Friend for making that point. She is right to want to ensure that our troops serving in Afghanistan and Iraq receive the highest possible standard of medical support and health care. The issue that she raises is one that she or other hon. Members might have the opportunity to raise in this afternoon's debate on armed services personnel.

Mrs. Maria Miller (Basingstoke) (Con): Can the Leader of the House make time for an urgent debate on the Select Committee on Health report that was published today? The report highlights the vital job that the National Institute for Health and Clinical Excellence does in difficult circumstances, but identifies problems that need to be resolved. I am concerned in particular about the problem that some primary care trusts have in implementing NICE guidelines on IVF treatment. Can she arrange for a debate in Government time?

Ms Harman: The Government are of course considering their position on the Health Committee's important report. We, too, share its view of the good work that NICE does. If the hon. Lady wants to make points about the report in advance of the Government's response, she will have an opportunity to do so in another of the much-maligned topical debates, which will take place in a few minutes.

Dr. Brian Iddon (Bolton, South-East) (Lab): Yesterday, without any discussion on the Floor of the House, we sent a Bill down to the other place that contained clause 105, which will result in the jailing of quite a number of women engaged in prostitution and criminalise thousands of them if it is eventually enacted. I found that lack of discussion terribly frustrating. There was also an important amendment on, effectively, zero tolerance that needed discussing.

Ministers have gone to Sweden and Amsterdam today to study prostitution and, yesterday, the Minister of State, Ministry of Justice, my right hon. Friend the Member for Delyn (Mr. Hanson) announced that there would be a Bill in the fourth Session of this Parliament on prostitution. May I therefore suggest two alternatives to my right hon. and learned Friend? We could either have a topical debate next week on prostitution, so that we can give guidance to the other place on the feelings of elected Members of this House, or we could take those clauses out of the Bill entirely and include them in the Bill to be introduced in the fourth Session of Parliament.

Ms Harman: My hon. Friend makes an important and constructive point, which I shall certainly reflect on. As he said, the Home Secretary has announced a six-month review period on the law relating to prostitution. As my hon. Friend also said, the issue will be debated in the other place, and I will also look at whether there will be an opportunity for a topical debate to consider it.

Richard Younger-Ross (Teignbridge) (LD): Will there be time for a debate on disabled people's access to public transport? In particular, perhaps the relevant Minister could explain in that debate why there will be no companion passes to help disabled people travel under the concessionary bus pass scheme.

Ms Harman: We have oral questions to the Secretary of State for Transport a week on Tuesday. Perhaps the hon. Gentleman could take the opportunity to ask her then.

Jeremy Corbyn (Islington, North) (Lab): I hope that the Leader of the House has acknowledged the huge concerns about yesterday's performance in the Report stage of the Criminal Justice and Immigration Bill. However, I am unclear about what the proposals are to ensure that that simply does not happen again. We increased the size of a Bill by roughly a third and

[Jeremy Corbyn]

denied the House a debate on major issues, as many hon. Members have acknowledged. Can we have an assurance that that will simply never happen again and that there will be sufficient time for a proper debate on Report? Can we also have an assurance that the points that the hon. Member for North Southwark and Bermondsey (Simon Hughes) made will be taken on board, namely that the time when we legitimately question the report from the relevant Committee—that is what it is supposed to be—should be separated and that if the Government wish to introduce new clauses on such major issues as prison officers' right to strike, that should be done in Government time, rather than taking away from our opportunity legitimately to question the legislation?

Ms Harman: My hon. Friend makes the point well. He recognises that there will always be a need to add to Bills when time-critical issues arise, as they did with the Criminal Justice and Immigration Bill and the question of prison officers' right to strike. However, we want to ensure that Government amendments are added in such a way that they are sufficiently debated and scrutinised in the Chamber, that that does not squeeze out the opportunity of Back Benchers to table amendments to the Bill that are in order and that they, too, are properly debated. I take his point.

Mr. Andrew Mackay (Bracknell) (Con): Normally when a Prime Minister answers repeatedly and woodenly, "This is Government policy," most of us smell a dither and a U-turn coming, so can we have a guarantee from the Leader of the House that when the identity card scheme finally comes to an end, there will be a quick statement at the Dispatch Box from the Prime Minister and not from the Home Secretary?

Ms Harman: Our position on identity cards is absolutely clear. We are pressing on. When it comes to dithering and U-turning, plenty of us are greatly confused by the Conservative party's position on ID cards.

Michael Connarty (Linlithgow and East Falkirk) (Lab): Can the Leader of the House organise for the Department for Work and Pensions to have a debate so as to explain to the House the regulations or other arrangements that the new Child Support Agency will operate under? In 1998, I secured an interim assessment on behalf of a resident parent from, basically, a reluctant payer who would not return the inquiry form. The new enforcement team decided in October last year that he owed £46,000 to his children, but that could not be recovered, because some of it cannot be recovered from before 2000. The team has now written to say that because the inquiry form was returned unopened, it has decided to reduce his liability to nil. Is the CSA really saying that anybody who does not want to pay should just stick the form back in the post with "Gone away" on it?

Ms Harman: My hon. Friend makes an important point. The biggest problem in child support is fathers who do not want to discharge their responsibilities to their children and who instead want the taxpayer to support them. That creates challenges. He makes an important point that needs to be addressed, so I shall bring it to the attention of my right hon. Friend the Secretary of State for Work and Pensions and ask him to liaise with my hon. Friend to discuss it.

Mr. Crispin Blunt (Reigate) (Con): Can we have a debate on the Prime Minister and his Government's attitude to Parliament? Will the Leader of the House ensure that the Prime Minister opens that debate, so that he has an opportunity to explain what has changed since the fine words in his statement to the House on 3 July and, in particular, to say why, less than one hour after answering Prime Minister's questions yesterday, he was not here to vote for the quite disgraceful programme motion put before the House? The Minister of State, Ministry of Justice, the right hon. Member for Delyn (Mr. Hanson), said at the Dispatch Box that he would probably not be voting for it unless he had to make the case for it.

Can the right hon. and learned Lady also explain why, in referring to what happened yesterday, she said, "As it turns out," as though it was a surprise? If the Government continue to treat Parliament as though we are that stupid, she cannot be surprised at the reception that she has received this afternoon.

Ms Harman: As the hon. Gentleman rightly says, my right hon. Friend the Prime Minister made a statement in July about the governance of Britain and the importance of Parliament within it. Nothing has changed since then.

Mr. David Chaytor (Bury, North) (Lab): Can the Leader of the House find time for a debate on social mobility—a subject that is permanently topical and of growing interest to all parties. Given the Opposition parties' hostility to the Government's admirable policy, announced this week, of shifting the Higher Education Funding Council budget to give an advantage to those who have never been to university, given the Opposition's policy of hostility to extending the participation age to 18 and given the continuing hostility to the Government's policies of fair admissions in schools and universities, would not a debate on social mobility enable us to identify not only the factors holding it back, but the most effective policies for improving it?

Ms Harman: My hon. Friend will know—he shares the Government's total commitment to tackling poverty and promoting social mobility—that all the policy issues, Government programmes and legislation that he has identified are directed towards that end. The Government's commitment is fundamental. I know that all the issues he raised are explicitly included in social mobility, but I will look to see whether a further opportunity to debate it, perhaps in a topical debate, might be possible.

Justine Greening (Putney) (Con): May I suggest a topical debate on the dangerous shambles of the consultation on the proposed expansion of Heathrow airport? The Secretary of State for Transport never appeared before the House to be held to account and it now turns out that the Department for Environment, Food and Rural Affairs was never involved in the environmental modelling work on the Heathrow expansion. The proposal will affect millions of people and it concerns

the environment, the economy and climate change. It is also controversial, so if that is not topical enough for a topical debate, what is?

Ms Harman: I did tell the House, including the hon. Lady, that I considered Heathrow expansion as a subject for a topical debate before Christmas. I accept that many Members are concerned to debate the issues surrounding expansion. I did not pick it in the end because, after the consultation document was issued but before the end of the consultation period next month, those issues were discussed in a Westminster Hall debate. If the hon. Lady wants to explain why, notwithstanding that debate, Heathrow expansion remains a good subject for a topical debate, she can talk to me about it or drop me an e-mail.

Mark Hunter (Cheadle) (LD): I am aware that the House will debate preventive health services for a full 90 minutes later this afternoon, but I ask the Leader of the House to find time for a specific debate on the future of NHS dentistry. Does she agree that doing so is even more important in view of the revelations in *The Independent* today that show that health care in this country is now the most expensive in Europe?

Ms Harman: There will, as the hon. Gentleman says, be an opportunity to raise the ever-topical subject of NHS dentistry in this afternoon's debate, but let me remind the House that more people have NHS dentistry now than at any previous time. We want to increase still further the number of people who have an NHS dentist, but it is more than ever before. In addition, we are increasing the number of dentistry students going through our high-quality dentistry schools.

Mr. Michael Jack (Fylde) (Con): Pursuant to the earlier remarks of the Leader of the House about the report of the Senior Salaries Review Body, will she explain in her inquiry mode whether she looked into how, earlier this year and before any Member of Parliament saw a copy of the report, so much of the information was made available to Sunday newspapers and other broadcast media? If the report has not yet been printed, how has the chairman of the parliamentary pensions system been able to get a copy of it?

Ms Harman: It is custom and practice for Leaders of the Opposition and chairs of the trustees of parliamentary pensions to receive a draft copy before it goes to the printers. That has, indeed, occurred on this occasion. As to the various speculations in the newspapers about the SSRB report, we will have to wait until it is published to establish whether the leaks were accurate.

On public sector pay policy, it is not jumping the gun in respect of the SSRB report for the Prime Minister to point out—and for the Government to strongly take the view—that we are paid out of the public purse. That being the case, we should expect to have the same public sector pay discipline applied to us as has been applied to the rest of the public sector as we take the difficult decision to ensure that pay is staged so that inflation stays down and interest rates remain low in order for the economy to remain strong.

Mr. Christopher Chope (Christchurch) (Con): Will it be possible to include in the resolutions on the SSRB report a call for Parliament to review the issue of the communications allowance? It is widely rumoured that the SSRB report is highly critical of the Government's communications allowance, whereby £10,000 goes to every Labour MP in a hard-pressed constituency for propaganda purposes—

Chris Bryant (Rhondda) (Lab): Do you use it?

Mr. Chope: I do not use it at all. We need to ensure that a proposal to remove the communications allowance, thereby saving taxpayers a lot of money, is put fairly and squarely before the House for resolution.

Ms Harman: I just want to correct the misapprehension that the communications allowance is available only to Labour Members. It is available to all MPs who are concerned to communicate with their constituents. I believe that it is extremely important for MPs to be able to communicate to their constituents the important work they do in the House in their constituents' interests. I can tell the hon. Gentleman and the House that 547 Members have claimed the communications allowance. As I say, it is certainly not just for Labour MPs. When the allowance was set up, it was agreed that its operation should be subject to review by the House authorities. That review is under way. As to what changes to the allowance, if any, are proposed by the SSRB, the hon. Gentleman will be able to find out next Wednesday.

John Penrose (Weston-super-Mare) (Con): May I press the Leader of the House on her earlier responses to questions about ID cards? In her reply to the shadow Leader of the House, she used the example of including biometric data on passports, which is clearly a narrower and more voluntary system in comparison with the Government's earlier statements on having a mandatory and national ID cards scheme. What we want to find out and what the Leader of the House was subsequently asked is whether the Government remain committed to such a scheme and whether the Prime Minister will make a statement on whether the Government plan to introduce moves in that direction.

Ms Harman: I think the Prime Minister commented on that yesterday in response to a question in Prime Minister's questions. I have repeated what he said and I do not think that I can add anything further to it.

Mr. David Evennett (Bexleyheath and Crayford) (Con): The Leader of the House says that she is looking into the possibility of having debates on Wales and on the Commonwealth. May I urge her to think also about having a debate on London issues? We used to have an annual debate on London, which allowed Members with London constituencies and others to raise all sorts of general issues about London. Will she therefore think about adding such a debate to her list for consideration?

Ms Harman: Yes, I will.

Mr. Mark Harper (Forest of Dean) (Con): May I take the Leader of the House back to a point about statements raised by my right hon. Friend the Member for Maidenhead (Mrs. May)? Is it not the case that the Prime Minister is the worst offender with his announcement on NHS screening and his confirmation

[Mr. Mark Harper]

of the Cabinet's decision on nuclear power? Also, we all have a fair idea about where the leaks on the SSRB are coming from. The Leader of the House often refers to herself as the House's policeman, but is it not the case that the Prime Minister has effectively taken away and broken her truncheon, leaving her powerless?

Ms Harman: The Prime Minister has made more oral statements to the House than I can recall ever happening before. As I have said, there is always a balance to be struck as to whether issues should be announced via oral questions, a written ministerial statement, an oral statement or whatever. I sense a certain disbelief at my statements on this matter, but I assure the hon. Gentleman that I take it very seriously. I cross-examine my colleagues about why they have done things in a particular way and I would not defend them if I thought that they had treated the House with disrespect. It is not my job to preside over Ministers not taking this House seriously.

Mr. Paul Goodman (Wycombe) (Con): Further to the question from my right hon. Friend the Member for Maidenhead (Mrs. May) about the placing of documents relating to the Prime Minister's "preventing violent extremism" programme in the Library, the Leader of the House should know that the Prime Minister made a commitment to put the relevant documents in the Library as long ago as 14 November, and on 21 November the Secretary of State for Communities and Local Government wrote to me saying that they would be put in the Library "shortly". However, the Secretary of State's office has now told my office that there is no timetable for their delivery. Although the programme is important and worth while, Members will rightly wish to scrutinise the details of where the money is going. Will the Leader of the House please ensure that the problem is cleared up as a matter of urgency?

Ms Harman: The hon. Gentleman can ask the Secretary of State for Communities and Local Government about that next Tuesday, but he has made a serious point. I will look into it, and ensure that the Secretary of State writes to him and to the right hon. Member for Maidenhead (Mrs. May) before next Tuesday.

Mark Pritchard (The Wrekin) (Con): Notwithstanding the debate on the armed forces that will take place later today, may we have a separate urgent debate on the funding of the excellent armed forces charity Combat Stress? Given that an increasing number of armed forces personnel are suffering from post-traumatic stress and post-traumatic stress disorder, are the Government confident that the current level of funding is adequate for the needs that it must serve?

Ms Harman: I will bring the hon. Gentleman's question to the attention of my right hon. Friend the Secretary of State for Defence, but he has raised two issues: the amount that is spent on defence, and how it is allocated. It is of the highest priority that those who put their lives on the line should have the best possible support service, a point made earlier by my hon. Friend the Member for East Lothian (Anne Moffat). As the hon. Gentleman suggested, he will be able to raise that later today in the armed forces debate. As for the overall amount spent on defence, we spend more in real terms than any other country in the world except the United States. We have a very good record in that respect.

Philip Davies (Shipley) (Con): It really is not good enough for the Leader of the House to tell Members to make suggestions for topical debates. Does she not think it might be noticed that every time the Prime Minister makes an announcement about something on a Monday, it miraculously becomes the subject of a topical debate on the following Thursday? During the debate on apprenticeships, the Under-Secretary of State for Innovation, Universities and Skills, the hon. Member for Tottenham (Mr. Lammy), said that

"the debate is topical given that the Prime Minister has made announcements on apprenticeships in the past few days." [*Official Report*, 29 November 2007; Vol. 470, c. 468.]

Will the Leader of the House guarantee that from next week onwards, she will stop this farce of arranging a topical debate on whatever the Prime Minister mentions on a Monday?

Ms Harman: I think that if the Prime Minister has made a statement on something that is of great concern and importance to the country and is being debated outside the House of Commons, the fact that he has taken an initiative on it should not bar it from being the subject of debate in the House. There is no scientific or correct way of choosing subjects for topical debates, which is why it is right for us to review the issue in the spring.

Mr. Peter Bone (Wellingborough) (Con): May we have a statement from the Prime Minister next week on who would control the Government and our nuclear deterrent if the Prime Minister were indisposed because of an accident, illness or terrorist activity? Would it be the Leader of the House, the Cabinet Secretary, the defence chiefs, or perhaps David Beckham?

Ms Harman: The hon. Gentleman has the opportunity to question the Prime Minister every Wednesday.

Mr. Philip Hollobone (Kettering) (Con): May we have a debate in Government time entitled "Ludicrous application of EU regulations"? It would allow us to highlight the fact that over the past five years some £22 million has been given to former United Kingdom residents living in other European countries in the form of the winter fuel allowance, over £11 million of which has gone to former UK residents living in Spain. As pensioners struggle to pay their winter fuel bills in this country, is it not an outrage that so much public money is being spent on winter fuel allowances for people living in far warmer climes?

Ms Harman: My hon. Friend the Minister for Energy tells me that there is some doubt about whether that is actually true.

Chris Bryant: The hon. Gentleman read it in the *Daily Mail*.

Ms Harman: The hon. Gentleman is holding up the Order Paper rather than the *Daily Mail*. I will look into the matter, and write to him.

Point of Order

1.25 pm

Mr. Dominic Grieve (Beaconsfield) (Con): On a point of order, Madam Deputy Speaker. Have you or Mr. Speaker received any notice from the Solicitor-General about a statement to the House on the collapse of the prosecution of Derek Pasquill, a Foreign Office official who was charged under the Official Secrets Act? The case collapsed on its first day because the Crown Prosecution Service indicated to the court that internal Foreign Office documents about the rendition information that Derek Pasquill had leaked to the press undermined the prosecution's case that the leaks were damaging. In addition, Madam Deputy Speaker—

Madam Deputy Speaker (Sylvia Heal): Order. Before the hon. Gentleman goes much further, perhaps I should say that this is not a matter for the occupant of the Chair. I understand its importance to the hon. Gentleman, but it is not the responsibility of the occupant of the Chair.

BILL PRESENTED

ENERGY

Mr. Secretary Hutton, supported by the Prime Minister, Mr. Chancellor of the Exchequer, Secretary Jacqui Smith, Secretary Hilary Benn, Secretary Hazel Blears, Secretary John Denham and Malcolm Wicks, presented a Bill to make provision relating to gas importation and storage; to make provision in relation to electricity generated from renewable sources; to make provision about the decommissioning of energy installations and wells; to make provision about the management and disposal of waste produced during the operation of nuclear installations; to make provision relating to petroleum licences; to make provision about third party access to oil and gas infrastructure and modifications of pipelines; to make provision about reports relating to energy matters; to make provision relating to gas meters and electricity meters and provision relating to electricity safety; to make provision about the security of equipment, software and information relating to nuclear matters; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Monday 14 January, and to be printed. Explanatory notes to be printed. [Bill 53].

TOPICAL DEBATE

Preventive Health Services

1.26 pm

The Minister of State, Department of Health (Dawn Primarolo): I beg to move,

That this House has considered the matter of preventive health services.

I welcome the opportunity to debate preventive medical services. We often debate issues involving the national health service and the treatment of ill health, and it is important for us to be able to focus also on the prevention of illness and the promotion of good health.

The NHS has been engaged in preventive health services since its inception in 1948, and some preventive health services even predate its establishment. Wartime posters reminded mothers not to forget babies' cod liver oil and orange juice to prevent rickets and scurvy, and photographs of child health clinics with lines of children waiting to be vaccinated are emblematic of the early days of a service that is unique in its offer of health care free for all at the point of need, liberating all of us from fears of unaffordable treatment and untreatable illness: comprehensive health care, publicly funded by taxation.

The announcement made on Monday by my right hon. Friend the Prime Minister builds on that tradition by offering health checks where they will improve our ability to predict and prevent certain conditions in the people at greatest risk, including abdominal aortic aneurism in men over 65, which currently kills over 3,000 men a year. The screening programme is expected to halve that number. There will also be a mid-life test to identify vulnerability to vascular diseases that currently affect the lives of 6.2 million people, causing 200,000 deaths a year, and are responsible for a fifth of all hospital admissions. We announced last month that we would make available a vaccine to prevent the human papilloma virus, a major cause of cervical cancer. We have also made it clear that we support the implementation of further screening programmes when the National Screening Committee advises that the evidence base is sound.

Some of the greatest improvements in the health of the population have been secured through preventive programmes. As a result of vaccination, once-dreaded diseases like diphtheria and polio are extremely rare in this country, and smallpox has been eradicated worldwide. Those campaigns have been so successful that we can easily become complacent about their worth. There used to be 500,000 cases of measles in Britain each year, but they can now be measured in hundreds. In other countries, however, measles remains a major childhood killer. We have seen how dependent we are on prevention to keep it at bay in this country when, as a result of vaccine scares, immunisation rates have fallen, leading to needless infections, complications and death.

Mrs. Ann Cryer (Keighley) (Lab): On children and the prevention of illness, will my right hon. Friend comment on the need for advice to be given to some of our communities who practise first-cousin marriages? That has a detrimental effect on any ensuing children in terms of genetically transmitted disorders, which cannot be prevented by vaccination or immunisation.

Dawn Primarolo: My hon. Friend touches on another important dimension of having a national health service that treats ill health, advises and supports, and ensures that information and evidence is clearly provided to individuals. That is the national health service at its very broadest. My hon. Friend has raised an important issue, but, given the shortness of the debate, my response must be brief. Her comments reveal the broad role of the national health service and its professionals as stewards of good information and advice for all individuals in this country.

Mr. Philip Hollobone (Kettering) (Con): That role is most applicable to tooth decay, which is almost entirely preventable. Does the right hon. Lady share my concern that there are not enough NHS dentists in constituencies such as Kettering? Does she also share my concern about the large number of young children who do not regularly visit an NHS dentist and receive the preventive health advice they need?

Dawn Primarolo: The hon. Gentleman is assiduous in his work in this Chamber, and I congratulate him on how he represents his constituents. I am sure he knows that we have some of the best standards of health care and healthy teeth in Europe, which is in large part due to fluoridation. The Government have invested a huge sum in dentistry, and the profession is expanding. Our training colleges are full, and our dentists are trained to the highest standards. I have no doubt that the hon. Gentleman will continue to make sure that his constituents get the very best of what they need from dentistry.

Mr. Stewart Jackson (Peterborough) (Con) *rose*

Norman Lamb (North Norfolk) (LD) *rose*

Dawn Primarolo: I shall give way to both hon. Gentlemen, and then I shall try to make some progress.

Mr. Stewart Jackson: I thank the Minister for her generosity in giving way. Among the most significant preventable conditions are the neural tube defects, hydrocephalus and spina bifida. Is the Minister able to advise the House when a decision will finally be taken on the fortification of foodstuffs with folic acid to prevent those distressing conditions?

Dawn Primarolo: The Department has revisited that issue and we are now running a large campaign based on guidance, leaflets and advice to parents on folic acid. Rather than use up time now, I am more than happy to write to the hon. Gentleman detailing those developments, because he is right that it is an important issue.

Norman Lamb: To follow up on the point about NHS dentistry, is the Minister not concerned that the evidence suggests that the system of units of dental activity does not in practice incentivise NHS dentists to offer preventive dental health care to their patients, and also that, almost universally, dentists say that the system must be reformed to incentivise that preventive work?

Dawn Primarolo: As I am sure the hon. Gentleman knows, those are matters of great importance in the negotiations on the dentists' contract, the terms of which are being revisited quite a long time after their inception. Dentistry is moving away from "extraction and fill" to a policy of prevention of tooth decay, but his comments will be looked at closely.

All the points that have already been raised make it clear that while we are, of course, concerned that we should have a national health service that is free at the point of need, treating people with illness, it also has a huge task to prevent ill health and to support individuals to have more control of their health in partnership with their clinicians. The NHS has discharged that role in the past 60 years, but it will need to do more in the coming years to empower people to monitor their own health. Screening programmes play a crucial role in that, such as the revolutionised child health care screening programmes, including hearing tests for new-born children, screening for sickle cell anaemia disorders, and the secured screening for cystic fibrosis, which will avoid lengthy diagnostic delays and minimise frequent hospital admissions for affected children. Those programmes play an important part in ensuring that people are able to stay healthy and fit and have a good quality of life, as well as treating them under the insurance policy that the NHS provides for all of us—the very best treatment when we need it.

Mr. Peter Bone (Wellingborough) (Con): Will the Minister give way?

Dawn Primarolo: I will be happy to do so after I have made a little progress.

Preventive health services are, of course, not the exclusive preserve of the NHS. An increasing range of commercial screening services are advertised, and there must be a degree of caution—the health service certainly has that—in considering the use of such programmes. Any screening service has the potential to harm people as well as to benefit them, because finding illness in a whole population who have no signs of illness is like looking for a needle in a haystack. Often, unnecessary concerns are raised, which can result in treatments that carry a higher risk of complications. Therefore, preventive health services in the NHS are designed to deliver the greatest benefit to both the individual patient and the population as a whole, and to ensure that the outcome of a screening programme is net benefit and not net harm. Those important issues need to be borne in mind. I have a feeling that the hon. Member for Wellingborough (Mr. Bone) wants to raise this matter, so I shall give way to him now.

Mr. Bone: I entirely agree with the Minister about screening being a good idea, but the initial costs must be extraordinarily high. First, the screening must be done, and then the illnesses are found and must be treated. Any screening programme will represent a huge additional cost. Has that been budgeted for?

Dawn Primarolo: If any screening process is recommended—I will discuss this later—consideration will be taken of the risks and the interventions and assessments, as I said a moment ago. Of course, such considerations are made all the time by the national health service in terms of screening and preventive interventions. That is why the outcome must be net benefit and not net harm. We must ensure that screening

effective and that it produces the greatest benefit for the health of the population. We must not conduct interventions that just reassure but actually offer no benefit.

Improvements in public health have been achieved by what the Nuffield bioethics report refers to as "quite interventionist public policies". As we move forward in the 21st century, we cannot rely solely on that approach. No one person or policy will solve the complex issues in our modern-day society, such as childhood obesity or the need to stop binge-drinking and inform people of the associated risks.

Philip Davies (Shipley) (Con): Will the Minister give way?

Mark Pritchard (The Wrekin) (Con): Will the Minister give way?

Dawn Primarolo: I am very short of time and I would like to make some progress. I am sure that the hon. Gentlemen will make their points incredibly powerfully in the debate.

What I have said goes right to the heart of the issue: the balance that must be struck between state responsibility and individual choice—individual empowerment and responsibilities and the provision of services. As my right hon. Friend the Prime Minister said, the future of the health service must be about building partnerships between patients and the NHS, and ensuring that patients are empowered to monitor their own health and to exercise real choice. Crucial factors in that approach will be advice on diet and physical activity. Policy on smoking cessation has been crucial in making serious qualitative strides on high quality interventions to improve the health of the nation.

Philip Davies *rose*

Dawn Primarolo: Time is short and I have been very generous in giving way, so I am afraid that the hon. Gentleman will have to speak in the debate.

Primary care has, of course, played a central role in the development and implementation of preventive health services, but the primary care team contains many different professions and expertise, all of which need to be utilised, from the house visitor to the practice nurse and pharmacist. In taking forward strategies to prevent ill health, the health service will need to rise to the challenge of ensuring not only the provision of a personalised service that supports the individual, but the appropriate use of all the skills that exist in our national health services.

Services work best when they are based on evidence and on expert guidance on the benefits to individuals and the whole population. We are fortunate to be guided by the National Screening Committee and the Joint Committee on Vaccination and Immunisation. I would like to take this opportunity to pay tribute to the work that those two committees, and others working in the field of preventive medicine in the NHS, have done.

As the NHS moves towards its 60th birthday, we are seeking to place even greater emphasis on the importance of preventive health services, which save and improve lives. That will be a key feature of the NHS next stage review, which is being led by Lord Darzi and is expected to report in the summer. We have much to be proud of from the first 60 years, and we intend to ensure that the next 60 years of the NHS builds on prevention and need, and celebrates everyone's life and quality of life.

1.42 pm

Mark Simmonds (Boston and Skegness) (Con): No one in this House or this country would deny the importance or significance of preventive health care, nor would they criticise the Government for, at last, shining a light on public and preventive health care. Conservative Members recognise the benefit of prevention and earlier detection, diagnosis and treatment in improving the overall health and well-being of the population, particularly as preventive health services are key to combating health inequalities.

Let us begin by discussing where we agree with the Prime Minister's statement on Monday. We agree with devolved decision making and with greater emphasis on prevention. We want greater accountability, a more patient-focused NHS and greater individual empowerment, and a larger involvement for the charitable, voluntary and private sectors. We also want extended diagnostics in surgeries and greater access to screening, which all have the potential to save many lives. I am sure that the Minister will acknowledge that Conservative Members have called for all that repeatedly. However, the message delivered by the Prime Minister on Monday is in stark and direct contradiction to this Government's track record. Over the past decade the NHS has been overseen by the Prime Minister, who has presided over a command-and-control, top-down, centralised and process-driven system, and certainly not over a patient-centred NHS based on outcomes.

The key to preventive health care is public health. Under this Government, our public health service is fragmented and there are few clear lines of accountability. Primary care trusts have no incentive to pay for public health interventions that will be costly in the short term as a result of additional demand. Public health budgets have been raided to bail out deficit-ridden trusts, and it is clear that, especially in London, there is an inverse relationship between socio-economic deprivation and public health expenditure.

Dr. Howard Stoate (Dartford) (Lab): Before the hon. Gentleman extols the virtues of his party on public health and preventive medicine, perhaps he would like to reflect back to the 1990 general practitioners contract, which contained 27 targets for GPs to meet on so-called preventive medicine, not one of which was evidence based and all of which fell quickly into disrepute because they were completely ineffective.

Mark Simmonds: The hon. Gentleman will not be surprised to learn that I do not share his analysis. Let us consider what has happened since 1997. Rates of obesity, sexually transmitted diseases and substance abuse are all increasing, and progress on reducing smoking has stalled. Levels of infectious diseases, such as tuberculosis, are rising in the United Kingdom, and the UK has a higher prevalence of drug misuse than any other European country. That is not a record of which he should be proud.

Philip Davies: I think that we all agree about preventive health, but the thing about this debate that worries me is the talk that we sometimes hear from

[Philip Davies]

Labour Members about denying treatment to people who happen to smoke or who eat junk food and are overweight. Will my hon. Friend confirm that the next Conservative Government will not deny people any treatment that they need because of their lifestyle choices? If we went down those lines, anyone who got pregnant would not be able to have an abortion on the NHS, because that would have been preventable too.

Mark Simmonds: My hon. Friend makes a good point, and I can confirm from the Dispatch Box that that is not the policy of the party that I represent from the Front Bench, nor, to be fair, do I suspect it to be the policy of the Government.

Urgent action must be taken to prevent a public health crisis. On Monday, the Prime Minister promised everyone in the country a check-up for heart disease, strokes, diabetes and kidney disease. Of course, it is right that such checks are available to those who need them, yet instead of this being the initiative-seizing new start for the Prime Minister, the proposals have been criticised by the very people who are charged with implementing them.

Let us be clear that the Minister was right to mention and congratulate the National Screening Committee, but it has not recommended whole population screening, which was announced by the Government. Instead, it recommends a narrower programme of risk assessment that could include measurement of risk factors such as blood pressure, cholesterol and glucose, alongside assessment of the all-important family history. Will she detail the clinical evidence for such whole population screening, which could divert finite, financial resources away from deprived areas and ethnic communities, where it is vital to reduce health inequalities?

Tony Baldry (Banbury) (Con): Before we get on to the detail, I think that my hon. Friend can help me with the mystery that all this involves. We are debating just one aspect of the speech that the Prime Minister gave on Monday, because the Government have chosen to select just one part of it. What confuses me about that speech is that it contained numerous messages about patient power, concern about a health service that was driven by the needs of providers rather than those of patients and the phrase "empowering patients". That all sounds hollow in my constituency, where people see NHS services being closed down, taken away and reduced—they do not see how that reconciles with patient power. What does my hon. Friend understand the Prime Minister to mean when he talks about patient power? Does the fact that the only bit of the speech that the Government are focusing on today is a dissertation on preventive medicine mean that all the other things said by the Prime Minister were simply hot air?

Mark Simmonds: My hon. Friend makes a very good point, which touches on the issue that I was trying to emphasise at the beginning of my remarks—one must look carefully at what this Government do, not what they say. Their record on the health service since they came to power in 1997 has been very much about central control and disempowering patients and those who use the NHS, rather than about empowering both individuals and groups. Conservatives want such empowerment to be a central part of the development of the NHS when we form the Government, as we hope to do after the next general election.

I want to make some additional points about what the Prime Minister said on Monday. There is no timetable for delivery of the screening. He said that it would occur at some point between April 2008 and 2011, but could not say at what point in the spending round the money would become available.

The House will also not be surprised to learn that some of the announcements made on Monday were not new. Conservatives have been calling for "triple A" screening for years, and the Government have promised to roll it out for at least a year. In the White Paper of January 2006, they recommended something called "life check", which was supposed to include a mid-life health check, including checks on weight, blood pressure and cholesterol. That is remarkably similar to what was in Monday's announcements.

Furthermore, no consultation on those proposals has taken place. Neither the National Screening Committee nor the British Medical Association were consulted on the screening plans. It is beyond belief that the Prime Minister did not consult the very groups set up to provide him with expert advice on screening, nor the doctors expected to implement those policies.

Mr. Stewart Jackson: Does my hon. Friend agree that the Prime Minister has form in that area? Last September, he told the Labour party conference that every hospital in the country would be deep cleaned. Figures recently released show that a tiny minority of hospitals and trusts have been deep cleaned, and many have no plans for a deep clean in place with their strategic health authorities.

Mark Simmonds: My hon. Friend is right to make that point, although that is not the specific area of debate for today. He is right to re-emphasise the point that, with this Government, one has to look carefully at their actions, not at what they say.

Not only have there been the criticisms that I have highlighted, but it is peculiar that the Prime Minister is announcing policy at the same time as a detailed policy review is being conducted by Lord Darzi. I suspect that it is because the Prime Minister is being reactive, rather that proactive.

Mr. Quentin Davies (Grantham and Stamford) (Lab): The hon. Gentleman spoke with approval a moment ago about those who criticise whole population screening and prefer selective screening based on risk-factor selection. Does that mean that under a future Conservative Government, if people want to be screened but have not been selected by the bureaucracy on the basis of some risk factor, their only hope is to go to the private sector and pay?

Mark Simmonds: That is not exactly what I said. The health service needs to take into account the clinical evidence base that supports the recommendations from the professionals. The Government need to look carefully at what the National Screening Committee recommends, which is not whole population screening.

I understand that the Department of Health is starting to resile from what the Prime Minister said on Monday. I shall set out what we intend to do later in my remarks.

Not only have there been criticisms, but there are significant and glaring omissions. I just wish to give two brief, but representative, examples. First, despite what the Minister of State, Department of Health, the hon. Member for Exeter (Mr. Bradshaw), said inaccurately on "Newsnight" earlier in the week, pharmacists were not mentioned at all in the Prime Minister's speech, despite their vital importance and the potentially significant contribution that they can make to preventive health care. The Government claimed that the new contract would lead to exactly these types of checks in the community, but only 1 per cent. of pharmacies have been commissioned by PCTs to do that screening.

We also critically require primary prevention to improve nutrition. The estimated overall cost to the NHS of failing to treat under-nutrition is £7.3 billion per year, but measures to alleviate this burden were not announced in the Prime Minister's speech on preventive health care. Recent figures detail that the number of patients being admitted to hospital in an undernourished state has increased by a staggering 85 per cent. since 1997, to more than 130,000 last year. Failing to prevent under-nutrition in patients leads to longer hospital stays, delayed recovery, an increased risk of contracting health care-associated infections, and poor respiratory function. In some studies, undernourished patients are estimated to have a mortality rate up to eight times higher than well-nourished patients.

The Opposition believe that policies on such important issues as preventive health must be carefully and fully considered and appropriately resourced. We have consulted widely and made a number of proposals in that vital area of health policy.

We have pledged an independent ring-fenced budget for public health, allocated through a new public health structure, overseen by local directors of public health jointly appointed by PCTs and local authorities. We want to see a strengthened chief medical officer's department, made more independent of Ministers. We will use the public health budget to enhance significantly the impact of health awareness campaigns, both for primary prevention, to convey an understanding of the impact of lifestyle especially on cancer risk, and for secondary prevention, promoting awareness of symptoms and encouraging early presentation. We would make greater use of the skills and expertise of health care professionals, such as pharmacists, who are close to their communities and well placed to provide information about medical conditions, lifestyle choices and medicine management.

Sadly, we have seen no such policy rigour from the Government, and the Prime Minister's recent announcements have left health care professionals and patients confused over exactly what services will be provided, where the resources are coming from, and when the checks will begin.

I have a few brief questions for the Minister and I hope that she will respond when she winds up. Will the Minister confirm that it is the Government's intention to fund fully any future recommendation from the National Screening Committee? Where are the resources coming from to fund the triple A announcement, which was first made in June 2004? What is the difference between the "life check" announced in January 2006 and what the Prime Minister announced on Monday? The Prime Minister said that everyone had the right to these check-ups

"when you want and need them, and where you need them."

Is it the Government's intention to apply that to screening and, if so, where is the clinical evidence and analysis of the importance of risk profiling? How can this be reconciled with the advice from the National Screening Committee, which does not recommend whole population screening? Could the Minister clarify whether the Prime Minister is really promising screening for everyone at any time?

The NHS is one of the country's greatest assets, and the Conservative party's No. 1 priority. Under a future Conservative Government, the NHS will have a greater patient focus; it will be based on outcomes, not centrally driven targets; it will be properly resourced; it will be free at the point of delivery; and, most importantly, it will focus on the key to our long-term health—better public and better preventive health care.

Several hon. Members *rose—*

Madam Deputy Speaker (Sylvia Heal): Order. I remind all hon. Members that Mr. Speaker has imposed a 10-minute limit on Back Bench speeches.

1.56 pm

Mrs. Sharon Hodgson (Gateshead, East and Washington, West) (Lab): It is a pleasure to be able to speak in this debate on the subject of a more preventive health service. I apologise for my croaky voice, but I have a bit of a cold. Perhaps if I took more preventive health care decisions, I might not be suffering as I am today. *[Laughter.]* The topic is a worthy one and, of course, we would not have been discussing it without the new time made available for topical debates, which I warmly welcome.

I have lost track of the number of conversations I have had in my time as a Member of this House with health care professionals and constituents that have stressed the importance of taking a more preventive approach to health care in this country. I am sure that other hon. Members are no strangers to that topic either. The speech given by the Prime Minister earlier this week should be welcomed on both sides of the House as a step towards creating an NHS that is seen to be adapting to the new challenges and opportunities of the 21st century.

There has been an increasing focus in recent years on the impact of our lifestyles on our health. Lifestyle choices and the plethora of products available to support them are no longer a niche conversation or a niche market. The continued emergence of research that identifies risk factors associated with different diseases cannot be ignored. That is why a new focus on preventive health care is so timely. We now have the information available to support health professionals in seeking both to educate and protect our constituents. I am sure that I will not be the first or last Member today to utter the words "prevention is better than cure", so I will get that one out of the way.

I would like to discuss briefly three aspects to the approach. It is necessary to raise the importance of both awareness and screening in increasing prevention

[Mrs. Sharon Hodgson]

of cancer and other killer diseases, and I would also like to ensure that Ministers are reminded of the continuing need to address health inequalities in the north-east. I would hope that long-term thinking and preventive health care will be able to make real inroads into health problems in Gateshead and Washington, and I will return to that issue.

The recent cancer reform strategy made clear the need for greater attention to be paid to raising awareness of rarer cancer symptoms and also began to set out improvements in screening that will continue to save lives throughout the country. If we are to see more preventive health care, we need better education of symptom awareness. Ovarian cancer is the fourth most common cancer in women, but all too often symptoms go unnoticed by GPs and patients alike. England and the UK were recently revealed to have among the lowest ovarian cancer survival rates in Europe, with just over 30 per cent. of women surviving for five years. The figure has not changed significantly in more than 20 years. Most women—75 per cent.—are diagnosed once the cancer has spread significantly, making successful treatment difficult. If our rates could match the best in Europe, an extra 800 women a year would survive beyond five years.

I welcome Professor Mike Richards's statement that ovarian cancer will be included in the early awareness initiative that was announced as part of the cancer reform strategy. I welcome the active steps that are already being taken on better prevention through symptom awareness. The ongoing "TLC" campaign that encourages woman to "touch, look and check" their breasts for any signs of change also does valuable work in raising awareness of the risks of breast cancer. It is vital that Ministers continue to work with campaigners such as Breakthrough Breast Cancer to achieve the results that we all wish to see.

Alongside working to increase awareness, it is vital that access to screening continues to improve for those most at risk of developing cancers and other deadly diseases. I have been in touch with Cancer Research UK about that, because I know it takes screening seriously. The launch of the parliamentary phase of the "Screening Matters" campaign will be co-ordinated in partnership with other charities including Jo's Trust and the Breast Cancer Campaign. The message is incredibly simple: screening matters because it saves lives. Hon. Members will have an important role in spreading the word and I encourage them to attend the launch event, which will be held in the House during February.

Breast cancer screening is estimated to save 1,400 lives a year. Bowel cancer screening for those at risk is also playing a role in detecting cancer early and increasing the chance of survival. The message that I continue to hear from organisations such as Bowel Cancer UK is that the steps being taken by the Government are hugely ambitious. Labour Members should share a sense of pride at having helped to support those changes.

The Prime Minister's announcement of a new vascular screening programme has been warmly welcomed by many, including health charities such as HEART UK, the Primary Care Cardiovascular Society, the National Obesity Forum and the British Heart Foundation. However, we must ensure that that ambitious programme is properly supported. We need to stick to well-founded examples of best practice, such as those established for vascular screening. We will not succeed unless we have appropriate treatments and expertise available for those who are identified through screening as suffering from a potentially terminal illness.

There is huge potential in the increased screening programme and it will make a real difference for many in my constituency. The introduction of the smoking ban, the success of the "five a day" campaign and improvements in the quality of school meals all add up to show the Government's strong and continuing commitment to public health in Britain. We now have more than 32,000 more doctors and 85,000 more nurses. Waiting times for operations are shorter than ever and screening projects are becoming more and more effective.

I do not believe that we would have seen anything like the same degree of financial support or policy commitment under a Conservative Government. All the local authorities in Tyne and Wear are in the top two fifths of the most deprived areas of the UK. Gateshead and Sunderland, which cover my constituency, are both in the top fifth. I know from talking to staff at Gateshead Queen Elizabeth hospital and at Sunderland royal hospital that they are doing all they can to address the health inequalities that affect my constituency so badly.

Those inequalities are prevalent despite the excellent care that my constituents receive at those hospitals and across the wider north-east from skilled and dedicated staff. In the Sunderland metropolitan area, life expectancy is 18 months below the national average. Death rates from smoking, heart disease, strokes and cancer are all above the national average. The mortality rate for cancer is 136 per 100,000 compared with a national average of 119. Almost a third of children are dependent on means-tested benefits. That can be compared with a wealthy London Borough such as Kensington and Chelsea, where the cancer mortality rate is only 81 per 100,000.

In Gateshead, life expectancy is almost two years below the national average. Again, deaths from smoking, heart disease, strokes and cancer are all above the national average. In fact, mortality rates for heart disease and strokes are at 110 per 100,000 compared with a national average of 90. The statistics create a compelling argument that cannot be ignored. It is a common-sense recognition that the more we can prevent killer diseases through medical progress and lifestyle change, the more savings we can make on health budgets.

Progress will be achieved only if primary care trusts and social care services work closely together to educate the public. Therefore, it is even more vital that we do not push the two services into a battle for funding so that gains for one only lead to losses for the other. That is why I am delighted about the recent provisional funding announcement, which will go some way to ending the problems that have been caused by the double damping of funding.

In constituencies such as mine, health services need extra support to tackle ingrained public health problems. Many of us know the old sayings such as "an apple a day" and "go to work on an egg", but in the current environment there is a risk that such simple messages can get lost in the myriad information and warnings about the impact of our chosen lifestyles.

I hope that ministers will acknowledge the issues facing constituencies such as mine in the north-east and will endeavour to address them as a priority when moving towards more preventive health care.

2.5 pm

Norman Lamb (North Norfolk) (LD): It is pleasure to follow the hon. Member for Gateshead, East and Washington, West (Mrs. Hodgson). I immediately had a sense of affinity with her when she made her comments about her rough throat. I failed to take the preventive measure of a flu jab for the first time in 10 years, and the result was a miserable Christmas. I have a great deal of sympathy for her.

The debate concerns an issue for which there is no doubt universal support. No one objects to or resists the idea of preventive health care. It is in every citizen's interest that the NHS should focus on that. It is also in the NHS's interest. As Derek Wanless said when he advised the Government on NHS funding, unless we help people to care better for themselves, we will bankrupt the NHS; it is simply unsustainable.

The real debate is about whether the Government have delivered on preventive health measures and are likely to do so in future, as well as about the real meaning of the Prime Minister's speech on Monday. Like the Conservative spokesman, I was left with a degree of suspicion. It seems extraordinary that the announcement could have been made without discussion with the National Screening Committee or the involvement of clinicians or the British Medical Association. One is inevitably left with the sense that it is part of the big political battle over health and the Prime Minister's determination to recover lost ground on the health service.

In a spirit of new year generosity, I will acknowledge that the Government have made some progress. For example, QOF—the quality and outcomes framework—introduced the idea of incentives to encourage primary care to engage in preventive measures. As the hon. Member for Gateshead, East and Washington, West said, the screening programmes for breast cancer and bowel cancer have made progress. That should be acknowledged. I absolutely support the introduction of ultrasound screening for triple A, or abdominal aortic aneurysm, provided that it happens and is properly funded. As we have heard, the announcement was originally made some time ago and we are still waiting.

The decision on vaccinations against cervical cancer was also absolutely right, and it will save lives. The debate is now about whether the programme can and should be extended to cover older age groups within the licence. It is licensed for those up to the age of 26, and yet women in the older age bracket will not get vaccinations under the programme. Will the Minister undertake to look into that?

The problem is that the rhetoric, overall, has not been matched by delivery. The biggest challenge is public health priorities in disadvantaged communities—lifestyle ill-health. The hon. Member for Gateshead, East and Washington, West was absolutely right to draw attention to the enormous health inequalities in this country, which are growing under the Government. The key issue is access to health services and reaching those hard-to-reach individuals who are not benefiting from the screening that has been introduced for others across the country.

It is extraordinary that remuneration for GPs continues to discriminate against those who work in disadvantaged communities. The NHS Confederation has argued that the minimum income guarantee, which hits GP practices in disadvantaged communities, should be reformed, along with QOF. At the moment, QOF pays out less money to GPs in disadvantaged communities than it does to those in the leafy suburbs.

Why are public health budgets cut whenever financial constraints are imposed? Why is it being proposed that work in London on HIV prevention for gay men should be cut by 36 per cent.? The common thread is that all the financial incentives for PCTs around the country under budget pressure are that they should put money towards meeting treatment targets, rather than into prevention. That problem will remain until those incentives are changed.

My slot in the debate is very limited, so my final remarks have to do with preventing fractures. The national hip fracture database is a fantastic initiative to drive up standards and quality of care, and it focuses on preventing fractures. In the UK, 310,000 patients suffer fractures every year. The treatment of osteoporosis is key: 3 million people suffer from the disease, and the social and hospital care costs of their fractures amount to some £2 billion a year. Proper treatment for all osteoporosis suffers could cut the fracture rate by 50 per cent., yet the Government have excluded osteoporosis treatment from the QOF arrangements in the negotiations that are under way. That is a big mistake. Osteoporosis was not mentioned in Monday's announcement, and the Government should think again.

2.11 pm

Dr. Howard Stoate (Dartford) (Lab): This year, the NHS will have been in existence for 60 years. When I was preparing for this debate, the sobering thought occurred to me that I have been qualified for slightly more than half that time. I want to begin by paying a huge tribute to the 1.3 million people who work in the NHS, as they have created what I still believe is one of the best health services in the world, if not the very best. I hasten to add that that is not in any very large measure due to my efforts, although I hope that I have contributed at least a small amount.

There have been huge changes in the NHS since its inception, but a big disappointment has been that it has been unable to become a prevention service. Over the decades it has concentrated on being a treatment service, and my memories of my early days in the NHS make it easy to see why.

When I started in general practice, five of us shared a small Victorian building. Patients had to climb a steep flight of stone steps to the front door, which meant that disabled people simply could not get in. We had no practice nurse, no computers and no proper medical records apart from the ordinary GP notes that, of course, could not be searched. That meant that it was almost impossible to set up anything approaching a screening or properly preventive service.

We did what we could, of course. We immunised children and, when people came to see us, we took the opportunity to check their blood pressure and so on.

[Dr. Howard Stoate]

However, we could not systematically screen patients, as we had no way to recall them or to call them in for checks. We certainly had no system to follow up everyone whose cholesterol was outside the normal range or whose blood pressure was over the top.

Things have changed radically. Now, I work in a large, purpose-built surgery with 11 consulting rooms, eight partners and three full-time nurses. We have a professional team of managers to help us make sure that people are called in when necessary, and an enormous array of ancillary staff and health professionals are attached to the practice who offer a range of services that was simply unknown when I began as a GP. That has made a massive difference.

On top of that, we have access to community services such as heart failure clinics and nurses dedicated to looking after people with Parkinson's disease or continence problems—the list is very long. Modern computerised systems and almost paper-free records mean that in a few seconds I can find out exactly how many people's cholesterol is above the recommended level, or how many people with diabetes have not had regular check-ups or the retinal screening that they need. The fact that GPs can do all that almost instantaneously means that we can contact people, call them in, remind them when they are due for health checks, and so on. That has made a massive difference to how people are treated, and makes screening and prevention a real possibility.

Norman Lamb: I recognise the changes for the better that have been introduced, but the hon. Gentleman will have seen the impact on public health budgets around the country and in his area of London. Does he accept that the combination of treatment targets that put intense pressure on PCTs and payment by results has ensured that the incentive is to link payments to treatment rather then prevention?

Dr. Stoate: I listened to the hon. Gentleman very carefully, but I do not recognise the problem that he describes. The QOF system set up under the new GP contract is almost completely evidence based. It is reviewed every year by the British Medical Association and the Department of Heath to ensure that it reflects best practice. Everything that GPs do has a dedicated outcome and a proper scientific base, which means that we know that what we are doing is worthwhile medicine and that it genuinely improves patient care.

A few years ago, if a patient with suspected cancer came to see me I had to beg, borrow and steal an urgent out-patient appointment. If I was very lucky, and ready to call on the old boys' network, I might have been able to get one in a month or two. Now, I can guarantee such a patient an appointment with a cancer specialist within two weeks, and probably a lot sooner.

We are now able to do things that were simply not possible in the old days. I can get open-access MRI scans and endoscopies, and I can investigate people far more rigorously inside the practice. That means that I am more likely to reach the correct diagnosis far sooner than would have been possible in the days when I had to wait for a consultant to confirm my fears.

Mr. Quentin Davies: My hon. Friend is making an extremely good and effective speech, but he just mentioned that he can now get patients presenting with cancer or other serious symptoms a consultant-level appointment referral within two weeks. That is a fantastic improvement on the two or three months that it used to take. Does he agree that that would not have been conceivable without targets? Has he noticed that the Conservative party proposes to abolish the targets on which that performance is based?

Dr. Stoate: My hon. Friend makes a valuable point, and it is deeply regrettable that the Opposition seem hell bent on getting rid of targets. He is right to say that targets have driven up standards in the NHS hugely and that they have massively improved patient outcomes. We are now able to measure the number of people with particular conditions. We can check that they are properly managed, recall those who need further treatment, and ensure that they are on the best drugs available. That is the way to go.

Although the history of prevention has not been very good, I have tried to make it clear that we are now at the point when we can take advantage of modern techniques to ensure that preventive medicine is used properly, but there are risks. As I noted in an earlier intervention, the previous Government appeared to want to improve patient outcomes and health but did not ensure that treatment was evidence based. The checks that doctors were required to carry out under the 1990 GP contract quickly led to disillusionment, because they were not based on anything that could be recognised as good patient care.

The National Screening Committee has made it clear that it will recommend treatments to the Government only when there is evidence to prove their effectiveness. That is very important. There used to be the so-called "stands to reason" test among GPs: doctors would say that it stood to reason that measuring a person's blood pressure or cholesterol would do them some good. Yet that is not so, because there must be evidence that proves that interventions in those circumstance will change outcomes.

Getting such evidence is difficult, and that is why it has taken longer than I had hoped for the National Screening Committee to recommend triple A screening. It has now made that recommendation, because the evidence that that screening is worth spending on is now sufficiently solid. It has been shown that triple A screening can save around 1,600 lives a year among those men over 60 who are most prone to the diseases that it can detect.

I should like to take this opportunity to pay tribute to the Men's Health Forum. Along with Ministers and the all-party group on men's health, I have worked very closely with that organisation to ensure that interventions shown to be worth while and to provide value for money are adopted. As a result of all our hard work, the Prime Minister has announced that the programme that we have been advocating would be taken up. That is a great improvement over relying on interventions that might not have been so effective and might have wasted public money.

The NHS has a rosy future. New money is still being put in every year, and I am also pleased that the Prime Minister is not afraid to promise continuing reform.

Unless we continue to reform the NHS and to reconfigure services, we will have no way to ensure that patients get access to the most modern treatments, in the most suitable setting and with the most appropriate staff mix. It is important that we continue our programme of reform, to ensure that all patients have access to what they need.

Choice is also topical. In his latest speech, the Prime Minister said to us that he wants to make sure that patients are at the centre of choice. Patients now have a choice of where they are treated, to a large extent when they are treated, and to an increasing extent by whom they are treated. That is important, because if we are to expect people to take more responsibility for themselves and for their own health care, they have to have access to the information they need, and they have to feel that they, not the Government and not necessarily their doctor, are in charge of their condition. It is their condition, their body and their future; they must be central to making decisions on what happens. I believe that if we give patients that right, they will rise to the occasion and take the responsibility to improve their own health outcome, which will be important to improving their long-term condition.

I have mentioned how welcome it is that the Government are to introduce triple A screening. Some of the other measures the Prime Minister mentioned, such as screening at-risk groups for heart disease, kidney disease and diabetes, are also important.

Norman Lamb: Does the hon. Gentleman support the introduction of osteoporosis screening into the quality and outcomes framework? The evidence from clinicians appears to be that that would make a substantial difference in preventing fractures.

Dr. Stoate: The hon. Gentleman has just beaten me to it—I was about to mention osteoporosis and pay tribute to him for his comments in that respect. I entirely agree with him that osteoporosis is a worthwhile subject, certainly in terms of secondary screening and prevention. Someone who has had a low-impact fracture—one resulting from a fall rather than a strike by a moving object—should be screened for osteoporosis. People who fracture a joint or a bone in a fall should have a DEXA scan to ensure that they do not have osteoporosis; and if they do have the condition, they can be given appropriate treatment.

Like the hon. Gentleman, I have been calling for osteoporosis to be introduced into the QOF. In fact, only a few weeks ago, I spoke to Laurence Buckman of the BMA and tried to persuade him to ensure that it was put on the agenda for future QOF discussions. We will have to watch this space. Again, however, we will have to ensure that the evidence is there before we rush to decide whether it is a good idea or a bad one. I think that it is a good idea, and I hope that the screening committee will come to share that view in due course.

Norman Lamb: It appears from the discussion between the BMA and the Government that the Government have given priority to introducing incentives to extend hours rather than to measures such as osteoporosis screening. Does the hon. Gentleman share the concern of many people that to focus on extended hours to the exclusion of such preventive measures is to miss a massive opportunity?

Dr. Stoate: I do not think that the two aims are mutually exclusive. One of the points I wanted to discuss is capacity in the NHS. The Government's current policy, which I entirely support, is to ensure that people are treated in the most appropriate place, preferably near their own home, if that is possible. That entails moving more facilities into the community. As I said, that is already happening in my area. More clinics and services are available within communities; people have more things done in the local surgery and they can attend clinics in their local town. However, there is a big issue of capacity in the NHS. We have to decide how the extra work can best and most appropriately be distributed to the health professionals we have available. In general practice, as I said, I now have three full-time nurses, whereas previously I had none. However, we need more: we need health care assistants, so that the nurses can pass on some of the more routine work to them and get on with the clinical management of patients.

The biggest untapped area of capacity in the NHS is pharmacy. I am pleased that my right hon. Friend the Minister of State mentioned pharmacy in her opening speech. We need to maximise the use of all parts of the NHS, and pharmacy is an important part. Almost every community has a pharmacy at its centre; almost all high streets have a pharmacy. Pharmacies are already open for the extended hours that the Government want primary care to be available, and they already provide out-of-hours services. Pharmacists are well motivated and highly trained professionals who, to a large extent, know their patients. I believe that, with the right negotiations with the Royal Pharmaceutical Society, the Pharmaceutical Services Negotiating Committee and others, a good deal could be reached to ensure that pharmacists' expertise and capacity are fully utilised for the benefit of patients.

I envisage pharmacists becoming far more involved in screening. They can take blood pressure and cholesterol measurements, recall people for follow-up as necessary, and work with local GPs and others to ensure that that capacity is best used. As part of the launch of the pharmacy White Paper, I urge my right hon. Friend to include pharmacy as much as possible in the new screening programme.

2.24 pm

Mr. Peter Bone (Wellingborough) (Con): It is a great pleasure to follow the hon. Member for Dartford (Dr. Stoate), whose colleague I am on the Select Committee on Health. I also welcome the Minister of State's presence here today, because she has been most helpful in the past.

If my understanding is correct, preventive health services are right, first, because they improve people's lives—earlier interventions ensure that they do not develop a serious condition, so their quality of life is enhanced. Secondly, preventive measures save money, because treating someone early saves the NHS from having to spend lots of money later on treating them as an acute patient. All right hon. and hon. Members are in favour of preventive health services, such as screening. The job of the Opposition is to prod the

[Mr. Peter Bone]

Government and to keep prodding. We have to try to make the legislation that the Government produce more effective.

Today, I shall talk about something that affects people in every constituency in the country, but that has been a fairly acute problem in my area: the treatment of wet-eye age-related macular degeneration. Each year, the condition affects about 40 people in every constituency in the country, and it is the most common cause of blindness. The condition is treatable through a simple series of injections, which either stops the loss of sight that would end in blindness, or restores sight that has been lost. Several drugs are licensed for the purpose; the two most commonly used are Lucentis and Macugen.

It is fairly easy for a patient to recognise the symptoms—they are losing their sight—so they go to their GP, who immediately refers them to a consultant. The consultant sees the patient, then tells him, "You have wet-eye AMD. You could go blind within three months. The good news is that a simple series of injections will stop you going blind. The bad news is that you cannot have it on the NHS—but come and see me two miles down the road, and I'll treat you at £800 per injection." The NHS is saying to people that they can go blind, or they can go private and pay for treatment.

Suppose that someone had a bad knee, such that in several years' time they would need a joint replacement. That would be bad enough. Obviously, it would not be cost-effective to wait; preventive treatment will ensure that that person can keep walking. However, we are talking about someone who will go blind within three months if immediate action is not taken, and the drugs are available. Something is wrong.

The Government have been extremely helpful, and there has been a cross-party campaign to get the problem sorted out. The Minister replied to my speech in my Westminster Hall debate on the issue, and was most helpful.

The Prime Minister has been extremely helpful, too. At Prime Minister's questions, he rightly said—I paraphrase—that the situation was not right, but that it was a matter for NICE. Surprisingly, just two weeks after he said that, NICE came up with some guidance. The Royal National Institute of Blind People issued a press release immediately afterwards, entitled "NICE delivers early Christmas present to thousands at risk of going blind". NICE said that primary care trusts should treat people who have wet age-related macular degeneration immediately with the new, approved drugs, Lucentis and Macugen. It put that guidance out to consultation.

NICE does not have a particularly good history on the issue. It introduced guidance last year that said, "We'll only treat someone once they've gone blind in one eye," which was wholly inappropriate. It generated the biggest response to any consultation by NICE; there was outrage. NICE took that on board, and the Government urged it to look again at the matter. As a result, it came out with the new guideline, which is wholly welcome.

I would probably not be giving this speech if that guideline was being implemented. My PCT, Northamptonshire Teaching primary care trust, knows about the problem because of the campaign that I have run, which my excellent local newspaper, *The Evening Telegraph*, has supported, and because the BBC's "Politics Show" highlighted one of the cases. However, the PCT sent me two letters—just to make sure that I got the message—and, obviously because I am not a very sensible MP, they put a sentence in bold and in capitals, so that I did not miss it. It says:

"NICE has not yet issued final guidance to the NHS on these drugs"

The rest of the letter says that the PCT will not take any action, and will continue to let people in my constituency in Northamptonshire go blind until NICE eventually issues its final guidance. That is outrageous and there is no moral justification for it. We are talking about spending a few hundred pounds on action that will prevent people from going blind.

The amount that the NHS would have to pay for treatment for someone who goes blind is enormous. Also, what about all the social consequences? I have a constituent, Mrs. Doreen Marshall, a lovely lady in her 80s. She is the carer for her husband, who is in his 90s, and who has some disability problems. They live separately, and they are not a burden to the state. She is going blind in both eyes. If she had not paid to have the treatment privately, the state would have had to pay out millions of pounds over the next few years. It is preventive health services of that kind that the Government are keen for PCTs to take note of. Luckily for Mrs. Marshall, a private company paid her treatment bills. When the Minister winds up, I ask her to reiterate what the Prime Minister said on the subject: PCTs should take notice of what NICE has just said, and should, as a matter of urgency, start to treat people who would otherwise go blind.

2.32 pm

Mr. Andy Reed (Loughborough) (Lab/Co-op): It is a pleasure to follow the hon. Member for Wellingborough (Mr. Bone). I know that he takes preventive health seriously, because we have been in the gym at the same time twice this week, so I congratulate him on the efforts that he makes. I will focus on one small, specific issue to do with preventive health services, so as to allow other Members their full time allocation.

The debate is topical because of the structural changes to Sport England. One might wonder why on earth that was a matter for a topical debate on the health service. The Department for Culture, Media and Sport is rightly making Sport England concentrate on sport. That means that a vast amount of work is being done—work that is increasingly important to all of us who have campaigned on sports and physical activity issues over the past decade. We recognise that the Department of Health, through the PCTs working with agencies such as local government, will be vital to increasing participation in physical activity and sport. That is needed if we are to prevent problems arising from what is probably the most important issue facing the country—the levels of obesity that are likely in future.

The Foresight report demonstrated that by 2050, if no action is taken, or even if current levels of action are maintained, it is likely that up to 65 per cent. of men and 50 per cent. of women will be clinically obese.

That means that 40 per cent. of the national health service budget will be taken up by that issue. If there is a ticking time bomb, it is obesity.

My hon. Friend the Member for Dartford (Dr. Stoate) has been at the forefront of campaigning on the matter for a decade, and I follow. I am glad that he spoke on another topic today. If he had spoken about obesity, he would be the expert on it. We have talked anecdotally about the impact of obesity, but the Foresight report and some of the work that has been done by NICE, which is a well kept secret and does not seem to be in the public domain, has demonstrated that tackling physical activity levels and building in lifestyle changes to deal with obesity is one of the most cost-effective steps that we can take.

I have some figures. NICE works on the basis that it would recommend a drug up to a cost limit of £20,000 per life year. By contrast, the work that it has done on physical activity in the workplace and obesity, and the work that it is doing on physical activity and the environment, indicate a cost of just £1,000 per life year for the introduction of physical activity. So as most speakers have said, prevention is better than cure. If we spend £1,000 now, the likelihood is that we are helping to avoid the prospect of 40 per cent. of the health service budget in 2050 being devoted solely to tackling the problems of obesity.

I am one of those who has been going around saying that obesity will kill the present generation and our life chances will be reduced. We could be the first generation to see a reduction in our life expectancy. Foresight and some of the work carried out by NICE suggest that that is a myth. The reality and the problem is that obesity is an inefficient killer. That is not much consolation. Obesity makes us ill for a long time. It reduces our life chances eventually, but in the meantime we are an enormous burden on the national health service. More importantly for the individual, it is an enormous burden on their lifestyle. We need to make sure that obesity is at the top of the health agenda.

In this crucial period during which the future direction of Sport England is decided, the Department should make it clear that it is willing to work with PCTs in local partnerships including county sports partnerships and local authorities, to encourage physical activity and bring about lifestyle changes. The Department cannot shirk that responsibility.

Now that the importance of school sports is recognised, about 30 per cent. of those leaving school will take part in activities that we recognise as sport—team games and organised sporting activity. About 50 per cent., hopefully, will want to have a fairly active lifestyle and engage in other activities that reduce our chances of becoming obese. But 10 to 20 per cent. will require interventions, and that is where more work is needed—for example, among young girls aged 13 or 14, where there is a significant drop-off in participation rates, among young Asian women, who have cultural issues, and among those with disability and special needs, who are still missing out on sporting activity in schools. Those who are involved in school sport and even the Youth Sport Trust, in discussions this week, recognise that progress has been made elsewhere, but admit that it is lacking for those with disabilities and special needs at school.

Over the coming weeks and months, while Sport England is developing a strategy, it is crucial that the Department of Health offers guidance and support to PCTs to ensure that sport is delivered at a local level. Local partnerships exist already. I chair my own county sports partnerships. We are fortunate that the director of public health in Leicestershire is a triathlete. He is part-funded by the PCT and part-funded by the local authority. That situation represents a win-win, but it does not necessarily replicate itself around the country. In schools a decade ago, if there was a good head who was interested in sports, sport happened at the school. I want to make sure that for sport, there is no postcode lottery.

Some PCTs have demonstrated the good practice of GP referral schemes, physical activity co-ordinators, creating the built environment and workplace activity. We should recognise that people's lifestyles are changing dramatically, particularly from a sports perspective. By 2010, 65 per cent. of people will be working an atypical working week, so working 9 to 5 or a 3 o'clock kick-off for a football or rugby game will no longer be the norm. Sport, physical activity and recreation must take account of that shift in balance. That is why the workplace will be increasingly important. Governing bodies of sport and others need to try and work out what form sport and physical activity will take in the next 10 to 20 years. It will be very different. Everyone knows how difficult it is after a long day at work to come home and motivate oneself to go back out to do something physical.

We know that 20 per cent. of people will always be keen to do sport and physical activity and another 20 per cent. can be encouraged, but the couch potatoes and others in the middle should not be put off or frightened by the prospect of having to take up a sport or to do something really dramatic such as joining a gym, because we can build a lot of activity into our daily lives. The World Health Organisation target of five times 30 minutes of moderate activity a week needs to be explained to people. We may be at the slightly difficult level of talking about active hoovering, but moderate exercise such as gardening and walking is enough to meet the WHO definition.

We need to ensure that in our social marketing, which will probably be one of the most important things that we do, we sell the idea of building physical activity into our daily lives. I do not envy the Government because I have seen the Parliamentary Office of Science and Technology paper on changing behaviour, which says that that is one of the hardest things to do. The problem is that everyone recognises the need to change their behaviour in order to reduce the potential for obesity, but as with new year resolutions, we may do well until the end of January but come February all resolve goes out of the window. We must change the whole way in which we lead our lives.

I know that my right hon. Friend the Minister met the premier rugby clubs recently who have been working on behalf of the Department on the five-a-day campaign. I visited Saracens rugby club to see its community programme and went to some of the schools with the players. The motivation that results from being told by a leading sports star to eat five portions of fruit or vegetables a day is far greater than

[Mr. Andy Reed]

when a politician, someone in a white coat, or even—with all due respect—a doctor says so. I saw the motivation created as a result of the programme being delivered by sportspeople throughout the country, and I would urge that there should be a connection between sport and more moderate levels of physical activity.

This is a topical debate because the next few weeks, or possibly the next couple of months, will be crucial to delivering what most of us in sport have wanted for a decade or so, and that is for the Department for Health to take a real interest in increasing physical activity and changing lifestyles to tackle the obesity time bomb that is heading our way.

2.42 pm

Dr. Richard Taylor (Wyre Forest) (Ind): I thank those hon. Members who have spoken recently for accelerating to give me nearly my full time. I understand that the Minister will also be very generous and has said that she can manage with four minutes. I shall try to give her a little longer, but I am grateful for this opportunity.

I always enjoy following my friend on the Health Committee, the hon. Member for Dartford (Dr. Stoate), the only other doctor. I can cap his years in the NHS by quite some time, and I remember the terrible things that we used to do. We carried around hatpins with red knobs to test visual fields, and the sharp end we used to test for sensation from patient to patient to patient. Can you imagine it? Things have moved on tremendously.

I shall be slightly pedantic and separate prevention from screening, because they are quite different and I do not want us to lose sight of the well-established preventive techniques that are essential because we are rushing to screening, which may not be so evidence-based. I do not need to mention stopping smoking because obviously the effect of not smoking in public places is already showing benefits in the reduction in heart attacks. That is absolutely incredible.

Tackling obesity, as the hon. Member for Loughborough (Mr. Reed) said, is crucial. I am sure the Minister is aware that one of the recommendations in the Health Committee report in 2004 on obesity was that there should be a specific Cabinet public health committee, chaired by the Secretary of State for Health, but bringing together Ministers with responsibility for health, education, sport, transport, trade and industry, environment, food and rural affairs and work and pensions—the whole shooting match. When the Government responded to the report they said that such a Committee had been set up and I should like to know whether it is still active and what it has achieved, because that was important.

I have just one quick point to raise on inoculation. The absolute value of inoculation is dramatically demonstrated when we hear about the greatest cause of death among children on the African continent—it is not HIV, malaria or tuberculosis, but the pneumococcus. We have virtually eradicated that here.

Prevention of sexually transmitted infections is vital. In the Health Committee report on that, we recognised the huge importance of sexual and relationship education, or SRE, at schools and recommended that it should become a core part of the national curriculum. The Government response, just three months later, stated that SRE was a statutory requirement. I was never clear about whether it had been all the time or we had achieved it. The Government also said that they had asked Ofsted to report specifically on the progress of SRE teaching. Is that being done?

The Parliamentary Office of Science and Technology drew attention to the other alarming thing about HIV/AIDS in its recent note about the condition in the UK. People are less scared of HIV/AIDS than initially because it is now controllable, but the salutary warning is that the fastest increase in HIV/AIDS is happening among men who have sex with men. They are white men, who in the vast majority of cases acquire the disease in this country. The horrifying figure is that about one in 20 men between the ages of 15 and 44 who have sex with men are HIV-positive. The problem is huge, as we rush to screening, we must not forget the well proven bits of health prevention.

I was delighted that the Minister mentioned the National Screening Committee because when I heard the Prime Minister's comments I wondered whether he had taken that into account. Certainly, aspects of cancer screening and screening for sexually transmitted infections are well established. However, as many hon. Members have said, blanket and not necessarily targeted screening for a wide range of conditions has not yet proved worth while.

I turn to screening for abdominal aortic aneurisms. My search on the website is obviously a few months out of date because I did not know that the National Screening Committee had got to the stage of recommending it. I found its draft studies on the issue and was horrified by the extent of the problem—the number of people who would have to be screened and of staff who would have to be trained to do the screening. After that, there would have to be many people in vascular surgery departments to mend the aneurisms that had gone beyond certain limits. Once an aneurism is above a certain size, it has to be followed regularly, which involves more scans. I would love to know from the Minister that all that has been taken into account.

I shall end by quoting something from that bible for doctors, the Merck manual. It emphasises some of what the Minister has already said:

"The premises of screening are that early detection of disease can improve outcomes in patients with occult disease and that the false-positive results that often occur during screening do not create a burden that exceeds the benefit of early detection."

The paragraph concludes:

"If 12 different tests for 12 different diseases were done, the chance of at least one false-positive result is 46 per cent." This underscores the need for caution when deciding on a panel of screening tests and interpreting the results."

2.49 pm

Dawn Primarolo: With the leave of the House, Mr. Deputy Speaker, I am delighted briefly to respond to the debate. I thank all hon. Members for their thoughtful contributions on this subject. I strongly support the remarks by my hon. Friend the Member for Dartford (Dr. Stoate) and others about the excellent work that is going on throughout the national health service and the debt of gratitude that we owe to the dedication of the staff in delivering these services. I am sure that we would all want to reinforce that point.

My hon. Friend the Member for Gateshead, East and Washington, West (Mrs. Hodgson) made an excellent speech in which she made two points. First, she drew attention to health inequalities and the importance of the role of prevention and strategies linked with public health policies to ensure that we reach out to hard-to-reach groups. As my hon. Friend the Member for Loughborough (Mr. Reed) noted in his important contribution, that must go much wider than just the health services themselves. The most important aspect of public health policy is the combination of understanding the risks and the causes and bringing together the public services, the voluntary and community sector and organisations such as Sport England to bear down on the particular issues that we need to address.

My hon. Friend the Member for Gateshead, East and Washington, West is absolutely right as regards her second point on the importance of symptom awareness and early detection leading to treatment. As she and the hon. Member for Wyre Forest (Dr. Taylor) said, screening matters. We must understand clearly the distinction between prevention strategies for ill health and all the various strategies that we can deploy, and use screening when necessary, when proven and when it gives the required outcome, quickly followed by the appropriate treatment.

The hon. Member for North Norfolk (Norman Lamb) talked about human papilloma virus and vaccinations up to the age of 26. We are following the advice that has been given to us by the scientific bodies about where it is best to use such vaccination. This is about prevention, not treatment, that has been a theme throughout the debate. He also made an important point about financial incentives in the health service and how we can ensure that they are not skewed only to ill-health treatment. I assure him that the operating and outcomes framework issued to the national health service this December has many public health objectives within it and seeks to address exactly the point that he raised.

My hon. Friend the Member for Dartford, eloquently using his experience, as ever, talked about the transformation in the health service and the enormous possibilities that exist to intervene speedily in cancers and other areas given early diagnosis and the crucial importance of screening, with a balance across all the fields. I entirely agree with him about pharmacies. They are a great untapped resource which will expand access in the NHS and ensure that we all get the appropriate treatment at the right time, and that we are able to be involved in and control our own health and well-being and to understand much more about the causes of ill health and therefore how we, as individuals, have a role to play in preventing it.

I was sorry to hear the comments of the hon. Member for Wellingborough (Mr. Bone) about wet-eye macular degeneration. He, with others, has been a great advocate in that regard in this House. We are talking specifically about a certain treatment. Although the National Institute for Health and Clinical Excellence has not made a final determination, I have been clear in this House and in correspondence that until that happens the primary care trust should not refuse treatment in this area for any other reason than on a clinical basis—that is the clear guidance given to PCTs. I am happy to consider the matter further and pursue it for him if he will send me the correspondence.

My hon. Friend the Member for Loughborough has been a fantastic advocate in this House in ensuring that people understand the complexities of issues such as obesity and the importance of using all the available opportunities and levers to tackle them and to understand the roles played by the built environment, transport, activity and food, as well as health care. I absolutely agree with him about the fantastic scheme that the Saracens are running, and about the importance of a comprehensive approach. On the question of a partnership, under the operating and outcomes frameworks issued to the NHS we require primary care trusts to work with local authorities, organisations such as Sport England and the voluntary and community sector, through local area agreements, to bring to bear all the policy opportunities to tackle the problem.

I defer to the enormous experience of the hon. Member for Wyre Forest, and to his knowledge of this area. I am glad, however, that he did not have his pin with the red head on him, so that he was not able to stick it into everyone in the Chamber. He is right: we have to be clear about the difference between prevention and screening, and about when it is appropriate to deploy measures relating to either.

This has been an excellent debate and our proposals to expand a preventive health service, linked, crucially, with screening programmes where appropriate, mean that we intend to ensure that, as we look forward to the 60th anniversary of the national health service this year and the celebration of that huge achievement, we go forward with confidence to improve the range and quality of services, both for treatment and

It being one and a half hours after the commencement of proceedings, the motion lapsed, without Question put, pursuant to Temporary Standing Order (Topical debates).

The Leader of the House of Commons (Ms Harriet Harman): On a point of order, Mr. Deputy Speaker. Earlier, I announced the business of the House for the next two weeks. I overlooked to announce the business that will take place in Westminster Hall. I sincerely apologise to the Leader of the House—*[Interruption.]* I am sorry; I apologise to the shadow Leader of the House for the fact that she has had to return to the Chamber unexpectedly.

I would like to inform the House that the business in Westminster Hall for 17 and 24 January will be:

THURSDAY 17 JANUARY A debate on extending participation in sport.

THURSDAY 24 JANUARY A debate on the report from the Foreign Affairs Committee on "Global Security: The Middle East".

Mrs. Theresa May (Maidenhead) (Con): Further to that point of order, Mr. Deputy Speaker. In relation to matters raised at business questions today, I wonder whether I might seek your guidance as to how I can ensure that the record is put straight. There was an exchange at business questions about

Mr. Deputy Speaker (Sir Michael Lord): Order. I do not want to interrupt the right hon. Lady too soon, but all she can comment on is the matter that has been raised by the change of business.

Mrs. May: This is a separate point of order.

Mr. Deputy Speaker: It must be related to the point of order that the Leader of the House made on the business for next week, and nothing else.

Mrs. May: I seek your guidance, Mr. Deputy Speaker. I apologise if I attempted to relate my point of order on business questions to the point of order from the Leader of the House, but it is about business questions. I have a point of order about business questions this morning. Is it not possible for me to raise it as a separate point of order?

Mr. Deputy Speaker: Yes. *[Laughter.]* Briefly.

Mrs. May: An issue was raised in business questions as to whether the Leader of the Opposition had received the Senior Salaries Review Body report on MPs' pay, and the Leader of the House indicated that it had been sent to him on Monday. I understand that it was received in his office yesterday, but he did not receive volume 1, which related to the report on Members' pay. He received only volume 2, which contains the appendices. I wanted your guidance, Mr. Deputy Speaker, as to how I could ensure that the record was put straight on that matter.

Mr. Deputy Speaker: Clearly, all documents that are necessary in order that Members of this House can carry out their business should be made available in the correct way as quickly as possible. The right hon. Lady has made her point, it is now clearly on the record and perhaps we ought to move on to the next business.

Armed Forces Personnel

2.58 pm

The Secretary of State for Defence (Des Browne): I beg to move,

That this House has considered the matter of armed forces personnel.

I welcome the opportunity to debate issues relating to the men and women of the armed forces. It is common ground that they are remarkable people, who perform extremely difficult and arduous tasks in some of the most dangerous places in the world. I have been deeply impressed by their work and, especially through my visits to Iraq and Afghanistan, I have seen at first hand the magnificent efforts that they make. Everything we achieve is down to them and they have my deepest gratitude and most profound respect.

As a Government, we have a duty to ensure that we offer armed services personnel—and their families—the support that they need and deserve. Delivering that poses several challenges, but I believe that the Government are rising to meet them and will continue to do so.

In the past 18 months, we have made real improvements to the welfare package that we offer our forces. I will not list them all in detail here, but they include: the introduction of a tax-free operational bonus of £2,230; council tax discount for those on operations; free post; more free telephone calls and internet access; a new child care voucher scheme that can be used both in the UK and overseas; improvements to mental health treatment; a military managed ward at Selly Oak, and an increase in the number of military nurses there. That is alongside all the improvements made to ensure that those serving in Iraq and Afghanistan have the best equipment and kit possible.

Hon. Members will have seen reports in the media this morning about a small number of UK service personnel and civilians who received life-saving emergency blood transfusions of US blood while deployed in Iraq and Afghanistan. That blood might not have had a valid retrospective test. First, I should stress that the blood transfusions saved those people's lives. However, even though only a small number of personnel—18—are affected and the risks of infection are very low, we take the matter extremely seriously. Immediately on learning about the risk to our people, my Department acted quickly and promptly to establish who might be involved and where those people were and to ensure that they were offered the appropriate support, counselling and testing. All 18 UK service personnel, whether still serving or veterans, have now been contacted. I would like to reassure hon. Members that, while our own procedures for blood transfusions on operations are robust, we are not complacent and review them regularly.

We have achieved a lot in the support that we provide not only for our forces but for their families. Families have a key role in supporting their loved ones. Without them, the British armed forces could not be the success story they are. The frequency with which they are required to move location affects their access to health services, the education for their children, employment prospects for partners and, obviously, their personal relationships. We need to take stock of what we have already achieved and what more is needed.

That is why the Government have launched a cross-Government personnel strategy, which is considering—for the first time—what more might be done across all Departments to support past and present members of the armed forces and their families. The personnel Command Paper will consider the progress already made, identify areas for improvement and propose new initiatives for our and other Departments. Key matters on which we will concentrate include accommodation, education, health, welfare and social care and inquests, and veterans support, which cuts across many of those issues and others.

Mr. John Baron (Billericay) (Con): I welcome the review of accommodation because it is important. However, given that the cross-party Public Accounts Committee has described nearly half of all service accommodation as substandard and that the Army's surveys show that half the soldiers feel that the maintenance of their accommodation is not what it should be, does the Secretary of State at least understand the strong feeling of many soldiers that the Government have forgotten the first world war concept of "homes fit for heroes"?

Des Browne: The hon. Gentleman makes an important point, which I shall tackle in more detail in my speech. To give the matter, which is so important to our armed forces, the priority that it deserves, I shall respond to his point generally now and deal with some aspects in more detail in a few moments.

The hon. Gentleman is right to identify the issue as an important one. I would have more respect for him if his memory of how we came to be in this position was a bit more comprehensive than it appears to be. I say that because we have discussed the issue over some months and I have been impressed by the ability of hon. Members on both sides of the House to recognise that it is a legacy problem, arising from a failure to invest in that accommodation over many decades—and, in some cases, over the best part of a century.

That means that all of us in the House have a responsibility. The issue needs to be addressed in this century, and within a reasonable time period. My responsibility as the Secretary of State is to identify the resources, and a time scale and a programme of work that are reasonable, taking into account all the other challenges that go with dealing with accommodation. They include the fact that we have busy armed forces that have to operate in the same environment in which we carry out that work and the fact that people have to live there. There must be a recognition of the capacity challenge in relation to our ability to do that and the logistical challenge in relation to planning. I have repeatedly set out our plans on that and will do so again in this speech. If the hon. Gentleman thinks that that is insufficient—that there is a faster and more efficient way of doing the work and that his party intends to put in additional resources of such a scale that the work will be completed quicker—he should give us chapter and verse on that. I would be pleased to hear that, because I have heard no such arguments from anybody.

We have to accept that the responsibility will stretch over a period of time. I believe that I, as the Secretary of State, and the Department are facing up to it. We are putting the investment in and I recognise the effect that it has. There are manifest improvements. I invite the hon. Gentleman to go round the estate and visit the places where those improvements are not just manifest, but are being enjoyed on a considerable scale by our armed forces. He has that invitation, and he can rise to his feet to tell me that he accepts it. If he does, I will make arrangements for him to go and see some of the best, as well as some of the worst if he likes.

Mr. Baron: I welcome that invitation from the Defence Secretary and will indeed take him up on it. Perhaps he would also like to join me in a visit to the cavalry barracks in Hounslow, to which the 2nd Battalion the Royal Regiment of Fusiliers will return in the spring. I will show him accommodation that is clearly substandard and that has been condemned in the past.

However, to return to the Defence Secretary's earlier point, although I accept that we cannot consider the issue in isolation, the Government have been in power for 10 years. No matter what he does, he cannot run away from that fact, nor can he run away from the fact that the Army's own surveys and the House's—

Mr. Deputy Speaker (Sir Michael Lord): Order. May I say to the Defence Secretary and the House that we have a 10-minute limit on Back-Bench speeches today? Time is of the essence and the hon. Gentleman is seeking to catch my eye. Interventions take time and so does responding to them, however seductive that might appear, as the Defence Secretary will be aware. I ask the House to bear that in mind.

Des Browne: I am conscious of the need for me to respect the rights of Back Benchers to make contributions to this important debate.

The hon. Gentleman and I have much more in common on the issue than would appear from this exchange. We will seek an opportunity to share invitations outside the Chamber in such a way that we can both see the best and the worst, and the scale and nature of the challenge.

Mr. Kevan Jones (North Durham) (Lab): Does my right hon. Friend agree that the problem with the example of the Hounslow barracks, to which the hon. Member for Billericay (Mr. Baron) referred, is the fact that the Army needs to make a strategic decision in London on where it will concentrate its housing? That decision must be taken before the major investments come forward, so although Hounslow is an example of bad practice, it is also a false example.

Des Browne: I am grateful to my hon. Friend for pointing that out. It would not serve this debate well for me to go through all the individual challenges that we face in accommodation and on the estate. It would serve us and our relationship with the armed forces well if we recognised that the issue has been neglected for far too long and that it is now being addressed on a scale that will improve the situation within a reasonable period of time. I will ensure that the resources that are devoted to that are properly invested and that if I find more, I will devote them to it, bearing in mind the challenges created by other work going on across the country on securing the building capacity to carry it out.

[Des Browne]

Let me move on. The personnel Command Paper to which I referred is being prepared. The Government would welcome constructive contributions to the strategy that underpins that. I assure the House that all contributions from right hon. and hon. Members will be considered.

We also want to see the nation as a whole understanding and appreciating our armed forces. That is why we are undertaking a national recognition study to identify exactly what more can be done. My hon. Friend the Member for Grantham and Stamford (Mr. Davies) is leading that study and I am sure that the whole House looks forward to hearing his proposals. The end result will, I hope, be a nation that better demonstrates its appreciation of what our brave servicemen and women do on our behalf. They deserve no less.

Patrick Mercer (Newark) (Con): Will the Secretary of State consider or put his weight behind requests for a decoration, medal or award for the families of the dead and those who have been wounded in action?

Des Browne: The issues that underpin the hon. Gentleman's question generate a significant amount of support across the House and in our wider society, as is also seen in campaigns to achieve the same. They are welcome to the extent that they show the level of support generated in recognition of what our armed forces are doing. I am sure that he, among others, is particularly well placed to understand what I am going to say.

As a Minister of the Crown, I am very wary of expressing opinions about individual medals and honours for the very reason that this country has a system that relies on a process that is independent of politicians—and most certainly independent of politicians in the Executive. Taking decisions about whether medals should be struck for service, valour or other contributions involves a process that this Department reports and accounts for, but in respect of which decision making lies outside and independent of that Department, which is as it should be. The assessment of whether recommendations should be made to the independent committee is made in the traditional way—and it is now constitutional, I believe, as it is a convention of the constitution that is well practised by the chiefs of staff. That is where it is should lie. That is why, when I am constantly invited to express views about this issue, I resist the temptation to do so.

Candidly, at the end of the day, if most politicians are honest with themselves, we all understand why it is better if politicians stand well away from this particular form of Executive decision making. I suspect that if it were left to politicians, there would be a tendency to over-decorate and present awards and baubles to too many people. That is not what the hon. Gentleman is suggesting, but I think that he understands my point, which is why the convention exists. I trust that he will allow me to respect that convention, without diminishing my tribute to the motivation that underpins his argument.

Chris Bryant (Rhondda) (Lab): I want to ask my right hon. Friend about an issue that affects many service personnel. When we debate the treatment of casualties, we tend to focus on what they receive when they get back to the United Kingdom rather than on the first hour or two after suffering their injuries. However, if we want to ensure that they live, the first hour or two is the most important time for intervention. Is he confident that we do everything that we can in theatre and that we explore every scientific advance to ensure that as many of our casualties as possible are kept alive?

Des Browne: I unequivocally assure my hon. Friend that, if not the best, we are as good as the best in the world in the medical care that we provide to our forces in operations. I believe that I have made a total of 12 visits to Iraq and Afghanistan in the last 18 months and on every occasion, if my memory serves me correctly, I have made a point of attending the hospital and medical facilities in order to pay respect to, and admire, the enormous skill displayed there. The equipment is second to none and the facilities are second to none. That is now playing through.

I cannot remember precisely the evidence that the surgeon-general gave to the Select Committee, but he provided some striking evidence of survival rates. Candidly—this relatively crude way of putting it does no disrespect to the nature of these circumstances—very experienced consultants have said to me on more than one occasion that many people were returning from theatre in circumstances in which it might have been thought that they had no right to be alive within a comparatively short period of time. The success of their treatment during that period and thereafter is second to none. I believe that those people are receiving the best possible treatment, and that the centre is the match of the best polytrauma centres in civilian hospitals and the equal of any other military medical facility in the world. That is to the credit of those who—during our time in office, but before that as well—have met the difficult challenges of designing a modern medical facility and service. By common consent it was not always the best that it could have been, but I believe that it is now.

Given that this is a comparatively short debate, and given the House's new rules about Front-Bench speeches, time is of the essence. I intend to concentrate for the remainder of my speech on a small number of issues that are of key concern both to the armed forces and to hon. Members.

I do not deny that, at present, members of the armed forces bear a heavy load. As I have said before, along with the chiefs of staff, they are stretched. We are asking a great deal of our service personnel, and the operational tempo is high. However, we have taken decisive action to address that. In the last 12 months alone, we have reduced our commitments in Northern Ireland, Bosnia and Iraq. Between July and September this year, 17 per cent. of regular forces were deployed on operations. That is a reduction of 5 per cent. on the previous quarter. This spring, conditions permitting and subject to the advice of commanders on the ground, we aim to improve on that and reduce numbers in Iraq further.

All three services are undergoing restructuring to realign personnel numbers so that they can be focused on where they are needed most. The retention incentives that we have introduced are proving successful. Of those offered the incentive package, 100 per cent. of unmanned aerial vehicle operators and 88 per cent. of

infantrymen have accepted it. Contrary to what hon. Members may have been led to believe by recent media reports, recruitment to the armed forces has increased. The most recent annual statistics show an increase in the number joining the forces. In 2006-07, we gained 19,790 new recruits from civilian life—99.6 per cent. of the target. That is an increase of 9.3 per cent. Army recruiting increased by 8 per cent. during the last financial year, with infantry enlistments up by 25 per cent.

Patrick Mercer: I thank the Secretary of State for his generosity in giving way again. The fact remains that while recruitment may be improving, he knows very well that retention in training is appalling—40 per cent. of infantry recruits fall out—and retention in service is equally dreadful. Will he be quite clear about the depth of the crisis that faces, in particular, our combat arms, many of which are having to deploy at 50 per cent. of their combat effectiveness?

Des Browne: As the hon. Gentleman knows, I have enormous respect for his knowledge of the circumstances, but I do not accept that there is a crisis, although I do accept that there are issues in relation to retention. We are operating in an employment market that is very different from the one in which the forces operated 10 years or more ago, when many young men in my constituency had no alternative but to join the armed forces. We are competing now. Another crucially important point is that the added value of an armed forces training makes it a very valuable commodity. The private sector is competing to attract away from the armed forces people whom we have formed, matured and trained to a level which, in my view, would not be reached in any other walk of life.

Those are the realities, and they face not just our armed forces but armed forces throughout the developed world. All the Defence Ministers to whom I speak face the same challenges and problems. I recognise that we must develop methods, along with a modern response to the armed forces by society which is such that people will not only volunteer or allow themselves to be recruited but, once trained and effective, will stay in the forces and continue to contribute. We have had considerable success in some areas, although there are issues which I do not seek to avoid. The retention incentives need to be developed—and we have been developing them with some success, as is clear from the examples that I have given.

Obviously, a high percentage of personnel are currently deployed on operations and, because of that, harmony levels have been affected. Harmony levels have, however, improved over the past year by 3 per cent. for the Army, and they have remained steady for the Royal Navy, but they have worsened for the RAF, with 6.7 per cent. breaching harmony compared with 2.9 per cent. a year ago. I am grateful to all our personnel for their efforts, but particularly to those whose harmony guidelines have not been met. We have a duty to recognise such commitment; living up to that duty underpins everything I have set out today.

In recognition of the Government's commitment to the armed forces, we granted them the best public sector pay deal last year: 3.3 per cent. In particular, we addressed the concerns of the lowest ranks by increasing their pay by more than 9 per cent. In fact, in all but one of the last five years armed forces salary growth has exceeded that of the whole economy.

One of the key issues affecting both families and single people in the forces is accommodation. To be frank, when our men and women in uniform return from theatre to their barracks, it is deplorable that some of them return to a very poor standard of accommodation. Progress is being made. In the last financial year, we delivered 5,822 modernised bed spaces; this financial year, we expect to deliver approximately 7,000 modernised bed spaces, and in the next financial year we also plan to deliver 7,000 bed spaces. Overall, it is expected that about 60,000 modernised bed spaces will be delivered by April 2013.

For the last year our public position has been that some £5 billion will be spent on housing and other accommodation over the next decade. That figure was an extrapolation of future spend based, in part, on current spending levels, and was made before the outcome of the comprehensive spending review was known. However, the £5 billion figure did not take into account a number of large private finance initiative projects that include living accommodation. The most notable of them is Project Allenby/Connaught, which will provide modern living and working accommodation for some 18,000 military and civilian personnel in the Salisbury plain and Aldershot garrisons. Maintenance and leasing of service families accommodation and single living accommodation worldwide was also excluded. In addition, the amount we plan to spend on maintenance work is now higher than that included in the £5 billion figure. Accordingly, we have reassessed our likely spend on accommodation for the next 10 years to take account of those elements previously excluded. The total amount will in fact be £8.4 billion. Of that, £3.1 billion will be spent on new-build and upgraded accommodation, £2.3 billion on refurbishment and maintenance and £3 billion on routine costs, including rent, other leasing costs and the equivalent of council tax. Over that same period, we also expect to receive £2.4 billion in rental income from service personnel, leaving a net expenditure of £6 billion.

We want to help personnel become independent home owners. We already have in place the offer of a personal loan towards a deposit after four years of service, but I think that we can improve on that and, as part of the Command Paper, work is being done to introduce arrangements to make housing more affordable for military families. We have also just extended the key worker status scheme so that all servicemen and women can qualify for the open market homebuy scheme—a scheme that can boost the buying power of a forces family by up to a third. Finally, we have agreed with the Department for Communities and Local Government that those leaving the services will have access to social housing on a par with everyone else in the area in which they will settle; they will no longer go to the bottom of the local authority housing lists as they did before.

Bob Russell (Colchester) (LD): Can the Secretary of State confirm not only that his wish that that happens has been conveyed to those local councils that have large numbers of military personnel, but that those councils are carrying out what he wishes to happen?

Des Browne: The intention is that it will be a statutory duty, so if the councils behave legally there will be no problem about them knowing about it. A

[Des Browne]

problem we faced in the past was that there was a variable interpretation of parts of the legislation but, in consultation with the DCLG, we have agreed that we will amend the legislation so that there is clarity and that best practice will be applied across the board.

Should the worst happen and families lose loved ones, our support must be the best possible. At such a sensitive time, we must deliver the right support and care in the right way at the right time. I am very sorry that that has not been the experience to date for some families.

Every serviceperson killed on operations overseas whose body is repatriated to England or Wales is the subject of an inquest. Currently, all repatriation is done through RAF Lyneham in Wiltshire. Once repatriation has taken place, it is now policy, wherever possible, to give jurisdiction to the coroner closest to the bereaved family. That avoids backlogs and improves access for families. Extra resources have been made available to both the Oxfordshire and Wiltshire coroners. Those extra resources, and recent policy changes, have made significant improvements. Some 75 inquests were completed in 2007, which is more than were completed in the previous five years put together.

This Government value our service personnel highly. They are top of my agenda and the Government's agenda. We are committed to supporting them, both on operations and at home, with actions not just words and during service and after it, helping both them and their families.

Mr. Ian Davidson (Glasgow, South-West) (Lab/Co-op): Does the Secretary of State agree that behind the military personnel lie those who supply the forces? They also need guarantees of job security. Will he clarify where we have reached with the placement of the military afloat reach and sustainability—MARS—project orders? Will he tell us in particular whether or not there is a guarantee that they will be placed in a way that ensures that job continuity is maintained, particularly on the Clyde?

Des Browne: My hon. Friend is a persistent and, on occasion, imaginative advocate for his constituents who work in the Clyde shipyards. He is equalled in his capacity to raise these issues in any circumstances only by my hon. Friend the Member for Glasgow, North-West (John Robertson). They share an important business, representing people on either side of the Clyde, and they know that those yards have recently enjoyed a particularly purple period in terms of the placing of Government orders.

For those who do not know what the MARS project is about, I should say that it is designed to provide the floating logistical support for the Royal Navy—what used to be known as the Royal Fleet Auxiliary Service; it aims to replace those ageing ships. There are several elements to it, one of which, the tanker element, has been advertised in the *Official Journal* of the European Union. No decision has yet been made as to where the order will be placed, and no decisions have been made about the other elements of the process.

I think that my hon. Friend the Member for Glasgow, South-West (Mr. Davidson) recognises in the Government's actions—and, indeed, in their words—our commitment to maintaining a sustainable shipbuilding capacity well into the future, for the good reason that we are making significant investment in the Royal Navy. We want to ensure that we maintain the skills in this country to be able to continue to make that investment and to make the best of that substantial investment once we have made it and these ships are afloat. He can rest assured that his constituents on the Clyde can look forward to many decades of work delivering orders that will be placed by the Government.

An underlying allegation has been made from numerous quarters that deep down the Government do not really care about the men and women in the British armed forces, that the covenant between the Government and the armed forces is broken and that we are sending people into harm's way without due care and support. That is wholly wrong and false, because we do care and we deliver—we will continue to deliver. We are demonstrating our gratitude and the nation's gratitude, and we are fulfilling our duty properly to support the men and women of the armed forces in return for their self-sacrifice and hard work. They carry out the work on behalf of this nation, and it makes this nation, and the nations of Iraq and Afghanistan—and indeed the world—a safer and more stable place.

3.29 pm

Dr. Liam Fox (Woodspring) (Con): May I fully associate myself and the Conservative party with the praise offered by the Secretary of State for the courage, professionalism and sacrifices of our armed forces? As we all recover from the celebration and, in some cases, the excesses of the Christmas period, it is worth remembering that this time of year brings hardship and sacrifice to the family members of some of our armed forces. Unfortunately, war does not stop for Christmas, and our brave servicemen and women, along with their families, have done an outstanding job 24 hours a day, seven days a week during the holiday season. While the rest of the country enjoyed the Christmas break, they were defending our security every single minute.

Knowing that one's husband or wife, mum or dad, or child spent the holiday in harm's way brings little happiness, of course, to service family members. That is why it is so important that the Government not only get their military policy right, but are open and honest with service members and their families. That is why spin for political gain is so damaging.

The Prime Minister announced on 2 October that force levels in Iraq would be reduced by 1,000 from 5,500 to 4,500 by the end of the year. No doubt it made many family members very happy to learn that their loved ones might come home in time for Christmas. But like everything else to do with this Government and the armed forces, one has to take a close look at the small print. We now know that when the Prime Minister made his announcement in early October he had given himself a head start of almost 500 troops. Figures released by the Government show that on 9 September, three weeks before the Prime Minister's announcement, there were only 5,030 troops in Iraq, not the 5,500 that he mentioned in his announcement.

Far from the number of British troops in Iraq being reduced by 1,000, troop figures released just before the

holiday recess show that levels in Iraq have been reduced by only 120. During the same period, MOD figures show that the total number of British troops deployed in support of the mission in Iraq, but based elsewhere in the Gulf in Kuwait, Qatar, Oman and at sea, has actually increased by 570. Far from being home by Christmas, British personnel were simply deployed to other locations in the Gulf region. Whether one is in Iraq or somewhere else, separation is still separation and there must have been many disappointed households this Christmas.

Mr. Kevan Jones: Does the hon. Gentleman recognise that some of those troops based in the Gulf serve the Afghanistan theatre, as well as the Iraq theatre?

Dr. Fox: They do indeed. I am not complaining about the military decisions or the presence of the personnel: I am complaining about the fact that the Prime Minister purposely gave one impression, knowing that it was at least partly not true even as he said it.

During the last defence policy debate on 16 October, the Secretary of State hinted that he was willing to give personnel diverted from service in Iraq to other bases in the region the operational allowance. Now we know, according to a letter sent from his Department to the three services on 2 November, that some British personnel based in Kuwait, specifically at Camp Beuhring the Kuwait support facility, are now entitled to the operational allowance. The appropriate section from the letter states:

"Following advice from PJHQ, the qualifying locations have been reviewed and personnel deployed to Iraq or Afghanistan are to continue to receive the Allowance. That said, personnel who are soon to relocate from Iraq to Beuhring in Kuwait will continue to be eligible for the Operational Allowance, as they will support coalition operations in Iraq."

Is that clear? Not really, because by that argument one would have thought that those at Al-Udeid in Qatar or working with Nimrods in Oman, or those elsewhere in Kuwait, were also supporting coalition operations in Iraq. But the letter goes on:

"Other Service personnel deployed to Kuwait will not be eligible for the Allowance."

The Secretary of State dug a hole for himself during the debate on 16 October and frantic talks were held with the Treasury to do something to get him out of it. But rather than a fair remuneration package that supports all personnel deployed in support of both Operations Telic and Herrick, including those in Kuwait, and the wider Gulf region, the Government have produced an inconsistent, incoherent mish-mash. We now have a shambolic situation whereby some personnel in Kuwait will receive the operational allowance while others will not. Those supporting Nimrod reconnaissance missions in the Gulf, the dangers of which have been highlighted, will not receive it. Does anyone seriously think that that is a fair or satisfactory state of affairs?

That brings us to a related issue. Troops in Iraq are rightly given some recognition with the award of the Iraq medal. Is that medal now to be given to the personnel serving in Kuwait who also receive the operational allowance? One would think that that would only be logical. How can troops be given the operational allowance based on the personal danger to them and not be given the medal? Will they get it?

Des Browne: During my speech, in response to an intervention, I explained at some length my position on the awarding of medals. I do not know whether the hon. Gentleman was in the House or whether he was listening to what I said. Such decisions are not made by Ministers. I do not know whether what the hon. Gentleman says is correct, but I shall check it with those who take responsibility for such things. He knows—we have discussed this before—that such decisions are not made by Ministers. I shall not make decisions on medals at the Dispatch Box, but I shall take the hon. Gentleman's point to the appropriate people, who are the chiefs of staff.

Dr. Fox: I am grateful for that assurance, but I would have thought that the Secretary of State and his Ministers would want to know about that when making decisions. Such things impact on morale. If those serving get different allowances and if different people who serve together may or may not get a medal, the whole thing is a bit of a dog's breakfast.

The plans for the council tax refund are linked to the operational allowance, so will some in Kuwait receive a council tax rebate while others will not, because some receive the operational allowance while others do not? It is a simple question. Either they will or they will not. The Secretary of State seems to be telling us that the Government do not really know who gets medals, whether that is related to the allowance or whether the council tax rebate will be related to the operational allowance. That is not a satisfactory state of affairs. The movement of troops on such a scale was in the planning process for weeks if not months. Surely Ministers have simply forgotten, ignored or not bothered to understand the complexity and interaction of the separate issues.

The Government were in such a rush to gain political points by announcing a draw-down in Iraq that they have overlooked detailed issues that matter a lot to those serving in the region. We are left with a situation where some troops in Kuwait will get the operational allowance while others will not. Troops just across the border in Iraq will get the Operation Telic medal, but those receiving the operational allowance in Kuwait might not. Thousands of British troops across the Gulf region who do important jobs supporting operations in Iraq and Afghanistan might get nothing at all. What sort of message does that send out to our forces? It is no wonder there is a problem with retention and morale.

The House is used to hearing comments from the Secretary of State, his Ministers and even the Prime Minister about how they value and support our service personnel. We can argue about the scale of that support—we have and we will—given the considerable overstretch that we see in all three services. However, surely we can unite—as we did before Christmas when we debated the military covenant—in the belief that, unlike any other Crown servants, we owe our service personnel not only our gratitude but fair recompense for the uniquely dangerous work that they undertake on our behalf.

If the Government are serious about upholding their half of the military covenant, a couple of issues must be addressed. Most of us are aware of the importance and value that serving personnel place on the armed forces pension scheme. Can the Secretary of State or the Minister tell us what work is being undertaken by

[Dr. Fox]

the Department on the cost and structure of the armed forces pension scheme? Is the Department reviewing the affordability of the military pension and, if so, is that as a result of Treasury pressure? If a review is under way, the armed forces and the House will want to know why the work is being undertaken, who is undertaking it and what terms of reference have been issued to the review team. I am sure that the Minister will deal with that when he winds up.

The second issue that must be considered is armed forces pay. Like the police, our armed forces have no right to strike but, unlike the police, they have no federation to represent them. That is why it is vital that the Government accept the valuable work of the independent pay review body. The Secretary of State's message today of support for our armed forces will be viewed against the action taken when the report comes out.

We do not know what the pay review body will recommend, although the Secretary of State might. The armed forces will be looking for the Government to implement the review body's recommendations in full but, if for some reason they decide not to do so, I hope that the Secretary of State will explain to the House of Commons, and to our armed forces, exactly why.

John Smith (Vale of Glamorgan) (Lab): Does the hon. Gentleman accept that, across the board, the British armed forces, quite rightly, had the largest public sector pay settlement in 2007? That was in recognition of all the factors to which he has drawn attention.

Dr. Fox: As I have made clear, I believe that our armed forces are in a unique position. If the Government decide not to implement in full the independent review body's recommendations, it is only fair to ask the Secretary of State to come to the House of Commons and explain why. Armed forces pay is very important when it comes to improving recruitment and retention, and the House would be entitled to a full explanation if the Government decide to do something different from what is recommended by the independent review body.

Mr. James Arbuthnot (North-East Hampshire) (Con): The hon. Member for Vale of Glamorgan (John Smith) is right to say that the armed forces received pay increases of between 3 and 9 per cent. last year. The Secretary of State can claim great credit for that, but the trouble was that the pay increase had to be funded out of a real increase in the MOD budget of only 1.5 per cent. That meant that the rest of the budget is under considerable pressure—something that must be a real worry for the MOD.

Dr. Fox: My right hon. Friend is, of course, correct. I can say with all sincerity that it is hard not to feel some sympathy for the Secretary of State, given the budgetary pressures that he is going to face as a result of the spending settlement that he has received. That is why I did not ask him for a specific commitment on the pay review body's recommendations, but only for a commitment to explain any decision fully to the House. We are aware of the pressures facing the MOD as a result of its current financial settlement.

Armed forces personnel do not live in a vacuum, and the current high levels of deployment have a great impact on service families. If we were to say that a group of people in our society move home more often than the norm, have lower levels of home ownership, higher levels of substandard housing, rising divorce rates and higher levels of family separation, we would not be describing the disadvantaged in the inner cities. We would be talking about our service families, who offer so much to this country.

We have spoken many times recently in the House about housing, health care and education for service families, and about the need for proper mental health services operating on a through-life basis. Dealing with all those problems is a matter of urgency, but there are places where some people are already making a difference.

In Cyprus, for example, the organisation Relate is carrying out splendid work to help to hold service families together, with excellent results. The same work could be undertaken more widely here at home if there were greater Government support. I ask the Secretary of State to look at the work that Relate is doing and at the high success rates that it is achieving, because it has brought something very positive to bear on the welfare of service families. I hope that he will find an opportunity to meet Relate staff and discover what help that organisation can give to service families in the UK.

The Government talk about how they value our armed forces, but their inaction and the subsequent breaking of the military covenant have merely added to the strain already placed on our armed forces. That will have a long-term impact on Britain's military readiness to meet the unexpected challenges that undoubtedly lie ahead.

The next Government will inherit a military that is both overstretched and undermanned, and in possession of equipment that is worn out as a result of the ongoing operations in Iraq and Afghanistan. That is not an assumption; it is a fact. Equipment is wearing out faster than expected—faster than in the original plans—and there seems to be no visible attempt by the Government to do much about it.

We are still not properly prepared or equipped for our current undertaking in Afghanistan. When I visited that country a few weeks ago, I found that we had too few serviceable Apache or Chinook helicopters. Spare parts had not been given sufficient consideration in advance, and the current tempo of operations means that there is no option on the ground but to cannibalise other aircraft. The Government's catastrophic decision in 2004 to cut the helicopter budget by £1.4 billion is now biting hard. Even some of the excellent new Mastiff armoured vehicles—I give the Government full credit in that respect—are sitting idle because of a lack of spare parts.

In personnel and manning, the numbers are only getting worse, despite the gloss the Secretary of State tried to put on them. In April last year, the Government's own agency reported that the British armed forces were 5,790 trained personnel short; in December last year, we learned that, in the span of six months, that figure had increased by 1,240 to more than 7,000. The position is deteriorating—it is reaching crisis point. That is a scandal.

Troops are leaving in droves, to the delight of their disenchanted families. The July 2007 Public Accounts Committee report on recruitment and retention stated that

"70% of those intending to leave and 53% of those who had left said that their inability to plan ahead in life outside work was an important factor in their decision to leave."

That is a direct result of overstretch. Service members are now deployed more, with less time in between deployments, which places a tremendous burden on service families who are left behind in the UK.

After six years of intense fighting and overstretch, our military is nowhere close to being capable of meeting this Government's defence planning assumptions. The 1998 strategic defence review, which is 10 years old this year, is, for all intents and purposes, out of date. We need another strategic defence review.

Since 1997, the percentage of total Government spending allocated to defence has fallen from 6.7 to 5.9 per cent. That is a drastic reduction, given that that period covers major operations in Kosovo, Bosnia, Sierra Leone, Afghanistan and Iraq, but it reflects where defence comes in this Government's priorities. The first duty of Government is the defence and security of the British people. In using our armed forces personnel for that purpose, the Government have a responsibility and moral obligation to ensure that they are fully trained and fully equipped and that their families are adequately cared for. To date, this Government have failed—not only part-time, but second rate.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. Before I call the next speaker, I remind the House that Mr. Speaker has put a 10-minute limit on all Back-Bench speeches. That applies from now on.

3.47 pm

Mr. Don Touhig (Islwyn) (Lab/Co-op): I join other right hon. and hon. Members in paying tribute to the professionalism and dedication of our armed forces, and in expressing support and admiration for those now serving on operations.

In recent years, the demands that we have made of our armed forces have been great, but consistently, in spite of the most difficult circumstances and in the most dangerous operational theatres, those demands have been met. Our armed forces truly are the best in the world and they deserve only the best from us. It is our duty to show them that they are valued by the people of the country that they serve, by their Government and by their Parliament.

At the same time, to ensure that our armed forces remain the best, we must not only recruit the best but retain the best. I know that that is easier said than done; recruitment and retention are major challenges in the private sector, as well as in the armed forces. In a strong economy such as ours, the competition for well trained, highly skilled people is fierce in every sector, as my right hon. Friend the Secretary of State said. However, the nature of the work and the dangers that come with being a member of the British armed forces make that problem especially acute.

Each year, we need about 20,000 new recruits to retain our operational capability, and I am encouraged by the figures that my right hon. Friend gave. In 2006-07, there were 19,790 new recruits, which is an improvement on previous years. That is a positive sign, but we need to do more to keep that level of recruitment, and to maintain the strength of our armed forces. Our success in recruiting personnel and retaining those in service is bound to be affected by how they are treated, and how they seem to be treated. My mission statement when I was a Defence Minister was simply this: we will value our servicemen and women and their families. We will value our reserves, our cadets and their families and employers, and our veterans and their widows and families, and we will do everything in our power to demonstrate that. We can begin to demonstrate that we value them by ensuring that they have the most attractive pay and benefits package in the jobs market.

We must address the problem of the cultural drift that I sense between society and the armed forces. Fewer and fewer people have any idea of what it is like to serve in the armed forces, because fewer people know someone who is serving in the armed forces, or who has had military experience. That is why we must make sure that young people can have a taste of military life while they are at school. I welcome the pilot scheme to extend combined cadet forces to state schools.

Tony Baldry (Banbury) (Con): The right hon. Gentleman gave great service as a Defence Minister; he was much respected for what he did. There is an unnecessary disconnect. Does he agree that the public response to the "help for heroes" appeal in national newspapers before Christmas was outstanding, but that the fact that the appeal was necessary shows why many people feel that the covenant has been broken? For want of a tiny amount of money, the Ministry of Defence gives itself a very bad public relations image. I ask the right hon. Gentleman to reflect on the fact that, although many people support our armed forces, they often get the impression—perhaps for the wrong reason—that the Government are not doing so in the way that they could.

Mr. Touhig: I understand the hon. Gentleman's point. The instinctive reaction of the British people is to support our armed forces. The point that I was trying to make is that there is a growing disconnect, because ever more people do not have knowledge or experience of people who serve in the armed forces, and that is not healthy.

To return to the issue of combined cadet forces, the pilot scheme that has been rolled out moves us in the right direction. I hope that the scheme will be rolled out across Britain. That would allow us to enhance the education and training of young people in skills and trades that are often in short supply, while giving a head start to those who want to make a career in the armed forces. I should like more to be done; I would like a trust fund to be created specifically to support the development of the cadets services, to which private firms would be asked to contribute. The cadets do a wonderful job, creating all sorts of interesting and exciting developments in young people's lives.

[Mr. Touhig]

It is no bad thing to raise funds by helping to fill shopping bags in supermarkets at Christmas, but that is not a certain funding stream, and we should not encourage it to be viewed as such. We need to do more, and as the private sector has a strong interest in developing a skilled work force for the future, I expect that quite a number of companies would be willing to support such a trust fund. There is more that we can do to engage private companies in co-operation that would benefit both them and service personnel. We could set up partnerships with firms to ensure that when someone is coming to the end of their forces career they can contact a company that will guarantee them an interview, provided that they meet the basic requirements. After all, those with military experience bring a wide range of skills and abilities to civilian life that no one else can contribute to a business or organisation. Civil society and the armed forces have many shared interests that are often overlooked, and the Government must do more to strengthen co-operation in respect of those interests, for the benefit of all.

A major factor in the recruitment and retention of our service personnel is housing. Measures such as the £700 million invested in forces accommodation last year, and the commitment to spend at least £5 billion on housing in the next decade, are certainly encouraging developments. However, our servicemen and women are no different from anyone else in society when it comes to wanting to get a foot on the housing ladder. Given the sacrifices that we expect from them, and the demands that we make of them, we should do all that we can to support servicemen and women in that ambition. We should look at ways of working with financial institutions, with a view to offering discounted mortgages, perhaps at a rate that is fixed at the time when the mortgage is taken out, and which applies for the duration of servicemen and women's time in the forces.

Alternatively, as I have suggested in the past, we could offer service families a lump sum of, say, about £30,000 as a contribution towards a deposit on a mortgage. We could look at ways of developing a savings scheme in which someone could earn above commercial interest rates throughout their time in the forces, and the amount saved could be matched by a lump sum from the MOD when they leave. The money could then be used as a deposit on a house. We could engage financial institutions in exploring that.

Mr. Julian Brazier (Canterbury) (Con): I applaud the right hon. Gentleman's suggestion. Does he agree that the huge merit of that proposal is that it does not put service people early in their careers in a position where, having bought early because they so badly wanted to get on the housing ladder, they become more likely, according to the huge study that was done in the 1990s, to leave the forces prematurely?

Mr. Touhig: The hon. Gentleman makes an important and valid point. There is evidence that that has happened. I am trying to suggest ways in which we can stem that drift from the forces. Such measures would demonstrate loud and clear to servicemen and women that we value them, and would certainly have a significant impact on recruitment and retention. However, the most basic measure that would surely make the biggest difference to recruitment and retention is pay.

I welcome the best public sector pay deal which our armed forces had last year. I welcome the remarks of my right hon. Friend the Secretary of State when he says that the armed forces' salary growth has exceeded the whole economy in all but one of the past five years, but competition with private sector pay is a fight that we must stay in, or we will not retain our people in the armed forces. We could also look at introducing an increased tax allowance for members of the armed forces, or an income tax rebate for servicemen on active duty. That would be welcomed by those serving.

We must do much to underpin our support for our veterans. They have made a tremendous contribution, and the way in which we treat them has an impact on recruitment and retention. If we can demonstrate our gratitude for their efforts in securing our freedom and protecting our interests, we are much more likely to encourage others to join the armed forces. I say to my right hon. and hon. Friends on the Treasury Bench that it will surely impact very positively on recruitment and retention if we show people who have served in the armed forces that, as far as the Government are concerned, they remain part of the forces family for the rest of their lives.

Again, I renew my call for the creation of a separate veterans department—a department that would provide a stronger voice for veterans within the Government. It would act as a focal point for veterans issues, and send out a powerful message that help and support will always be available for ex-servicemen and their families as long as they need it. I hope that the Government will give serious consideration to these points and others that I know will be raised in the debate today.

It is my hope that, by our words and deeds, we can go some way towards matching the commitment of the brave men and women of the British armed forces, who demonstrate their service to us day in, day out, and their service to their country. That would be the true covenant between the British people and our armed forces.

3.57 pm

Willie Rennie (Dunfermline and West Fife) (LD): It is an honour to contribute to the debate today. I am in the place of my hon. Friend the Member for North Devon (Nick Harvey), who has to leave early for a long-standing constituency engagement. He apologises to the House, although I am sure that he is able to speak for himself.

Today's debate follows a debate on the military covenant last month led by the Liberal Democrats. There were some excellent contributions to that debate. Then, like today, no Members from the Scottish National party were present. They claim to be a party of government who want to govern Scotland, but they seem to have little interest in the defence of the nation, as I am sure Members across the House would agree.

I shall be vacating my position on the Defence Committee. Members of the Committee have entertained my serving as a spokesperson for the Liberal Democrats and as a member of the Committee at the same time, and I am grateful to them for that. *[Interruption.]* I particularly enjoy the contributions from the hon. Member for North Durham (Mr. Jones), who seems unable to keep quiet today. I thank the Chairman for his leadership

of the Committee during that time. It has been an enjoyable experience. We have done some good work, as I hope the Secretary of State for Defence would agree. I shall be sad to leave the Committee.

Mr. Arbuthnot: Without turning this into a mutual appreciation society, may I say that the Defence Committee will certainly miss the hon. Gentleman? His contribution has been outstanding.

Several hon. Members: Hear, hear.

Willie Rennie: I will leave the matter there for today.

My main proposition is that we are asking too much from our armed forces. The strategic defence review in 1998 envisaged one major operation, such as Gulf 1, or a lesser deployment, such as Bosnia, or a small brigade-sized operation elsewhere. But since 2003 we have been operating on two major fronts, and, as we have heard today, that is leading to overstretch. We are breaching the harmony guidelines and have done so for the last seven years.

The Army harmony guidelines clearly state that over a 30-month period people should not be away from their base for more than 415 days, but 10 per cent. of the Army are breaching those guidelines—that is 10,000 personnel. What we do not know from the figures is whether there are repeat offenders—whether people breach the harmony guidelines over a number of years. Therefore, we do not know how many people have been affected in the longer term rather than just in the previous year. The medical services are suffering the worst. Among general surgeons, 21 per cent. are breaching the harmony guidelines.

We have also seen huge shortages as a result of the breaching of the harmony guidelines. It is a vicious circle. When we ask too much of our armed forces they leave early, which results in shortages, which in turn leads to more overstretch and breaching of the harmony guidelines. We need to get a grip of that, because it results in the disillusionment of huge numbers of armed forces personnel. Ministry of Defence surveys showed that only three in 10 felt valued, and in one in four personnel morale was low or very low. As a result, more are leaving the forces, which results in retention difficulties. During the past year, 5,000 people have left the forces, and among officers the situation is particularly bad. In the last six months of 2007, 1,350 officers left the forces, which is double the figure for the previous 12 months. Since the start of the Iraq war in 2003, 6,000 officers have left the forces. As a result, we are 7,000 below strength in the armed forces as a whole.

Over the Christmas period, I met a long-standing friend who has been in the forces for 10 years. He is a skilled tradesman and over the past few years he has been asked to go to Iraq and Afghanistan. Having just returned from Iraq, he has been asked to go back to Afghanistan, but he has decided that he has had enough, and many of his friends feel exactly the same because we are asking far too much of our forces. Hon. Members have heard me say before that we are now trawling around looking for volunteers, such as storemen from Faslane, bandsmen who are going out to Cyprus, and even politicians, including Members of the Scottish Parliament.

Mr. Tobias Ellwood (Bournemouth, East) (Con): The hon. Gentleman mentions Faslane and he brings up an interesting point in Liberal Democrat policy. The fleet of submarines there are nuclear powered, and the Liberal Democrats seem to support the presence of naval personnel on those submarines, yet they are not keen to support nuclear energy on the ground. Why is it not good for the citizens of Britain to be near a nuclear power station, but it is okay for our naval personnel to be operating on a nuclear-powered submarine?

Mr. Deputy Speaker: Order. We are debating armed forces personnel, and I would not want the hon. Member for Dunfermline and West Fife (Willie Rennie) to be diverted too far from that topic.

Willie Rennie: You may be reassured, Mr. Deputy Speaker, that we will not be entertaining too much discussion on nuclear energy this afternoon. The hon. Gentleman wrongly conflates those two important issues. Serious considerations apply to both and to conflate the two is inappropriate.

We are also asking too much of our reserve forces. Just before Christmas, I visited HMS Scotia in Rosyth for its Christmas carol concert; some of the Royal Naval Reserve forces are going out to Basra airbase to man Phalanx guns to protect it. Reserve forces members are now regularly being asked to go to the front line, but that was never envisaged when they first joined. It puts huge strain not only on them but on their employers and families. It is unsustainable to continue to ask the reserves to contribute too much to the front line.

The real reason why we are at this state of play is due to the decision in 2003 to invade Iraq. The hon. Member for Woodspring (Dr. Fox) talked about overstretch, but in 2003 I do not remember him opposing the war in Iraq that has led to that overstretch.

Mr. Ellwood: I am testing the hon. Gentleman's patience, but I am pleased that he has given way because he is now, perhaps inadvertently, misleading the House. Our concern about Iraq relates to what has happened since the initial invasion and the management of the peacekeeping. That should not be confused with the initial invasion. We Conservatives are very concerned that the Army is still there in large numbers because the peacekeeping operation and nation building have been such a failure.

Willie Rennie: That is a slight extrapolation from what is the case. We are overstretched because we are in Iraq. In the 1998 strategic defence review it was envisaged that we would be able to operate only on one major front. The decision in 2003 led to two major fronts—Afghanistan and Iraq. That is why we are in this situation today.

Mr. Ellwood *indicated dissent.*

Willie Rennie: The hon. Gentleman is shaking his head, but that is the reality.

Mr. Ellwood *rose—*

Willie Rennie: I will give the hon. Gentleman one more chance.

Mr. Ellwood: I am afraid that, with respect, the hon. Gentleman is showing his ignorance about what the military are expected to do. They provide an umbrella of security, but the Department for International Development, the Foreign and Commonwealth Office and other agencies need to build the governance and infrastructures. That has not happened in Iraq and that is why our military forces have been there for such a long time. I am afraid that they are now receiving the brunt because of the ineptitude of those Departments.

Willie Rennie: The hon. Gentleman is fabricating a rather contorted argument. We are in Iraq because the Conservatives and the Government agreed to go there. That is why we are overstretched. Making up some elongated story involving DFID and so on does not reflect the reality.

I return to the issue of minimum force protection. When I visited Iraq last year with the rest of the Defence Committee, we were told that the minimum force protection required for the south-east would be 4,500 to 5,000. A month later, the Minister for the Armed Forces came before the Committee and said roughly the same. However, when last year the Prime Minister told the House that he had decided to withdraw 2,500 troops as of the spring, suddenly the minimum force required was 2,500. We have been told that the jobs required in Basra have changed. However, a minimum force is a minimum force, no matter what the jobs are.

Mr. Adam Holloway (Gravesham) (Con): I do not know whether the hon. Gentleman is aware of the spate of thefts from Basra airbase and associated issues involving the security of our personnel. I should be interested to hear, perhaps privately, from the Secretary of State what is being done to deal with that and whether it has anything to do with the fact that our force numbers may be too low even to guard the airbase.

Willie Rennie: The hon. Gentleman has made an interesting point, and I hope that the Secretary of State will deal with it, on a private basis.

Ministers shook their heads when we talked about minimum force protection, but when we visited the airbase last year they were adamant that 4,500 was the minimum that would be required just for protection purposes, not to conduct many more operations beyond that. How has that figure suddenly changed to 2,500? Are we now relying on the Iraqi forces for our protection? If so, the House has a right to know. If not, we need a more detailed explanation as to the reason for the sudden reduction. It is clear that we have been part of the problem in southern Iraq and that we should withdraw from there. It used to be that 90 per cent. of attacks were on our forces in the south, but the number of attacks fell dramatically when we withdrew from Basra palace in the heart of Basra city. It is therefore clear that we should get out of Basra and out of Iraq altogether.

I am grateful for the Secretary of State's details on some of the progress that has been made on inquests, but it is still embarrassing, and a travesty for the families, that it has taken far too long to conduct them—months, sometimes years. So far, the system has been unable to cope. Will the Minister give a wee bit more detail about what further progress he hopes to make in the next year? Have discussions with the Scottish Government led to any results? If some of the inquests or fatal accident inquiries were conducted in Scotland, that would relieve some of the pressure in England.

On housing, more than half of armed forces single living accommodation has been independently assessed as substandard. That is a significant reason for many officers and soldiers leaving the forces. The Armed Forces Pay Review Body has determined that 14,000 bed spaces have been lost since 2001, yet during that period £2.2 billion worth of asset sales has gone from the MOD to the Treasury. I am grateful to the Secretary of State for providing more details on the £5 billion figure, which has now grown to £8 billion or so. Unfortunately, however, some spinning went on previously as to what that money was. It was presented as new money—extra investment in housing—when in fact much of it was going on rent and maintenance. It would be helpful to have a wee bit more clarity on some of the figures as previously presented. As Ministers have said, the basic problem is that we are relying on the legacy that was left to us by the Conservative party, which sold off MOD housing to Annington Homes—the most disgraceful waste of money and resources that there has ever been. The Conservatives should say less on this subject in future because their record warrants some scrutiny.

Progress has been made on health, as I have seen for myself through the Defence Committee. Defence Medical Services does a good job. The Selly Oak facility is first class, providing excellent, quality care for our armed forces in a military-led environment. I would like there to be a move further towards a military-only environment; I think the Minister said that more military nurses are being recruited.

Mr. Holloway: Does the hon. Gentleman agree that it is a pity that the additional assistance and changes within Defence Medical Services seem to have come only when there has been a great big hoo-hah in the press, and not to have been driven by the Government? People working internally in this area say that that rather mystifies them.

Willie Rennie: I am sure that the Secretary of State, having gone through the agony of the past year, will be keen to make this investment sustainable, and that we will see long-term benefits.

There are other improvements at Chilwell, Headley Court and the regional rehabilitation centres, but concerns remain about investment in Combat Stress. There has been some, but there needs to be more. There is also concern that the NHS will fund Combat Stress and veterans' health care after this period of investment. There must be improved connections between the NHS and the military, because the NHS does not understand many of the problems that the military face in terms of primary care.

I understand that the Priory Group contract is coming up for renewal this year, and I would like the Government to consider whether the Priory Group is an appropriate body to provide health care for the armed forces, with regard to mental health. It is neither fish nor fowl. It is neither centralised nor military, but a

regional, non-military environment. We have heard many times that serving soldiers need a military-only environment, but we need specialisms as well. I would like the Government to look at that area again and consider whether there is a better model that is both military and specialist.

Finally, I would like to conclude with some questions for the Minister. If we are serious about recruitment and filling the shortfall of 7,000 personnel in the armed forces, why is there no Government budget line to recruit those personnel? I questioned the permanent under-secretary in the Select Committee on Defence last year, and there was silence when we asked whether there was a budget to recruit those masses of people. There is no serious intention of recruiting. The Department is being realistic; it does not expect to recruit them, and as a result there is no budget line. I would like to hear some response from the Minister on that when he sums up. Finally, will the Minister explain when he believes that the Government will withdraw from Iraq?

4.16 pm

John Smith (Vale of Glamorgan) (Lab): I welcome this opportunity to take part in today's debate, although it is a brief one. I must say that I think it is too brief. The House should set aside much more time to discuss armed forces personnel.

I intend to spend most of my contribution on a crucial aspect of personnel matters, which is the provision of first-class training, and I shall refer to the Government's radical and courageous policies that will transform the entire phase 2 training programme in the armed forces. I begin by paying tribute to the role of our armed forces personnel. I have the honour and privilege of representing the special forces support unit at MOD St. Athan, and I am fortunate enough to receive frequent updates on the activities of our brave men and women on the front line in Iraq and Afghanistan. Much more time should be spent exposing what our soldiers are doing every day of the week—the sheer courage and bravery of the men and women on the front line.

Far from what we hear constantly about bad morale and so on, in the correspondence and e-mails that I receive I hear only positive comments: a commitment to and belief in what they are doing, and a willingness and desire to succeed. I believe that the Government's record of looking after armed forces personnel is a good one. Do I think more could be done? You bet I do, but we have a reasonable track record. I do not base that on the facts and figures churned out by the Government, but on the comments I receive from my constituents who are serving on the front line.

We heard references to medical services. I have an e-mail that points out that in the opinion of one commander, our medical services are second to none in the world. In fact, one of his platoon commanders was shot on the front line in Helmand, and after his condition was stabilised, he was receiving intensive care within 23 hours, not in theatre, but in Selly Oak in Birmingham. There are numerous examples of the sort of treatment that they are receiving—it is the best in the world.

We hear a lot about kit, and it is true that every commander in the field wants more kit. But the people who correspond with me say that the kit they have is the best it has ever been. Yes, they want more helicopters on the front line, but the kit is good, and it is improving. Let us not talk everything down.

I want to focus on training, because I believe that it holds the key to many issues that are raised about armed forces personnel, especially recruitment and retention. If we can offer our servicemen and women the best possible phase 2—technical—training in the world, we can recruit more easily and retain our forces better. In the Government's announcement on 17 January last year on the defence training rationalisation programme, it was decided to do just that and transform the phase 2 training of non-commissioned officers and lower ranks throughout the Army, Navy and Air Force. That modern, state-of-the-art training would use new teaching methodologies and all the technologies that are available to train and educate our forces personnel, and be provided in a purpose-built, new-build project on a 600-acre site in St. Athan in my constituency. Our servicemen and women deserve nothing less.

The facilities will be outstanding and the training will be superb. I was pleased when my hon. Friend the Under-Secretary announced on 25 October that package 1—the provision of all aeronautical engineering, mechanical engineering, electrical and electronic engineering and computer information and technology—was on course and on time. It was also announced that negotiations would continue about package 2 and would probably be extended because the military were not sure whether they could achieve the savings that they expected by combining the two packages under the Metrix consortium.

I was therefore interested when my right hon. Friend the Minister for the Armed Forces made a written statement this week about the future of Deepcut barracks and the proposal to place the site in the local borough council's core planning strategy, with a view to vacating it by 2013. I hope that my right hon. Friend can tell me in his winding-up speech whether that will have any bearing on the decisions, which we know are due in the near future, on package 2 of the defence training rationalisation programme, given the relocation of such a large facility and given that not many places in the country can accommodate it. Of course, St. Athan can. It was—and will be again—the largest military base in the United Kingdom.

The proposals as they stand will bring thousands of military personnel to my constituency. I was addressing a small community council in St. Athan, which will be directly affected, the other night. That small council is 120 per cent. behind the development and looking forward to welcoming the forces back to the constituency. At the height of activity in the camp, we had 17,000 military personnel at RAF St. Athan in the old days. We could approach such numbers in future if we make the right decision, combine the two packages and base the whole training programme on one site in the United Kingdom, which will offer young men and women a tremendous opportunity and a tremendous welcome to the armed forces.

The majority will take up phase 2—non-military training—shortly after being recruited into the forces. It is an old trick that the Americans used much better than us in the past to give recruits the best facilities,

[John Smith]

involvement and quality of life, which they can use to build their career in the services and just as important given the new nature of the training, when they leave the forces, because the skills will be used directly in civvy street.

However, we must get the project right. The infrastructure must be right because the project is so vast. Several aspects will be affected, but the most important are housing and transportation surface access to the site, especially roads. I want to draw the Minister's attention to a difficulty. The local planning authority in the Vale of Glamorgan is to accommodate the £16 billion project, which will create 5,500 direct new civilian jobs in my constituency. It must work in co-operation with the Ministry of Defence and the company providing the project, Metrix.

Unfortunately, the planning authority has failed in the draft local development plan that it published in December to recognise the scale of the project and the need to think strategically. The planning authority has not identified enough land banks for the new housing development. The pressure on housing will be enormous. The planning authority has also downgraded Llandow, another 500-acre former second world war airfield a brownfield site and failed to identify it as an area for housing that could accommodate the people coming into St. Athan for the new development. I also understand that the planning authority has not safeguarded land for direct access to the military training academy at St Athan from the M4, which has to be done.

There is now a two-month consultation period, from January to March. I ask the Ministry of Defence to look into the issue it is the customer in the project, which is a private finance initiative and to make representations to the local planning authority, to ensure that it recognises the strategic importance of the success of the project.

4.26 pm

Mr. James Arbuthnot (North-East Hampshire) (Con): I congratulate the hon. Member for Vale of Glamorgan (John Smith) on two of the comments that he made. First, he said that this debate is too short. The new topical debates, which have turned out to be simple re-launches of the Government's current initiatives, do not seem to be a good idea, particularly when they take time out of armed forces debates, which tend to take place on Thursday afternoons. The second point on which I should like to congratulate the hon. Gentleman is the fact that his constituency will receive from Bordon in my constituency many people who work in mechanical engineering. He is lucky to have those people coming to his constituency. When they arrive, I hope to be invited to visit and see how they are getting along.

This is a short debate. Last week the Joseph Rowntree Charitable Trust produced a report suggesting that the Ministry of Defence was glamorising war. I do not think that it is doing that at all. The Minister was absolutely right to suggest that it is not in the Ministry of Defence's interests to give, in any sense, a false idea of what people are going in for when they join the armed forces. However, it is also right to draw attention to the benefits of a career in the armed forces. In many respects, it is a fantastic career. One gets qualifications and finds a camaraderie that cannot be found in any other career. It is therefore right to pay tribute to the type of career that can be had in the armed forces, as well as to the extraordinary and wonderful men and women who take up that career.

It is also right to pay tribute to the families of our armed forces. We often think of the armed forces as they serve in Afghanistan and Iraq, but in many cases the real difficulty is faced by those who are left behind at home doing the worrying, but without the constant adrenalin and local support that the work of the armed forces involves. All that the men and women of our armed forces, the careers that they provide and the quality that they generally produce is now a part of what it means to be British and is a matter of national pride.

I should like to make another tiny point about national pride, part of which derives from military bands and the music that they play. They bring to an emotional head some of the strength of our military. I worry nowadays that our military bands are being reduced in number and that we have taken a financial approach to them, without appreciating the strength that they give to our armed forces. I hope, one of these days, to be able to persuade the Defence Select Committee to carry out an inquiry into our military bands because they are so important.

My hon. Friend the shadow Secretary of State referred to overstretch and the Secretary of State referred to stretch: it does not really matter which word is used, because the reality is what matters and the reality is as follows. On the planning assumptions, our armed forces have now been operating above the levels for which they are resourced for seven of the last eight years for every year since 2002. It is utterly unacceptable that that has gone on for so long. We can manage that sort of problem for a year or two perhaps for a year or three but continuing with it for so long is unacceptable. The Chief of the General Staff has said that

"we now have almost no capability to react to the unexpected"

That is also unacceptable.

The Ministry of Defence has a target public service agreement target 3 to

"generate forces, which can be deployed, sustained and recovered at the scales of effort required to meet the Government's strategic objectives".

That is not at all surprising, one would think. It seems a perfectly ordinary test; it is, actually, a crucial test for the armed forces of this country and of any country. However, according to the MOD in its most recent quarterly report:

"Owing to the continuing high level of operational commitment, we do not now expect to reach the target level by April 2008".

It will therefore not be able to generate the forces that can be

"deployed, sustained and recovered at the scales of effort required to meet the Government's strategic objectives."

That is deeply worrying.

Reductions in the commitments to Iraq and the Balkans are welcome in that regard. Some people expect us to be completely out of Iraq soon. I have to warn the Secretary of State that the Defence Committee had a meeting this morning with the United States House Armed Services

Committee, which made it plain that for the US to remain in Iraq without substantial support from its closest friend, the UK, would not be well understood or received in America. We need to take that into account.

What of the harmony guidelines? The Army's guidelines have been mentioned, but the RAF guidelines say:

"Unit Tour Intervals should be no less than 16 months".

However, that is routinely breached. RAF regiment field squadrons have an average tour interval of around 10 and a half months.

We met the Chinook crews, who are based at Odiham in my constituency, when we were in Afghanistan last year. They are flying all hours of the day and night—thank God, because of the critical work they do in support of our armed forces. Their tours are long, they get little time to rest, and they are flying in the most difficult conditions imaginable. Landing a Chinook in the dust of Afghanistan is a highly skilled task. People cannot see the ground because of the dust blowing up. At night, it is even harder, and people are probably being shot at, after having very little sleep. Luckily, our crews are the best in the business. They manage to cope with all that, but we must never take them for granted. We sent them there; they are doing all this for us. We must treat them right, pay them well, house them well, educate their children well, provide proper medical care and give them the very deep respect that they fully deserve.

I pay tribute to the Defence Select Committee, whose members work extremely hard at what they do. In recent months, we have completed reports on the defence education service, which is doing a good job in circumstances of great turbulence. On housing, we drew attention to our worry that it will take so long to get the standard of all defence housing up to an acceptable level. The Secretary of State made some perfectly fair points about that today. We are just concluding our inquiry on Defence Medical Services. Of course, we have some concerns. For example, there is a severe shortfall in some specific specialties, but we have found much in the Defence Medical Services that is excellent.

My final point concerns visits to our armed forces deployed abroad. The Secretary of State often visits them, as do other Defence Ministers, and I think that as a result they have a good understanding of the experiences that our forces are undergoing. The same cannot be said of the Ministers who make the financial decisions—the Ministers in the Treasury. I welcomed the Prime Minister's recent visits to our troops, but while he was Chancellor of the Exchequer such visits were rare.

I hope that Treasury Ministers will arrange a programme of visits. If they do, they will be impressed. They will see a group of wonderful young men and women upholding the values of Britain, standing up for our interests and putting their lives on the line for us. When those Treasury Ministers see what is really going on, they will have a changed perspective when they return to the United Kingdom to negotiate with the MOD; and the MOD, our armed forces and our country will benefit accordingly.

4.36 pm

Mr. David Kidney (Stafford) (Lab): I want to touch on three Stafford experiences in my brief speech, and to draw from each of them a point of national significance.

Last year, the status of the military base at Stafford as RAF Stafford ended 59 years after it was established, and most of the uniformed personnel were moved to Wittering. In the run-up to those events, it looked very much as though the entire military presence in Stafford could come to an end, but as a result of the great public support for the military in Stafford and the constructive approach taken by me and by the local community in representations to Ministers about that how could be averted, the story today is entirely different. There is a very positive future for an Army-led base at Stafford—now MOD Stafford—and the Beacon barracks for the 22nd Signal Regiment, and the prospect of a secure and growing future as we give further consideration to the super-garrison approach to the basing of our military personnel.

That brings me to the first of my points of national significance. I should like to know Ministers' thinking on super-garrisons. As I understand it, their development will coincide with, but is not dependent on, the return home from Germany of large numbers of our personnel, itself a significant event in the coming five years or so. Does the Minister agree that it will give components of our armed forces that will eventually be deployed and fight together an opportunity to train together as well, and to be deployed to the same places at the same times? Does he agree that of wider benefit to our military and their families is the fact that with super-garrisons will come greater stability in their home lives? They will know about the schools that their children will be able to attend, and it will be possible for them to buy homes in the area if they wish to do so.

This may not be so much a point in favour of super-garrisons, but I think it could be described as a point of national significance. I mentioned the survival and future prosperity of Stafford's military base. The Minister at the time, my right hon. Friend the Member for East Kilbride, Strathaven and Lesmahagow (Mr. Ingram), was extremely receptive to my arguments and those of a delegation that I took to see him several times. I want to record my grateful thanks to him for listening and for making a difference through the decisions that he made.

Let me give an example. At an early stage in the process, at a meeting at which I put the case to my right hon. Friend with a delegation from the Stafford community, we were faced with the prospect of 800 civilians losing their distribution and storage jobs at Stafford. My right hon. Friend decided to start early, along with the MOD's human resources personnel and Jobcentre Plus, on the objective of guaranteeing people new jobs or help with finding jobs outside the civil service. If there are people with a low opinion of the MOD's HR personnel, I ask them to reconsider. My impression was of a dedicated group of people making a very effective job of what was a very difficult exercise, with the result that of the 800 people who were to lose posts at Stafford, only two were made compulsorily redundant. I consider that an impressive performance.

My second experience involved the contribution of the civil servants at Stafford to Operation Telic back in 2003. I attended a very sad occasion in December 2007,

[Mr. David Kidney]

when we marked the end of their work at Stafford's base, but back in 2003 I saw with my own eyes the dedication of those people, working seven days a week on a short time scale to make sure that all the equipment the troops needed in Iraq got to Iraq in time for the start of the military action there. Although there were stories about lack of equipment in the right place at the right time—the most tragic event that we can all recall was that of Sergeant Steven Roberts, who gave up his body armour and was then shot and died—the subsequent National Audit Office report gave absolute credit to the people back in Stafford and around the UK for their part in getting the equipment there. The report spoke about twice the material getting to the region in half the time compared with the 1990 Gulf war; so the fault in people not getting equipment such as body armour and the right sized boots at the right time did not lie with people in Stafford. I recall that the NAO drew attention not only to the shortage of time for the whole operation because of the diplomatic efforts at the United Nations—something that might now be a constant pressure given the commitment to a vote in this House before committing troops in future—but to our country's policy in terms of what we keep in store ready for such an eventuality and what we depend upon quick procurement for. That balance must be got right, and we must have robust procurement arrangements for the equipment that will be procured at short notice.

Another important issue that I want the Minister to say something about is the tracking of equipment in theatre and ensuring it gets to the right place in the battle theatre in time. A lot of work was done immediately after the NAO report on in-theatre tracking, and I wonder whether he can say anything new today about developments in technological solutions as well as in military training and practice.

Tony Baldry: The hon. Gentleman and I share, as it were, distribution depots, and it is sometimes forgotten just how many civilian staff work with great credit for the Ministry of Defence and that they have also been going through a period of turmoil. The demands placed on them from managing what are two large operations are phenomenal, and we should never forget the contribution of civilian staff in the MOD.

Mr. Kidney: I totally agree with the hon. Gentleman, and I pay tribute to those staff for their dedication to their duty and the pride that they feel—it is every bit as much as that of the uniformed armed forces—in serving their country.

The ultimate sacrifice that members of our armed forces make to this country is to give their lives. Back in 2003, we in Stafford had the experience of the death of young, brave Trooper David Clarke. We quickly knew—and this was confirmed at the inquest—that he was killed when his Challenger 2 tank was fired on by another British Challenger 2 tank. The point of national significance that I draw from that incident is the vital question of combat identification, and I have pursued that with Ministers in the years since 2003. Can the Minister say anything new about the work being done on that? As we deploy increasingly often with many international partners, it is important that we have approaches and solutions that are compatible with those of our partners. New technologies assist to some extent, but there is always the issue of human factors. Time and again, training and communication are what make the difference. I have talked of the tragic loss for Stafford of the loss of David Clarke's life, but it is important that we learn the lessons of each individual incident.

We in this country can be proud that we have some of the best—and sometimes the best—armed forces in the world. That is because of a combination of their personal courage and commitment, the leadership that they have, the training and equipment that they get and the backing of our nation. I want to say how proud I am of our armed forces for what they do so often on our behalf and at our request. They serve the country superbly, and I admire the values that they hold and uphold. As a country, our support for them during their service, for their families, and when they are veterans is growing all the time. Long may that continue.

4.44 pm

Mr. John Baron (Billericay) (Con): The hon. Member for Stafford (Mr. Kidney) made a number of interesting points, particularly those relating to super-garrisons. I hope that the Minister will at least investigate that matter further.

I welcome this debate. It does not take me to suggest that Parliament has a special duty to look after service personnel and to honour the military covenant. That duty is born of the fact that Parliament, on behalf of the nation, has a moral duty to repay the dedication shown by our service personnel. In addition, because politicians ultimately decide on deployment, and as there is an absence of a union or any other representative organisation, Parliament has a direct role to play in the welfare of our service personnel. Despite that special duty, there is mounting evidence to suggest that this Government risk failing our service personnel.

Poor housing is perhaps a key example of that. Various statistics have been bandied about in this short debate. We have heard about the Public Accounts Committee's suggestion that nearly half of all service accommodation is substandard. I think I am right in saying that a Select Committee on Defence report suggested that some accommodation was appalling. The Army's own continuous attitude surveys suggest that half our troops believe that the maintenance of their accommodation is not what it should be, and senior figures have added their voice on this matter. General Sir Michael Rose has said:

"The situation has become so extreme that it is driving soldiers out of the Army in increasing numbers."

It seems to me that the Government have forgotten the old first world war concept of "homes for heroes" when it comes to our troops. In fairness, their single living accommodation modernisation—SLAM—initiative has resulted in some additional funding, but the Public Accounts Committee made it clear that even at the current rate of improvement it would take 20 years for all the accommodation to be removed from the substandard category.

As if to illustrate the point, I raised the issue of the accommodation at the Hounslow cavalry barracks with the Defence Secretary. The 2nd battalion of my regiment, the Royal Regiment of Fusiliers, will be returning there from overseas deployment in the spring. The Minister will be aware that that accommodation was condemned in the 1960s, and that it has a reputation in the armed forces of being probably the worst accommodation. Most of the troops' accommodation will be about 250 ft below the Heathrow flight path. The senior non-commissioned officers' accommodation is the worst of all—the rooms are so narrow and small that one must close one's door before one can open one's locker. I welcome the Defence Secretary's apparent acceptance of an invitation to visit the Hounslow cavalry barracks, because they are worthy of a visit. Although funds are being put into those barracks, by most accounts they are insufficient to deal with the deficiencies.

Mr. Kevan Jones: The hon. Gentleman made reference to the Defence Committee's report on housing. We visited Hounslow barracks, and I sympathise with some of the points that he is making. Did he also read the report's recommendations? They clearly state—I also said this earlier—that the answer to the appalling conditions at Hounslow is not just pumping money into that facility. The Ministry of Defence and, in particular, the Army, must take a strategic decision about what is needed in the capital area.

Mr. Baron: I do not disagree with that, but part of the problem has been the constraint on finances.

Mr. Kevan Jones *indicated dissent.*

Mr. Baron: Yes it has. Spending on the military has fallen from 2.9 to 2.5 per cent. of our gross domestic product—*[Interruption.]* I am not wrong. It has fallen by that amount during the past 10 years. That may not sound like a big percentage but it represents £5 billion in today's money, which could put right a lot of what is wrong in the armed forces, certainly when it comes to service accommodation.

That leads me to the point about overstretch. I agree that many terms are used with regard to the concept of overstretch. The bottom line is that the armed forces receive about £5 billion less because of that decrease in spending as a percentage of GDP. That 0.4 per cent. drop in expenditure does not sound a lot, but that money would put right the Army's 4,000 personnel deficit: it does not sound a lot, but it has a big knock-on effect on deployment. When the Chief of the General Staff visited Parliament and made a presentation—if I remember correctly, the Minister was there—he said that the time spent on deployment was normally around 20 per cent. of total time. At the moment, the Army is running at 37 per cent. and, as my right hon. Friend the Member for North-East Hampshire (Mr. Arbuthnot) pointed out, that over-deployment has been going on since 2002. The Chief of the General Staff made the point that that cannot continue indefinitely and we are reaching breaking point.

Most recent figures show that most Army units now fail to meet the 24-month average interval between tours. That leaves units and individuals separated from their families for far too long, and training and recuperation inevitably suffer.

We must also ensure that we supply our troops with the right equipment. Troops returning from theatre tell of life-threatening shortages of kit, including body armour, satellite phones, oil to prevent guns jamming and electronic equipment to detect roadside bombs—

[Interruption.] I shall move on.

I should warn the Minister that the public take those failings very seriously. It is no credit to the Government that the Minister for Defence Equipment and Support announced that he was walking away from politics to drive racing cars on the very day that a coroner ruled that a shortage of kit cost Fusilier Gordon Gentle his life. That is not lost on the public.

The Defence Committee has highlighted the shortage of helicopters in Afghanistan, and that is especially important in that region, because it has a knock-on effect in the strain put on crews, especially when they have to land in the conditions there at night. It also has an impact on our successes on the ground. One of my concerns about Afghanistan is that many of the victories that we are accomplishing now could become pyrrhic victories if we do not dominate the ground that we have won. It is no good taking towns if we cannot dominate the ground around them, and helicopters have a vital role to play in achieving that. If we eventually cede that ground to the Taliban, the victories will indeed be pyrrhic.

I welcome the rule changes to compensation claims, and I give the Government credit where it is due for those. It is right that service personnel can now claim for each injury. However, I would ask the Minister to address directly why the limit on compensation remains at £285,000, and will the Government and MOD do any work on that? To put the figure into context, Peterborough borough council spends some £285,000 on awarding compensation to those who trip over paving stones, and that is a useful comparison.

Given the litany of failings by the Government, I have to say, as an ex-serviceman, that it is bemusing to hear Ministers say that when they are visiting troops, they do not hear them grumble too much, so perhaps Opposition Members and the media exaggerate some of the concerns. That is the wrong approach. Partly because service personnel are taught not to complain, and partly because of their deference to the chain of command, they do not grumble. It is ludicrous to suggest that because nothing is said, all is well. It shows how out of touch Ministers risk appearing.

Mr. Eric Joyce (Falkirk) (Lab): I am grateful to the hon. Gentleman for giving way, as I realise that we are near the end of his allotted time. Does he see how what he has just said contrasts with what the former Chiefs of the Defence Staff in the other place say? When they visit troops, all they hear is grumbling.

Mr. Baron: I am not sure that I heard the last part of that question.

Mr. Ellwood: It did not make sense, so don't worry.

Mr. Baron: I am not sure that the question made sense, but the bottom line is that Ministers are saying too often that they do not hear complaints when they visit troops. That is nonsense. As I have seen comrades pay the ultimate price on operation, it galls me when

[Mr. Baron]

Ministers seem incapable of understanding the nature and substance of the armed forces commitment.

Service personnel will give 100 per cent. to their country. They will suffer conditions on the front line that some in this place would not believe in this world of human rights. They will not grumble; the British Tommy gets on with the job. That is why it is so important that Ministers listen to those at the top when they break silence. Lord Guthrie has talked about the services feeling as though they are being taken for granted. Admiral Lord Boyce accused the Prime Minister of treating the armed forces with contempt and disinterest. The Chief of the General Staff clearly said that the military covenant is out of kilter and that the troops are feeling devalued, angry and fatigued.

Let us be clear that it is regrettable when senior officers and retired senior officers think it necessary to speak out. It is not the way we do things in this country. However, it shows the scale of the problem. Those people are not seeking publicity. They are speaking out for those who do not have a union or a federation to speak out on their behalf and who will not and cannot strike. They are making the Government aware of problems as best they can, because Ministers will not listen in private. In many soldiers' minds, the proof that the Government are not 100 per cent. committed to their interests is the part-time Secretary of State. Those on the Government Front Bench do not understand the strength of feeling. The wrong message is sent out.

Troops give 100 per cent. and expect 100 per cent. in return. The Defence Secretary has openly asked what more he should be doing, and enough has been said this afternoon to illustrate what needs be done and the issues that need to be dealt with: substandard housing, the fact that the Army is overstretched and the shortage of kit.

In conclusion, the fact that the Royal British Legion has felt obliged to mount a campaign about the military covenant along the lines of "We count on him; can they count on us?" illustrates the state of affairs. The Army is being asked to do too much with too few men and resources. The Secretary of State has admitted that the Government can do better. Let us hope that now is the time for action.

4.57 pm

Mr. Kevan Jones (North Durham) (Lab): I have had the privilege of serving on the Select Committee on Defence for the past six years. I have seen men and women in our armed forces not only in this country but in Iraq, Afghanistan and other parts of the world. I want to put on record my respect for them. The armed forces offer rewarding careers, mentioned by the Chairman of the Defence Committee, to many people who would not get such chances elsewhere. A lot of those people, at very tender ages, take on a huge amount of responsibility. If anybody wants some reinforcement in response to people who write off the youth of today, they should meet some of the young men and women in our armed forces.

I am pleased that armed forces personnel, their families and how we treat members of our armed forces are high on the political agenda. The only thing that I ask is that the debate should be based on fact rather than fiction. The trend over the past few months in the media and in the House—an example was provided just now by the hon. Member for Billericay (Mr. Baron)—is that if someone says something, it is deemed to be a fact. If someone stands up, for example, and says that there is a shortage of body armour in Iraq or Afghanistan, that is taken as a fact. Some of the problems in our armed forces are seen as having been pickled in aspic and it is believed that somehow nothing ever changes.

There has been a tremendous change in the equipment available in Afghanistan and Iraq. I have seen that, as have other members of the Defence Committee. If the hon. Member for Billericay thinks that members of the armed forces do not grumble to us when we go around bases, that could not be further from the truth. To be fair to the Chairman of the Committee, he insists that wherever we go, we should meet members of the armed forces away from senior officers. I can tell the House that they are not short of a range of issues and grumbles to raise. One must be selective, as some grumbles deserve to be taken up while others are the sort of moans expressed by people in any job. It is important to separate what needs to be investigated from ordinary, everyday dissatisfaction.

Mr. Baron: I said that I had heard Ministers say at the Dispatch Box that they do not hear grumbling from armed forces personnel, but I was not referring to members of the Defence Committee. Moreover, my remarks were not based on hearsay. I have looked at what the Public Accounts Committee has said about accommodation, for example, and at the Army's own continuous assessment surveys.

Mr. Jones: I shall come on to accommodation in a moment, but I assure the House that armed forces personnel are not afraid of coming forward.

I welcome the commitment given by the Government to the Command Paper, as it is very important that all the threads to do with housing, medical welfare and other matters are drawn together. Another important aspect is how the MOD interacts with other Departments. The Defence Committee has worked on reports dealing with housing, education and medical services, and it is clear that the MOD is something of an island. It does not always work well with other Departments, and the Command Paper will have an important role to play in improving its performance in that respect.

The Command Paper also needs to spell out what should be provided by the MOD, and what by charities. I have great respect for the service charities, which do tremendous work on behalf of both serving and retired members of our armed forces. We need a grown-up debate so that we can decide what they should provide, and what the MOD should.

On the armed forces medical services, the Chairman of the Defence Committee said that we had been very impressed by what we had seen on our evidence-gathering trips, and I want to emphasise that the care being given to personnel—both in-theatre in Afghanistan and Iraq and at Selly Oak—is the best in this country and among

the best in the world. That was recognised by the Surgeon General in the evidence that he gave to the Defence Committee, and it also accepted by General Dannett, who is a strong advocate of the Selly Oak facility. People need to look at the facts, and not at the media hype or some of the other, rather disgraceful claims that have been made.

I have been impressed by the dedication exhibited by both NHS and military staff in the hospitals that I have visited, but I went to the military-managed facility at Northallerton a few weeks ago. The previous Conservative Government quite rightly began the process of closing military hospitals: six were closed during their time in office, and anyone who suggests that we should return to that regime is talking nonsense. A proper throughput of people and expertise is needed if medical care is to attain the necessary standard.

Tony Baldry: The hon. Gentleman has said that there must be a balance between the work done by charities and the MOD. Does he agree that the MOD could surely have found in its budget the £5 million for a hydrotherapy pool and other facilities needed by the seriously wounded people in therapy and recuperation at Headley Court? That is a tiny amount, and it should have come from the MOD's budget and not from charities.

Mr. Jones: I am sorry to say that the hon. Gentleman has fallen into a trap. When the Defence Committee visited Headley Court to gather evidence, people told us that the facilities to which he has referred were not the priority. It is fine if charities want to install a hydrotherapy pool as an addition to existing provision, but it is certainly not a priority for patients. We need to be careful about such matters, but that is why we need a debate about what the MOD should provide, and what charities should. Service charities have an important role to play, and they can provide some services for our armed forces far better than the Government can.

We cannot ignore the legacy of the previous Conservative Government or the way that they sold off Army houses but, as my hon. Friend the Member for Stafford (Mr. Kidney) suggested, we also have a great opportunity in that regard. The replacement of the arms plot and super-garrisons allows us for the first time to talk about letting armed forces personnel get on the housing ladder. I am very pleased that the Government have taken that on board. I am also pleased that they have accepted the amendment to the Housing and Regeneration Bill that provides that people leaving the armed forces and returning to their home area will get priority for council housing.

The hon. Member for Billericay talked about Hounslow. The problem there is not money; it is that a strategic decision is needed on what accommodation the Army needs in London. As we highlighted in our report, that urgently needs to be assessed. I agree with the hon. Gentleman that the facilities in Hounslow are unacceptable, but no one would put money into a facility that might be closed a few years later. That indecision has led to the decline of the barracks.

Strides have been made in relation to military inquests, but I put it to my right hon. Friend the Minister for the Armed Forces that he should urge the Government to introduce the coroners Bill. That would remedy some of the delays and archaic systems operating in the coroners service, which would also help some military inquests. I am totally against feeding lawyers and giving them more money to represent families at inquests, because there is no role for the families there, but I would insist on the maximum support being given to families who attend inquests.

We have heard about the voice that armed forces personnel can have, which in the new media age is increasingly heard on the internet and in other forums where they can comment. I proposed adding to the Bill that became the Armed Forces Act 2006 a new clause that would have given legal recognition to an armed forces federation. I believe that an armed forces federation is long overdue in this country—not a trade union that would represent armed forces personnel, allow them to go on strike or do anything like that, but a body that would provide a voice for ordinary servicemen and women in the chain of command. I am not for one minute saying that such a body should be able to interfere in the chain of command; however, there is a problem with how far up the chain of command some of the legitimate complaints made by members of the armed forces have gone. Do they reach senior generals and Ministers? Such a federation would be important.

Finally, we should honour the men and women who have been injured or killed in the line of duty in Afghanistan and Iraq and in other conflicts around the world. I pay tribute to the *Daily Mirror* for its "Honour The Brave" campaign and to Colonel Richard Kemp, who is leading the fight for a medal. The Secretary of State says it is up to the generals to decide on the awarding of medals, but such a medal, which is commonplace in other countries, including the United States, Canada and Australia, is long overdue in this country. A medal should be awarded to men and women who lose their lives or are injured in service of their country. Two hundred and six Members of Parliament have now signed my early-day motion 95, and I urge any who have not to do so. I see that only a minority of Conservative MPs have signed it; again, I urge them to do so. We need some movement on the medal, because those people deserve such recognition.

I finish where I started by saying that we owe a great debt to the servicemen and women who are working on our behalf. Like my hon. Friend the Member for Stafford, I wish to mention the civilian personnel who work for the MOD, some of them in very dangerous parts of the world in support of the armed forces. They, too, should have our thanks for the work that they do on our behalf.

Several hon. Members *rose*—

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I do not want to slash the time limit on Back-Bench speeches, but only 26 minutes are left and five hon. Members still wish to speak. A degree of restraint on the part of hon. Members will help their colleagues.

5.9 pm

Mr. Tobias Ellwood (Bournemouth, East) (Con): I will try to adhere to your recommendation, Mr. Deputy Speaker.

I am pleased to follow the hon. Member for North Durham (Mr. Jones), who made some important comments, particularly on the subject of inquests. It is bizarre that under our system, wherever the Hercules or C-17 lands, that is where the inquest has to take place. I encourage

[Mr. Tobias Ellwood]

the powers that be to ensure that a Bill is expedited, so that we can remove that quirk in the system.

In this debate on armed forces personnel we have heard a lot about cuts to the size of our forces and reductions in budgets that have led to overstretch, and to pressures on members of our armed forces across the board. As we have heard, that has certainly led to challenges for recruitment and, more worryingly, for retention. Since 1997, the Army has been reduced by 9,000 people, the Navy by 10,000 and the RAF by 16,000. Those are colossal numbers, considering the expectations and burdens that we put on our armed forces personnel across the world.

I shall focus my attention on two issues. The first is the aftercare provided to service personnel once they have left the armed forces. We have rightly covered a range of issues, including welfare, equipment, and frequency of tours. Those are all important, but we have to remember what happens to a soldier when they have picked up their armed forces long service and good conduct medal after 16 years, or when they have taken an honourable decommission, and decided to go to civvy street. I pay tribute to the Royal British Legion and many of the veterans' associations that look after our heroes once they have decided to take a role in civilian life. They play an important role, providing reunion opportunities, support, and the mechanisms and facilities that are needed to ensure that armed forces personnel make a healthy, informed transition from a military to a civilian environment.

After the 25th anniversary of the Falklands conflict, it was horrifying to learn that more than 300 veterans of that conflict had committed suicide since returning—a statistic that will shock the House. That is more than were killed in action on the islands. It is an unacceptable figure. One would think that things would have changed, but a recent report in the *British Medical Journal* highlights some of the psychological disorders and concerns that affect Army personnel, particularly those who are in combat situations for a total of more than 13 months. They include post-traumatic stress disorder, psychological distress, multiple physical symptoms, and symptoms connected with alcohol problems.

I appreciate that much has changed since the 1980s and the Falklands conflict, but I was horrified to learn, in response to a written question that I asked the Defence Secretary, that 17 serving soldiers who served either in Iraq or Afghanistan have committed suicide. We are talking about Army personnel who were still in uniform. They had not even left the protection of the military family, but decided to take their own lives. I would hazard a guess that the total number of people who have committed suicide having served in those two areas of conflict is double that figure, because there are those who were not receiving the attention and security that the military environment can offer. I do not know the numbers, and I seriously urge the Minister to investigate and try to find out the number of suicides among those who served in those conflicts but who left and were civilians.

I am afraid that the US does not fare any better: 99 American soldiers have killed themselves since 2006. That is the highest suicide rate in 26 years. We have not touched on that issue before, and I hope that the Minister will heed our concerns. We have a duty of care, which I do not believe we are fulfilling. We have a responsibility that goes far beyond the battlefields and parade squares, and we have an obligation to look after our heroes long after they have hung up their uniforms.

My second theme is the changing role of our military. We had a little engagement on that subject with the hon. Member for Dunfermline and West Fife (Willie Rennie), the Liberal Democrat spokesman. It was interesting to hear the Foreign Secretary's recent comments on the "Today" programme, in which he promised to prioritise the Government's work on conflict prevention, and to work better with the armed forces. That is the stance of the Foreign and Commonwealth Office. The Foreign Secretary also pledged greater integration and better co-operation with the Department for International Development.

I agreed with those sentiments, but I shall not hold my breath. I agreed with the comments of Sir Hilary Synnott, who is a respected commentator on Iraq. He has worked in the civil service and written and travelled extensively throughout Afghanistan and Iraq. He said:

> "We shall not be holding our breaths. We have heard the like before. The imbalance of effort, of outlay of blood and treasure, between the military and the civilian arms of government has brought shame upon the Government."

Those are harsh words from somebody so respected and so knowledgeable about such matters.

I shall touch on our concerns. We had a statement from the Liberal Democrats pointing out that our military are still in Iraq, and I am sure they would say the same about Afghanistan. We should be more concerned about what happens underneath that umbrella of security. The only reason why our military personnel are in those two operational environments is that we have not been able to achieve the level of infrastructure and improvements to those countries that would allow the military to move from a war fighting capacity to a peacekeeping one. That is because we do not have a proper co-ordinated plan in either of those environments.

I visit Afghanistan frequently and I was in Iraq not long ago. In both cases, we went in not understanding what was expected of DFID and of the FCO. The only expectation was that our military were to go in and somehow kill the bad guys and make the place safe. Let us suppose that that happened, and that in Helmand province we reached an agreement with the Taliban that was put in place. We would then have to start infrastructure-building from scratch. It is not the military who do that. It should be done by a combination of DFID and the FCO with the United Nations and the European Union. That is not happening in any part of Afghanistan on the scale that it should.

That is the concern, and it applies to Iraq as well. There are conflicts in Basra between the Mahdi army and the other groups, and the only thing that links them is their hatred of the British, who are seen as hostile because we are no longer liberators but occupiers. That is a horrible thing to say about our British forces and the good work that they do—*[Interruption.]* I hear barracking from the Government Benches. Does the hon. Member for Falkirk (Mr. Joyce) wish to intervene?

Mr. Joyce: I have not heard the hon. Gentleman mention armed services personnel for the past five minutes of what is now an eight-minute speech.

Mr. Ellwood: Another bizarre intervention from the hon. Gentleman. Does he not understand that the reason why we are facing pressures on the budget and why people are leaving in droves is the work that they are expected to do? The reason why the work is so tough is that the people who are supposed to be working next door to them—DFID and the FCO—are not able to conclude their jobs in time.

When we go into a country, there is a small window of opportunity to win over hearts and minds, and we are failing miserably to do that. That is why five years after we went into Iraq and six years after we went into Afghanistan, we still cannot walk away with pride and say, "We are leaving a country that we can be proud of." Those are the challenges that we face and the problems that everyone in the armed forces is complaining about. Any soldier or sailor I spoke to during my visit to Iraq had little to say about the rest of the civil service. They were frustrated in their work. They were trying to provide an element of security and they did not feel that their efforts were being matched.

I should be careful about what I say because individual members of those Departments work very hard, but the lack of leadership and co-ordination leads me to believe that it is time to review the work of the MOD, the FCO and DFID and create something new. DFID has passed its sell-by date in its nation-building work. We are doing a disservice to our armed forces and the personnel who operate and wear the uniform with such pride, because we are putting them in harm's way. They are creating a level of security and we are not taking advantage of it.

This has been a fruitful debate. Our armed forces deserve so much more, and until there is better co-ordination, armed forces personnel will feel frustrated with the work that they try to perform.

5.19 pm

Mr. Eric Joyce (Falkirk) (Lab): I listened carefully to what my right hon. Friend the Secretary of State for Defence had to say about the personnel Command Paper, and it put in my mind the importance of advocacy. My hon. Friend the Member for North Durham (Mr. Jones) referred to his attempt to gain some recognition for the British Armed Forces Federation, an interesting subject that provided food for thought. There is often debate around whether a union is or is not applicable, and most hon. Members on both sides of the House agree that a union in its conventional format would not apply to the armed services. Interestingly, however, the legal position with the armed services as I understand it would be that, although service personnel could join a trade union, they simply could not be represented in the conventional way, and there is no move by the trade unions to take on that role.

Nevertheless, that raises the important issue of who advocates and how that advocacy is done. The personnel Command Paper and other such matters give us the opportunity in the House to comment and organisations outside to make their presence known. I have read much that the British Armed Forces Federation has sent out and I have looked at its website. It seems to have many sensible things to say, and perhaps that is the way in which it can contribute.

There has been some advocacy recently, apparently on the part of service personnel, but I do not particularly agree with the style of what has been said. It has been done from the other House by former Chiefs of the Defence Staff. I have looked through the last 50 interventions and speeches made by Lords Inge, Guthrie and Boyce, but I have not seen a single reference to their own commercial interests—directorships in various companies. They are companies of particular note, for which I have considerable respect. I do not see the need to mention them again here, although I have mentioned the matter to the companies concerned.

If those senior and experienced former officers want to make their interventions, the least that they can do is have the same standards that are required by this House. Sadly, we are not at liberty to make a complaint to the other place. We can write to the Lords Speaker, but we cannot instigate any kind of inquiry; it must be done there, so they are beyond reproach in that sense. However, it behoves us to put qualifying parameters around what these former senior officers say. They may technically be serving officers; I think that Lord Inge may still be a serving officer on half pay as a retired five-star officer.

It is important when we hear advocacy deployed by people in this House or next door in the other place to understand what other interests they may have—particularly if they have considerable pecuniary interests, as Lord Inge and Lord Boyce especially have in the defence industry, but choose not to declare them. We have heard from the hon. Member for Billericay (Mr. Baron) how those Members of the other House choose not to court publicity, but I cannot imagine anything further from the truth. More recently, they have been making intervention after intervention in public debate, courting publicity where they can. That does not serve debate or advocacy on the part of armed services personnel particularly well.

Others wish to speak, so I simply conclude by saying that there is plenty of room for advocacy. The Government have made it clear that the personnel Command Paper that is coming up is a perfect opportunity. I shall certainly be making a contribution and I urge hon. Members to help others outside this place who want to make contributions, while being wary of possible unstated vested interests.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. Just two hon. Members wish to speak. The winding-up speeches will start at 5.35 pm and I leave it to them to see how it can be arranged.

5.23 pm

Bob Russell (Colchester) (LD): I pay tribute to members of Her Majesty's armed forces. In particular, I mention 16 Air Assault Brigade from the Colchester garrison, who in the course of this year will be deployed to Afghanistan. We wish them Godspeed and a safe return.

I shall confine my remarks to two narrow areas of personnel. I am grateful to the hon. Member for Billericay (Mr. Baron) who, through parliamentary questions, has elicited the fact that half of the country's single service personnel accommodation is substandard. I will balance

[Bob Russell]

that by saying that the new Merville barracks in Colchester provide the best possible accommodation, and that is the yardstick for which we should strive for all single military accommodation in a much shorter time frame than is currently envisaged, with only 38,000 rooms, apparently, achieving a top rating. I was not so happy to learn that almost 9,000 families remain stuck in grade 4 homes and another 387 are in accommodation so poor that it does not even reach the lowest official grading.

I am bound to observe that the sale by the last Conservative Government of the Ministry of Defence housing stock to Annington Homes must have been the biggest privatisation rip-off of the lot. When he sums up, perhaps the Minister will confirm that since that privatisation the Ministry of Defence has paid Annington Homes more in rent than the Government received when the 55,000 dwellings were sold in 1996. What makes the situation even worse is that if those sales of surplus accommodation—there have been many sales of such accommodation and Army land—had been invested in Ministry of Defence housing, all our Army, Navy and Royal Air Force families would now be living in family accommodation that was second to none.

I shall cite examples from my constituency of Colchester, and I cannot believe that they are isolated. Annington Homes managed to convince everybody that certain houses were so deplorable that they would have to be pulled down. The site has subsequently been sold off; land prices in Colchester are exceptionally high. Annington Homes made a financial killing, and only a tiny percentage came back to the Government—not even to the Ministry of Defence.

I shall give one other example, because the maths involved are easy for me. Some 40 former Ministry of Defence surplus dwellings on a single road had been purchased at an average price of £15,000 at privatisation. They were subsequently sold for £115,000, giving a gross profit of £4 million on just 40 dwellings. That story can be repeated right across the country, wherever Annington Homes has been selling off properties.

I turn to education matters, in particular the "Educating Service Children" report, which has 33 recommendations. It would be interesting to know how many of them have been adopted by the Ministry of Defence. I shall concentrate on recommendation 5:

> "The MoD and local education authorities should begin planning for the impact that the creation of Super Garrisons will have on pupil numbers in schools located near Service bases."

Clearly, that recommendation has not been followed through in Colchester with the Ministry of Defence and Essex education authority; there is a proposal to close the secondary school to which the children go from age 11. That was the subject of my Adjournment debate of 22 October last year. Alderman Blaxill school is the smallest secondary school in Colchester; between a fifth and a quarter of its pupils come from Army families and its closure has clearly not been discussed with the MOD. I ask the Minister to look at that issue. Will he and his officials also look at my Adjournment debate of 25 October 1999 on the education of Army children? Clearly, issues raised then have not been addressed.

Finally in my short contribution I want to mention three primary schools whose pupils come predominantly from services families, in the context of the closure by Essex county council of the hot school meals service in the county. Some 90 per cent. of children at Montgomery infant school are Army children, as are 70 per cent. of Montgomery junior school pupils. No hot meals are provided for them. I suggest that if the Army can provide meals for our service personnel in Afghanistan and Iraq, there should be a system for providing hot school meals to children back in Colchester. About 60 per cent. of children at another school, St. Michael's primary, are also from Army families. I urge the Ministry of Defence to consider seriously the whole question of education provision. It should look at what the Defence Committee said and act accordingly.

5.29 pm

Mr. Quentin Davies (Grantham and Stamford) (Lab): I have obviously drawn the short straw, Mr. Deputy Speaker, but I am grateful at least to have been able to draw one, however short.

One of the gratifying things about this debate is that it will be apparent to anybody who listens in from outside that there is absolute unanimity among everybody who has spoken, and in all parties in this House, about the importance of the military covenant and the commitment of any Government who send our troops abroad to ensure that they are properly supported, trained and equipped, and that they have fair and decent terms and conditions.

On that latter point, in my 20 years in the House there have never been a Government who have made so much progress in such a short time. Clearly, one never meets all one's desiderata in life; equally clearly, there will always be public expenditure constraints. However, in the short space of time—18 months—that the Secretary of State has been in his present role, we have had the introduction of the operational allowance, which is tax-free and amounts to about £2,400 at the end of a six-month deployment; that is very significant. We have had an improved deployment welfare package, including 20 additional days' leave at the end of a six-month deployment. We have had new rules and better ceilings for the compensation scheme. We have had the tax-free council tax rebate. We have had the new military wing at Selly Oak hospital in Birmingham.

We have had, very importantly and for the first time ever, a cross-Government strategy for military personnel involving the MOD and the other Departments that are so crucial: the Department for Children, Schools and Families, which is important for reasons that the hon. Member for Colchester (Bob Russell) mentioned; the Department of Health, which is important in terms of access to dental care and general practitioners as well as the military wings such as those at Selly Oak hospital; the Ministry of Justice which is important because of the sad matter of coroners' inquests; and the Department for Communities and Local Government, which deals with access to council housing—I think that everyone in the House greatly welcomes the announcement of the legislation on that subject.

Last but not least, there is the pay deal, which has been very good, with the lowest ranks achieving 9.2 per cent. I personally express the great hope that this year

the Government are again generous, because the military deserve to be treated as a very special case in relation to everybody else. That includes even the police, who may once or twice in their careers face a life-threatening situation, whereas the military live for six months at a time, on one deployment, with the prospect of being killed at any time. That is a very different psychological situation and a very different career pattern to adopt.

Apart from the covenant that the Government of the day have with the military— although, as I said, this Government have a wonderful record, taking into account all the obvious realities and constraints—there is a wider public covenant with the military. After all, the people who are in Helmand province and in Basra are risking their lives for our sakes. There is no doubt that if the terrorists who attacked last year in London and Glasgow had had the benefit of a six-month training course in Afghanistan in bomb-making and detonation techniques, the results of their endeavours would have been very different. There is no question but that the young men and women who are defending us in Afghanistan are risking their lives for our sakes. The covenant is not confined to the Government; it is an obligation that we all have.

There is overwhelming support in the country for the armed services in principle, with perhaps a few unfortunate exceptions, to which I shall refer in a moment. People often do not have the opportunities that they would like to express their sense of solidarity with the armed forces. The point has already been well made that there is probably less personal contact with and understanding of the military than there was in previous generations. In the world war two generation, or indeed the national service generation, almost every family had someone in uniform. The situation is very different now, and there are greater opportunities for misunderstandings or simple ignorance. The degree of public support for and understanding of the military is very important, because that is the context in which our armed services operate and recruit. It is also vital for morale, because nothing could be more demoralising than feeling that one is risking one's life for people who are profoundly indifferent to, ignorant about or ill-informed as to what one is doing. Any sense of misunderstanding or misperception is very unfortunate and one would want to remove it.

Recently, there have been one or two very unfortunate incidents; they were exceptional and egregious, but extremely unattractive incidents. In one case, according to the popular press—I have not yet investigated this directly—a soldier in uniform was refused service on the forecourt of a BP service station. That was widely reported. In another incident, which I have investigated, having written to Mr. al-Fayed about it, a soldier was refused admission to Harrods because he was in uniform. That sort of thing is utterly disgraceful. Not very long ago, a woman was apparently insultingly rude about some wounded or crippled soldiers who were using a swimming bath. These unfortunate incidents are, of course, blown up by the popular press, but the fact that they exist must be a matter of deep concern to us.

That is the context in which the Prime Minister has asked me to undertake a study of national recognition and public understanding of the armed services in order to see what possible measures might be taken and what initiatives might be envisaged to enhance public understanding and respect for the armed services. In that, I am well supported by Air Commodore Martin Sharp, and Bill Clark OBE, who is a senior MOD civil servant. I hope that we can make a modest contribution to improvement in that field, as the Government have so laudably done by fulfilling their obligations under their military compact with the armed services.

5.36 pm

Dr. Andrew Murrison (Westbury) (Con): I begin by drawing the attention of the House to my entry in the Register of Members' Interests. I would also like to add my expression of admiration for our men and women in uniform, their long-suffering families, veterans and the organisations that look after them and their interests, often unsung. Veterans Aid, an organisation that I visited on Tuesday with my hon. Friend the Member for New Forest, East (Dr. Lewis), is a drop-in centre near Victoria station, and many such organisations are doing similar work unsung, day in and day out, and we must pay tribute to them.

We have had an interesting and varied debate. A total of 11 Back-Bench speakers have all added, in their individual way, to the debate on this important subject. The right hon. Member for Islwyn (Mr. Touhig) said that he was concerned about cadets and how people's exposure to the military may have been reduced in modern times. He might have mentioned the abolition of the Government's school visits teams, which were doing a great deal to increase the profile of the military in our schools but have been replaced by a compact disc.

The hon. Member for Dunfermline and West Fife (Willie Rennie) talked about mental health problems. I sincerely recommend that he visit the medical assessment programme at St. Thomas' hospital, which I did on Tuesday. I say in all sincerity that if he did so, he might gain a slightly more profound understanding of some of the extremely complex—and in many ways highly technical—issues that relate to mental health, and of the occupational implications of service in the armed forces.

The hon. Member for Vale of Glamorgan (John Smith) was greatly exercised about training, quite obviously, because MOD St. Athan lies within his constituency. He did not mention the voids and cancellation rates that apply to much of our training effort at the moment as a result of operational pressures and undermanning.

My right hon. Friend the Member for North-East Hampshire (Mr. Arbuthnot) rightly took exception to the Rowntree report. However, when we recruit people to our armed forces, it is appropriate that we highlight the positive aspects that represent a truthful reflection of what they are likely to be exposed to. Certainly, things such as sport and adventurous training, which have deteriorated in recent years because of operational commitments and pressures, are not quite as obvious an attraction to our young men and women as they were 20 or 25 years ago when I joined up. It is right that we paint an accurate picture of what the future holds in store for our recruits. My right hon. Friend also echoed Lord Guthrie's remarks about the now Prime Minister's apparent disinterest in military matters when he was Chancellor.

[Dr. Andrew Murrison]

The hon. Member for Stafford (Mr. Kidney) talked about the importance of logistics. Again, that is understandable, given his constituency interest. He was right to mention the importance of in-theatre tracking.

My hon. Friend the Member for Billericay (Mr. Baron) spoke authoritatively about his battalion and its return to Hounslow barracks. The Secretary of State said that he was interested in Hounslow barracks—I am, too, and I would like to visit. Perhaps we can all visit together and the Secretary of State might like to give us a lift.

The hon. Member for North Durham (Mr. Jones) talked about health care, which is close to my heart, and the importance of taking a balanced view of the military covenant.

My hon. Friend the Member for Bournemouth, East (Mr. Ellwood) rightly paid tribute to the Royal British Legion, which has done so much to highlight the military covenant in the past few months. He spoke knowledgeably about suicide and post-traumatic stress disorder, which is related to overstretch and harmony guidelines.

The hon. Member for Falkirk (Mr. Joyce) railed against retired top brass. I have one or two things to say about the top brass, but in a slightly different vein.

I thought that the hon. Member for Colchester (Bob Russell) would refer to early-day motion 2030, which he tabled in the previous Session. It related to a windfall tax on our defence suppliers and the impact it may have on our defence community.

It is important to place what we now call the military covenant in a proper historical context. Rudyard Kipling talked about the trials of Tommy Atkins in 1892. He was observed to be the saviour of his country in wartime but at other times was denigrated by an ungrateful and unappreciative public, who misunderstood him.

A hundred years on, it seems as though Tommy is still being slighted in some quarters. We have heard about people being told to remove the Queen's uniform in British hospitals, airports, even sports facilities and being refused service in retail outlets. The difference between then and now is that our society is less deferential, less civil and arguably less polite. People's ire today is freely and frankly expressed. Disapproval of the military has been heightened by unpopular conflicts and the Government's failure to win the British people's support for them.

The military covenant is a deal that is struck in recognition of our troops' willingness to sacrifice everything. It is a tripartite deal, which involves, in equal measure, our armed forces, the people and the Government. According to ex-service chiefs and charities, two of those parties have reneged on the deal. Understanding the public's attitude to the military does not necessarily help us fix it. Tommy Atkins may simply have to put up with the cold shoulder of public opinion, but there is no excuse for the third party to the covenant, the Government, to mirror society in disregarding the Army and its veterans.

It is odd that the Government should set up an inquiry into the relationship between the people and the military while apparently ignoring their part in the covenant. Given the unpopularity of their wars in Iraq and Afghanistan, this Government, more than any other, owe it to the armed forces to do the right thing.

Who can doubt that overstretch and incompletely funded discretionary commitments lie at the heart of the current sad state of affairs? They run as a thread through everything that relates to the armed forces today. Our troops put up with single accommodation for trained soldiers that first-year college students would laugh at. They put up with a gulf between social housing and homes apparently fit for heroes and with a Government who refuse to adopt even the minimal decent homes standards that apply elsewhere. As the Public Accounts Committee said in November, housing is viewed as low-hanging fruit when savings are required.

Our soldiers put up with inequitable Government funding for Army schoolchildren in counties such as mine. In a letter to me this week, the Minister for Schools and Learners suggested that he would consider a revision to the funding formula to reflect forces children only in the context of people such as migrant workers, whose children also changed schools frequently. No special consideration—so much for the military covenant.

We have seen harmony guidelines routinely breached, with 10 per cent. of the Army's trained strength currently affected and dire consequences for mental, physical and domestic well-being, as we know from a recent study published in the *British Medical Journal*. We have seen delayed coroners' inquests, as well as a gross shortage in medical staffing, including a monstrous 35 per cent. shortfall in trained doctors in the Defence Medical Services, and a Government unwilling to say whether increased spending on the NHS has been reflected in full by a commensurate uplift for defence medicine. We see compensation for wounds that looks tawdry when set against settlements for relatively minor industrial injuries.

All those are examples of how a mismatch between commitments and resources and the traditional grudging attitude of Labour Ministers to the military has fractured the covenant between the armed forces and the Government. The result is that people who can leave do leave, hence the Public Accounts Committee's revelation in July that there are now more than 80 operational pinch points, from medics to aircrew. That is why 1,344 Army officers quit in the final six months of last year, which was twice the comparable six-month figure for 2005-06 and three times the figure for 2004-05.

Unfortunately time is extremely limited, but I have two anecdotes that exemplify fairly well the problems that we face through the Government's and the public's attitude to our military. The new year has already brought us two bad weather stories that, in their own different ways, encapsulate the shoddy way in which the public and the Government deal with our troops. The first anecdote is about 200 homecoming soldiers who were apparently ordered to strip off their desert combats on freezing tarmac before entering the terminal building at Birmingham airport, to which they had been diverted because of fog at Brize Norton. An airport spokesman said that

"certain airlines may refuse to accept personnel in military uniform."

Will the Minister clarify who told those soldiers to remove the Queen's uniform and assure the House that whoever it was has been rigorously re-briefed? Will he also undertake to blacklist any airline that presumes to stipulate that our servicemen may not fly in rig?

Fog at Brize was apparently also responsible for the diversion of 130 soldiers returning from Basra to Prestwick in a horrific 36-hour transit fiasco that got them back to their home base in Wiltshire at 5 am on Christmas day. Why were soldiers left stranded at Prestwick, armed only with a railway warrant? Why was the charter flight sent over dozens of fog-free English airports to dump those troops at Prestwick? On Christmas eve, why did somebody from Whitehall's newly refurbished, incredibly plush MOD retirement home for the top brass not get their finger out to ensure that those boys and girls got home on time?

Is it not the truth that the Government's commitment to honouring the covenant does not extend to replacing clapped-out airframes, showing bargain-basement contract operators the door and coughing up the paltry runway dues or whatever else it takes to get our people home for Christmas? I look forward to hearing the fogbound Minister's account of what on earth was happening on both those occasions and to listening to what he thinks they say about our commitment to the military covenant.

5.47 pm

The Minister for the Armed Forces (Mr. Bob Ainsworth): At the end of that we have to remind ourselves that the hon. Member for Westbury (Dr. Murrison) started his contribution by telling us how our society had become less polite.

I am replying to a shortened debate with a shortened contribution. I am sorry that I will not be able to respond to all the points that have been raised, but I thought that it was more important that the hon. Gentleman and I should both agree to shorten our contributions to enable those who have made the effort to turn up to speak. There is a degree of expertise in the House that is recognised on both sides. I will do my best in the time remaining to respond to the many points that have been made and will write to hon. Members afterwards if I do not manage to cover the issues that they raised.

My hon. Friend the Member for Stafford (Mr. Kidney) asked me about super-garrisons and our continued commitment to them. We are indeed still committed to the creation of super-garrisons. He is right that they will offer opportunities for improved individual development and have the potential to give stability to Army families. I know that he is anxious that we should do something in Stafford—he is relentless in his representations on behalf of his constituency—but such issues are complicated and are tied up with the issue of bringing home troops from Germany, as he said. We are looking to travel in the direction that he would want us to travel in, but not necessarily at the speed at which he would want things done.

My hon. Friend the Member for North Durham (Mr. Jones) welcomed the Command Paper and raised a couple of important points that are worth addressing. First, he asked about the appropriate role for charities and for the Government? We have a long-established principle in this country that charities should play a role. Is there any hon. Member in any political party who wants to see that diminished, who does not want it continued, who does not acknowledge the fantastic work that many military charities do and have done over many years? It is not for the Government to do everything, but of course the Government have responsibilities and must discharge them. There is no way that we want to disincentivise the Soldiers, Sailors, Airmen and Families Association, the Royal British Legion and all the other organisations that support our military.

Secondly, my hon. Friend, along with other Members, raised the issue of inquests. We are making progress on inquests, as we have given additional resources to both the Oxford and the Wiltshire coroners to enable them to do more. As part of the Command Paper, we are looking into whether we should do more to support service families in their bereavement. I accept my hon. Friend's point that changing this may not necessarily be my top priority, but I ask other hon. Members who call for a change to think very seriously about what they want us to do with the coroner service.

The Ministry of Defence is represented by lawyers at only a minority—a small minority—of coroners' inquests. If we want to give families legal aid in order for them to be represented at such inquests, we are effectively saying that lawyers should have a role in them, which fundamentally changes the nature of coroners' courts. I do not know whether Members really want that fundamental change and I am not at all sure that that is the best use of the money we have to support families, particularly bereaved families. There is a lot more that we could and should do, so we are looking into that as part of the Command Paper.

The hon. Member for Bournemouth, East (Mr. Ellwood) felt that other Government Departments were falling down and not necessarily doing the business, leaving the military to hold the baby, as it were, in areas of operations such as Iraq and Afghanistan. I do not know whether the hon. Gentleman was present when the Prime Minister announced the "next steps" for Afghanistan, recognising the need for a comprehensive approach. We acknowledge the hon. Gentleman's point that the military can do only so much and that other organisations—not just our own Government organisations—have a role to play. The politics of Iraq underpins some of these issues and it is the politicians of Iraq who can and should pick them up and take them forward. They have the ability, the wherewithal and the finances to do so. Our military cannot be blamed if everything has not been put in place at the appropriate time, when they have done a good job in providing the stability that has allowed progress to be made in the first place.

Mr. Ellwood: One subject that I have discussed with the Secretary of State is the introduction of a co-ordinator or a lead figure in Afghanistan to join together the work of all the key bodies—the EU, the Department for International Development, the United States Agency for International Development and so forth. There has been a great deal of talk about that, including from the former Prime Minister and our current Prime Minister, so can the Minister update the House on what is happening about this appointment? I understand that there is

[Mr. Ellwood]

tentative agreement between the EU and UN about this appointment, which is timely when Tom Koenigs, head of the current UN Afghanistan operation, has retired.

Mr. Ainsworth: We will update the House on that, but it is not appropriate to spend much time on it in an already shortened debate. There is no huge disagreement between what the hon. Gentleman is saying in principle and what we agree needs to be decided on those issues.

The hon. Member for Colchester (Bob Russell) talked about homes, particularly the contract for Annington Homes. He is right: we still live with the consequences of that contract. As he said, we have paid more in rent than we have received. However, the contract was entered into and we must honour it. The company had the good fortune to buy property at the bottom of the market at a time when it was impossible to lose.

The hon. Gentleman said something that has been said repeatedly in the House. As the Secretary of State said in his opening speech, we recognise what still needs to be done to improve accommodation, but let us stop this nonsense about half our accommodation being substandard by any measure. The standards that we use to measure our service accommodation are higher than the standards applied in civilian life—and rightly so—and we have aspirations to ensure that our people live in the best grade of accommodation. The fact that we are not prepared to lower our aspirations should not allow people to exaggerate the situation. There are people who must put up with bad accommodation, and I accept that it is 100 per cent. bad for them, but huge progress is being made. Money is being spent and has been spent over a long period, and we have plans for continued spending which the Secretary of State set out.

Mr. Baron *rose—*

Mr. Ainsworth: The hon. Member for Billericay (Mr. Baron), whom I was about to mention, made an extraordinary speech. He came pretty close to saying that we needed to spend an extra £5 billion on defence. He claimed that people going out to theatre did not have body armour, and that we did not listen to our troops. He should go and have a look. Everyone going out to theatre has his own body armour. It is irresponsible to say in the House that that is not true, and that we are sending people into theatre without body armour.

I do not know whether the hon. Gentleman genuinely believes that we should spend an extra £5 billion on defence, but if he does, he will have a job to do with those on his own Front Bench as well as with the Government. Not a single party in the House has committed itself to increased defence spending, notwithstanding all the extravagant claims that are made. The hon. Gentleman needs to discuss that with his own party as well as others.

Mr. Baron: Will the Minister give way?

Mr. Ainsworth: I am afraid that I am very short of time.

The hon. Member for Dunfermline and West Fife (Willie Rennie), the Liberal Democrat spokesman, said that we needed an extra 7,000 people in the Army and we had no budget for recruiting. I remind him that a month or so ago his party presented the House with a paper describing its commitment to the armed forces, and a disclaimer: "By the way, we have not put any budget into this". That was a rather bigger commitment than the commitment to recruitment. We have recruitment capability the length and breadth of the country, and it is budgeted for. I hope that the hon. Gentleman did not mean that. I think he was saying that we needed additional resources for recruitment, but if his party cannot include any commitment in a strategic paper, claiming that we are letting our armed forces down and then saying that there is no money attached to its proposals, he hardly has a case for saying that we have no money for recruitment.

The hon. Member for Woodspring (Dr. Fox), who opened the debate for the Conservative party, attacked the Prime Minister again for the figures that he claimed in relation to Iraq. The Prime Minister came to the House and said that by Christmas there would be 4,500 of our troops in Iraq. They were; they are. It is no good the hon. Gentleman going around talking about regional variations and throwing out figures. Of course figures will go up and down. As we RIP—relief in place—troops in and out of theatre and make other commitments in the near-theatre area, there will be fluctuations; the hon. Gentleman knows that. What was said in the House was that our troop numbers would be down at 4,500 by Christmas, and they are. *[Interruption.]* They are down to the figure that was said. The hon. Gentleman also claimed that we were short of helicopters; he should know that we have increased helicopter flying hours—

It being Six o'clock, the motion lapsed, without Question put.

Ryan Kennedy

Motion made, and Question proposed, That this House do now adjourn.—*[Siobhain McDonagh.]*

6 pm

Ms Angela C. Smith (Sheffield, Hillsborough) (Lab): I thank the Speaker for selecting this topic for this evening's debate, as it gives me a chance to air an appalling case involving the Child Support Agency, which raises important points of principle that require debate and resolution.

I need to start by outlining the basic details of the case, which started on 5 February 2007 when a constituent of mine, Ryan Kennedy, was contacted by the CSA to inform him that he had been named as the father of a six-year-old child. He did not think that he was the father of the child, but he wanted things to be sorted out as quickly as possible so he co-operated with the agency in having the DNA testing carried out immediately—within the two-week required period. He conformed entirely with CSA regulations; indeed, he did so partly because he was told that if he refused to co-operate he would automatically be declared the father of the child.

Mr. Kennedy spent the £200 on the test, and then heard nothing. Bearing in mind that that was in February 2007, he repeatedly contacted the CSA, was passed on from individual to individual and had telephone calls ignored, and in the end, in desperation, he came to my office to see if I could move things forward for him. Indeed, it took me some time to get some clarification from the CSA, but it emerged that the mother of the child had refused to have the DNA test done either on herself or on the child involved.

I would like to read a statement made by my constituent, which exhibits the burning sense of injustice felt by him at this point in the proceedings:

"I was given a two-week deadline otherwise action would be taken. How can this happen where there is one rule for one and one rule for another?"

He then went on to tell the man from the CSA how desperate he felt and that

"I would be seeking legal action upon which he said ok and put the phone down on me."

My constituent felt that he was being required by law to have the test done, otherwise he would be declared the father of the child and be liable to payments, whereas the woman naming him as the father of the child was not forced to have the test done on herself.

My constituent described to me the impact the situation had on his health—he was so affected that he could not sleep properly. He was clearly distressed—so much so that he broke down in my surgery. On telling me that he was getting married this year—2008—he immediately impressed upon me the critical nature of the situation he was in. He was getting married and at the stage when the arrangements were being made—he was buying a house—suddenly there was a child on the horizon whom nobody knew about.

My constituent asked me to write to the CSA and, finally, after a number of telephone calls that I myself had to make to the agency on the hotline—I could not even get my staff to do that as they were not getting anywhere—on 18 September I received a written response. Frankly, it was appalling, as it spelled out a situation that is clearly discriminatory. It stated:

"If a parent with care does not comply with the Agency regarding a child support application we can take the following action".

As the first step, if the

"parent with care is in receipt of a prescribed benefit—the parent with care would incur a financial penalty which would affect the amount of benefit either they or their household receive. This penalty would remain in place until such times as they complied with the Agency or ceased to be in receipt of"

a benefit. However, if the parent with care is a private client

"the Agency would close the parent with care's application for child support".

In other words, if the mother was on benefit, the case on my constituent would be kept open, but if she was not on benefit, it would be closed. That is clearly discriminatory and unsatisfactory.

What made the situation worse was a paragraph further down in the letter. It said that Mr. Kennedy had

"been advised that the application will remain open and effective from the first contact date with him if it is established at a later date that he is indeed the father of Warren."

Given that the CSA can claim payments from parents without care until the age of maturity, which in most cases is 19, my constituent faced a situation where he could be told at any time over a 13-year period that he was the father of this child and he would have the claim for maintenance payments backdated. It does not take a mathematician to work out that someone on an average salary, which is approximately £20,000 a year in Sheffield, would face a substantial backdated claim over a period of years.

Something had to be done. I wrote to the Minister on 20 September asking for amendments to the law, especially given that we had the opportunity to do that easily because legislation was going through Parliament. That approach led to an ongoing correspondence with Ministers in the other place and the CSA, and in turn to two outcomes. First, on 21 December, my constituent's case was resolved, but only because the parent with care ceased to claim benefits. The case was thus closed and we were informed of that fact.

Secondly, on 7 December, we received a letter from the Department's Minister in the other place, which made it clear that there could be a way forward in terms of the general principle applying in this case. It stated:

"The Child Maintenance and Other Payments Bill...includes a clause which repeals section 6 of the Child Support Act 1991. If section 6 is repealed it will mean that parents with care claiming benefits will no longer be required to apply for child maintenance through the state system. Therefore, where the mother refuses to comply with Agency regulations the case will be closed."

To that extent, the progress made has been satisfactory, but the case raises a number of points. First, I want to draw attention to the inadequacy of the responses that we have received, in the context of the lack of awareness demonstrated to an individual caught up in a situation clearly not of his own making. Secondly, I want to discuss the discrimination and the human rights implications of the case. I then wish to ask three questions of the Minister.

[Ms Angela C. Smith]

After the months of evasion by the CSA, which I have described, and frustration on the part of my constituent, we received the letter dated 18 September that I mentioned. It set out the position relating to Mr. Kennedy—the situation was clearly unsatisfactory at that point—and finished with a statement that I found astounding. It stated:

"Although Mr. Kennedy was unhappy with this response the Agency can confirm that it has followed all the appropriate guidelines and legislation in addressing the issue of establishing if he is the father".

To say that he was unhappy with the response was an understatement.

No sense of understanding of my constituent's position was given in that final paragraph. The CSA did not seem to be bothered about trying to understand the perspective of my constituent and how he might feel about the situation; it only seemed to be bothered about the fact that it was in the clear legally and that it had not done anything wrong. That seemed to be all the CSA was going to say about the matter. Its attitude was, "He can live with it. We are okay. We have not done anything wrong. We are just applying the law as it stands."

In further discussions that I had with CSA staff, rather unusually, a different attitude was demonstrated. When I discussed the matter on the phone and when the position became clear, a degree of sympathy was shown, and that was more than welcome. That was the first time that I experienced that kind of personalised response to a case in my conversations with the CSA.

The initial ministerial response that I received from the other place was equally disappointing. I got my first response on 23 October, which advised me that if my constituent was unhappy with the situation, he should go to court to try to obtain a declaration of non-parentage under the Family Law Act 1986. The response made it clear that the Department for Work and Pensions did not think that the law needed to be changed, but what kind of response was that? After all, my constituent was not in a situation of his own making. He could not afford to go to court to resolve the issue and he had complied at every stage with the CSA regulations. Why should citizens of this country have to take drastic legal action to resolve a situation when they have done nothing wrong, have not broken any law and do not have to defend any action against them? It is down to Parliament to resolve such difficulties—such legal complications—to ensure that the situation does not arise again with the CSA or any body that replaces it.

The responses we received were clear evidence of discriminatory practices. First, a differentiation is made between parents who claim benefits and those who do not. That is clearly discriminatory, although it looks as though it will be resolved through changes to the legislation. My constituent suffered the knock-on effect of that discrimination. Because the woman who had named him as the father of the child was claiming benefit, he was liable to be held on the CSA's books for 13 years. If she had not been on benefit and had made a private claim, that would not have happened. That is clearly discriminatory. The problem was compounded in this case because the individual had done nothing wrong, and certainly nothing to deserve such discrimination.

The case also has human rights implications. If someone is kept on the books of an organisation for up to 13 years—up to 19 years in some cases—they will face huge costs over the period, and not just financial. There are the psychological costs, as well as the possible impact on any marriage and the decision on whether to start a family. The threat posed by the CSA to keep the claim on the books for that period had a huge impact on the life of Mr. Kennedy. I repeat the point that I made in a letter to the Department:

"If this Government is about anything, it is about equality and individual rights. I think in these circumstances the Government is falling short of these exemplary aspirations."

I look to the Minister today for answers, in the hope that we can resolve the discrimination and human rights issues raised by this case.

I would also like clarification of some points of principle from the Minister. If section 6 of the Child Support Act 1991 is to be repealed by Parliament, can the Minister confirm that that will release individuals such as my constituent from the threat that is held over them? In other words, can the Minister confirm that it will not happen again?

When the legislation has gone through Parliament, will it be applied retrospectively? Can the Minister confirm that individuals currently caught in similar situations with the CSA will be able to resolve their cases under the provisions of the new legislation?

Finally, there is the important issue of the DNA. I do not believe that individuals who are arrested and never charged should have their DNA samples held by the state. In this case, Mr. Kennedy was not arrested, he did nothing wrong and he was not charged with any crime. In the end, he was not even charged money for giving the sample. Surely it is only right that the DNA sample should be destroyed. Will the Minister confirm that DNA samples that are proved to be redundant to CSA claims and processes are destroyed?

This is the by far the worst case involving the CSA with which I have ever had to deal, and that is saying something. I think that most hon. Members will agree that the CSA is a difficult agency to deal with. My constituent wanted the matter raised even though his case has now been resolved because he does not want the same to happen to anyone else. He has compromised his confidentiality to allow me to put the case on the record. That shows how strongly he feels about the year of hell that he has been through. How many others are in the same situation? It would be interesting to know. I look forward to the Minister's response.

6.15 pm

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. James Plaskitt): I congratulate my hon. Friend the Member for Sheffield, Hillsborough (Ms Smith) on bringing up the case, as she has the right to do, and on the way in which she has done so. I have looked at the file and the case history and can only agree that it is an appalling case. I shall explain in a moment what the Child Support Agency has done about it and about some of the wider implications that arose.

I am grateful to Mr. Kennedy for having forgone his right to privacy and allowed my hon. Friend to discuss his case. I can understand how, having gone through

what he has, he might have wished to preserve his anonymity. However, despite having endured what he has as a result of the mistakes made, he is acting on behalf of others by allowing my hon. Friend to mention his case to ensure that such things do not happen to other people. That is a noble action, in the circumstances, given what he has had to endure as a result of the agency's mistakes.

I heard what my hon. Friend said about the inadequacy of the responses that she received from the agency in the early stages of her inquiry—both from the hotline and in written correspondence. From what she has said, it sounds as though some information provided by the agency in written correspondence was not correct. That should not happen, either. I reassure her that we have been aware for some time of issues about the hotline and the speediness and accuracy of written responses. Action has been taken to improve both and I am sure that both have been considerably improved since she took up the case.

Mr. Kennedy will, I am sure, be grateful to have an MP who has pursued his case with such assiduousness when bringing the issues to the attention of the Government in order, we hope, to resolve matters. As my hon. Friend has said, many matters have been resolved in the case but the bigger issues that have emerged still need to be dealt with. I shall direct most of my comments at them.

I want first to apologise to Mr. Kennedy for the distress and frustration that he has experienced since February 2007. As my hon. Friend outlined, the issues are difficult and sensitive, and the agency should clearly have handled the case far better than it did. As she said, the case was closed on 20 December, at the request of the parent with care when she moved off benefit and became a private client. However, despite that positive outcome for Mr Kennedy, we must not lose sight of the difficult issues at the heart of the case. I should like to run through the facts of the case to aid our understanding of the issues highlighted.

In response to my hon. Friend's concerns, the Child Support Agency carried out an investigation into the circumstances that led it to contact her constituent. That investigation has concluded that the information that the agency had received from the mother of the child in question was insufficient to justify contacting Mr. Kennedy in the first place. The agency should not have approached Mr. Kennedy at all, and I very much regret that it did so. Given the impact that the agency's involvement has had on Mr. Kennedy, I am pleased to advise my hon. Friend that it intends to award him a significant consolatory payment, to reflect the gross inconvenience that has been caused to him.

That leaves us with the three issues that my hon. Friend raised: how it came about that the agency contacted Mr. Kennedy in the first place, what it could have done to resolve his paternity dispute, and what action it will take in the future to prevent similar problems arising.

On the first point, the facts are that the mother of the child in question applied to the CSA for maintenance for her child in September 2005. She was obliged to do so, because she had claimed a prescribed benefit. The information that she gave about the father of the child consisted solely of a name and a past but not very specific address. The agency's internal procedures in such cases require staff to gather sufficient information to make a positive match—for example full name, date of birth, address, and/or place of employment. I am sorry to say that the agency did not do that in the case of Mr. Kennedy. Instead of returning to the child's mother for any further information that she might have had, it made the incorrect assumption that my hon. Friend's constituent was the same Mr. Kennedy named by the child's mother. Of course, he was not—as the agency would have realised if it had followed procedure.

In response to the agency's contact in February 2007, Mr. Kennedy denied that he was the father of the child. He agreed to take a DNA test to resolve the matter, and by early March 2007 had done so. The child's mother, however, did not. In such instances, the usual action for the agency is to ask the benefit-paying authority—in this case, Jobcentre Plus—to reduce the benefit of the parent with care to encourage her to consent to a DNA test. The agency eventually did that in June 2007.

I turn now to the second point. In cases such as this, where paternity cannot be resolved, the CSA is unable to force a parent with care to comply with DNA testing. The mother remained non-compliant, and the agency did not make any further progress with the case. On the assumption that it had contacted the right Mr. Kennedy in the first place, it could have resolved the matter by obtaining a declaration of non-parentage from the courts. Dealing with the matter in that way almost certainly would have resulted in the courts directing that a DNA test be carried out. Had the mother refused to comply with the court's direction, the court would have been able to draw inferences from that in deciding whether or not the alleged non-resident parent was indeed the father.

Taking that action would have prevented Mr. Kennedy from facing months of uncertainty as to whether he was the father of the child and therefore liable to pay maintenance for that child. The agency did not take that action, but it should have done. Once more, I apologise for that on its behalf. I thank my hon. Friend for her involvement, as it was helpful in bringing this matter to the agency's attention and thus helping us to resolve it.

My hon. Friend has rightly pointed out that had the case been a private one, the agency would have been able to close the case as soon as the DNA test was refused, thus preventing the situation from occurring in the first place. However, as the mother was included in a claim for income support, the agency was obliged to keep the case open. Child support legislation does not currently allow the Secretary of State the discretion to close cases of that type—commonly called section 6 cases—and it does not allow the agency to close down the potential liability created by its initial contact with Mr. Kennedy. In other words, had the parent with care later co-operated and had Mr. Kennedy been found to be the child's father, he would have been liable for maintenance back to the date on which we first contacted him. In any case, closing the case would not have resolved the paternity dispute.

On 20 December 2007, the agency learned that the parent with care was no longer in receipt of benefit and contacted her to see whether she wished to continue using the agency. She advised that she did not and the case was closed, effective from the date on which she first applied. However, as I have already said, that

[Mr. James Plaskitt]

positive outcome does not excuse the frustration and difficulties experienced by Mr. Kennedy, and I shall now outline what we are doing to ensure that such cases are handled better in future.

The principal failure in Mr. Kennedy's case was the agency's decision to contact him without taking reasonable steps to assure itself that he was the Mr. Kennedy named by the mother. That was due to staff not following internal procedures as they should have done. That is quite unacceptable. In the light of this, the agency has plans in place to write to all its staff reminding them of the need to gather sufficient information to make a positive match before contacting an alleged non-resident parent.

The repeal of section 6 of the Child Support Act 1991 by the Child Maintenance and Other Payments Bill, which is now going through Parliament, will also mean that parents with care claiming benefit are no longer automatically treated as making a claim for child support, allowing for cases such as this to be closed in the same way as they are for private clients. That will deal with my hon. Friend's point about inconsistency of treatment.

My hon Friend asked whether our contractor has destroyed Mr. Kennedy's DNA sample. I can confirm that it has been destroyed. DNA samples are held by the agency's contracted supplier of DNA testing and access is restricted to laboratory staff. The contactor destroys samples after three months and all case records are destroyed one year after the case has been resolved. If it is not resolved, the sample will be destroyed on the agency's request.

My hon. Friend also asked whether the section 6 repeal will allow this issue to be raised in relation to existing cases. I confirm that it will, so not only future cases but current ones will be with the maintenance commission.

I hope that my response has provided my hon. Friend with some reassurance that the flaws in the child support system uncovered by that very bad case are being dealt with, both through the measures in the Child Maintenance and Other Payments Bill and through operational policy changes within the agency.

Once again, I apologise for the distress caused to Mr. Kennedy by the way in which the agency handled the case, which was inexcusable. In addition to the measures that I have outlined this evening, I shall write to him myself, on behalf of my Department, to express my regret about the way in which the agency mishandled the case and the consequent distress caused to him. I think that I owe him that, on the agency's behalf. I again thank my hon. Friend for bringing the case to the attention of the House and for giving me the opportunity to respond in full to the points that she has raised.

Question put and agreed to.

Adjourned accordingly at twenty-nine minutes past Six o'clock.

House of Commons

Monday 14 January 2008

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

HOME DEPARTMENT

The Secretary of State was asked—

Student Visas

1. **Mr. Peter Lilley** (Hitchin and Harpenden) (Con): How many overseas students had their visas extended in the latest period for which figures are available; and what proportion of those granted extension in that period had previously received an extension. [177758]

3. **Mr. Julian Brazier** (Canterbury) (Con): What estimate she has made of the number of student visa holders who overstayed in the last period for which figures are available; and what steps she is taking to remove them. [177760]

9. **Mr. Desmond Swayne** (New Forest, West) (Con): How many foreign students have failed to leave the UK when their visas expired in the last 12 months for which figures are available. [177766]

The Minister for Borders and Immigration (Mr. Liam Byrne): Some 134,240 applicants were granted extensions of stay in the UK as students in 2006. Although figures are not available for those previously granted extensions in that category, the fact of a previous extension would have been taken into account. Exit controls were phased out from 1994, but from this year we are reinstating those controls so that we can count people in and out of the country, identifying those who have no right to be here.

Mr. Lilley: I am grateful to the Minister for that reply. I understand why he mumbled it; he must be embarrassed now that it has been shown that 60 per cent. of overseas students in this country have their original visas extended. That must also be a source of embarrassment to the Home Secretary, given that she told her Department to relax student visa controls.

Can the Minister, above all, tell us why students from rich countries do not extend their visas? Only 1 per cent. of those from America do, for example. However, the situation is different in respect of students from poor countries, which desperately need them to return when they have qualified. Some 80 per cent. of those from China overstay their original visas, while 90 per cent. and 140 per cent. of students from the Indian subcontinent and Africa respectively are allowed to do so. When will the Minister realise that that is the biggest loophole in immigration control and that it should be taken seriously and not relaxed?

Mr. Byrne: Back in 2005, the right hon. Gentleman wrote wisely for the Centre for Policy Studies that taking a draconian approach to limiting immigration to this country would have a detrimental effect on our economy. We can see that in higher education. International education is now worth £12.5 billion to this economy and international students bring in £8.5 billion to our colleges. I agree with the right hon. Gentleman that there is a need for tougher controls on students and every other foreign national. That is why we no longer issue visas without checking people's fingerprints and why we will introduce identity cards on a compulsory basis, for those, including students, who want to stay in the country for longer than six months. However, the Conservative party appears not to be prepared to match that security measure.

Mr. Brazier: Some 309,000 students came in last year, a 9 per cent. increase on the previous year. Does the Minister accept that policing the issue, which is important—students are welcome to come to this country—is an important part of any successful system of immigration control? Will he tell the House whether newspaper reports that immigration officers have been told that chasing up overstayers is a low priority are true or false?

Mr. Byrne: Ministers, of course, do not comment on leaked documents. However, I can and will say that there was a good deal of selective quotation of the memo in question. Actually, the thrust of the document from the strategic director for enforcement was to ask enforcement officers to check whether the student in question was an enforcement priority. As it turned out, he had filled in his application form in time, but his credit card details were incorrect.

The thrust of the hon. Gentleman's question was about the broader point of enforcement priorities. I make no apology for prioritising deportation for those who pose a threat to public safety and may harm the public. That is why we have prioritised the deportation of foreign national prisoners. We not only met the Prime Minister's target of deporting 4,000 foreign national prisoners last year, but exceeded it, having deported 4,200—an 80 per cent. increase on the year before.

Mr. Swayne: The issuing of an ID card is a fat lot of use if there is to be no enforcement of the rules. The problem is not selective quotation, but selective enforcement of the policies. When will the Minister get a grip and start getting rid of people who overstay their visas?

Mr. Byrne: I welcome what I think is the sentiment that I detect behind that intervention. May I ask the hon. Gentleman to have a word with the hon. Member for Ashford (Damian Green), who was the Conservative Front-Bench Member in Committee when I asked to increase visa charges to spend an extra £100 million on enforcement? That Committee sitting took place on 26 March 2007, and when it came to the vote, Conservative Front-Bench Members abstained.

David Taylor (North-West Leicestershire) (Lab/Co-op): The scale of this is very significant. The number of student visas issued annually is significantly more than double the number of work permits issued to foreign nationals. What contact has the Minister had with the representative bodies for the institutions at which the students are registered? Surely they must have a part to play in all this, whether they are at the top end of the spectrum, such as the London School of Economics, or at the bottom end, with some fairly dodgy, hole-in-the-corner colleges with bogus courses that are just there as a means of access to the UK.

Mr. Byrne: Colleges agree that we need to tighten up the system. That is why, when the points-based system is introduced, we will introduce much tighter sponsorship arrangements for colleges. In order for colleges to be able to understand whether the student appearing in the classroom is indeed the student whom they sponsored to get a student visa, they must of course be clear about their identity. That is why fingerprint visas are so important, and why compulsory ID cards for foreign nationals are so important too. In the debates that we had on the introduction of compulsory ID cards for foreign nationals during the passage of the UK Borders Act 2007, the Opposition claimed to support them, but we then found out that that support is no longer—

Mr. Speaker: Order. The Minister is to answer the question, not talk about the Opposition.

Ms Diane Abbott (Hackney, North and Stoke Newington) (Lab): Does the Minister accept that the students most likely to overstay their visas are those who are signed up for some of the dodgy private colleges or for colleges that are little more than a filing cabinet somewhere on the Holloway road? What are the Government doing to ensure that, in their countries of origin, students are made very well aware of the dubious nature of some of the colleges that they are signing up to?

Mr. Byrne: It is important that we work with the higher education organisations to promote an understanding of what is a good college and what is not; that is also why we have to continue our work to crack down on those colleges that are bogus. Between August 2005 and August 2007, we removed 69 such colleges from the register of providers. The system works effectively, but it has to dovetail with the general tightening of border protection that we propose over the next year or two. Absolutely central to that system reform are more effective systems to identify whether people are who they say they are; that is why biometric visas and biometric ID cards will be so important.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): The Minister said in his earlier answer that the Home Office prioritises overstayers who are a threat to public order. Is he then prepared to say whether he endorses the actions of his officials in the case of Ama Sumani, a woman in Cardiff who overstayed only when she developed cancer—

Mr. Speaker: Order. That is too wide of the question.

Damian Green (Ashford) (Con): I understand why the Minister prefers to talk about our policy rather than about his, because, as so often, he is trying to talk tough while acting feebly. We know how weak his actions are because we have his own words. As his colleagues have said, one area where we would expect to find overstaying students is in bogus colleges. Last November, the Government removed 114 bogus colleges from the approved register. When I asked the Minister how many illegal immigrants they had detected at these colleges, he replied:

> "The Border and Immigration Agency is not able to advise how many illegal immigrants were detected at the 114 colleges".—[*Official Report*, 10 December 2007; Vol. 469, c. 66W.]

In other words, they knew where dodgy activity was taking place, and even then they did nothing effective about it. Why, when the Minister had the chance to take some effective action, did he fail to do so?

Mr. Byrne: The system for tackling bogus colleges has got systematically tighter over the past couple of years. Back in 2004, there was a system whereby colleges only needed to report voluntarily when their students did not attend college. I did not think that that was strong enough, so we tightened the system so that there is mandatory disclosure when the BIA requests it. Under the points system, the system will get tighter still, and colleges will be required to disclose proactively all cases of non-attendance to us. If we are talking about systems that will have some kind of purchase on foreign students, the hon. Gentleman would do well to remember that the cap, one of the proposals that the Conservatives have talked about by way of sounding tough, does not touch foreign students at all. At least the points system will extend much more broadly and do something to get a grip on bogus colleges and the mis-marketing of higher education courses.

Police Priorities

2. **Robert Neill** (Bromley and Chislehurst) (Con): What recent assessment she has made of the impact of targets on police priorities. [172759]

The Minister for Security, Counter-Terrorism, Crime and Policing (Mr. Tony McNulty): The Government's targets in terms of the police are reviewed on a constant and regular basis. We have been in dialogue over several months with all key interested parties—if I can say that instead of "stakeholders"—as we develop the new priorities and targets set out in our new public service agreements, which were announced on 9 October.

Robert Neill: Does the Minister accept that the Government's own figures show that, as a consequence of the targets regime, police officers spend about 19 per cent. of their time doing paperwork and about 14 per cent. of it patrolling? Most of my constituents regard that as warping priorities rather than meeting them. In his dialogue, will he take on board what Sir Ian Blair, the Met Policy Commissioner said when he called for a "bonfire" of that type of red tape?

Mr. McNulty: The hon. Gentleman must not confuse red tape with bureaucracy and paperwork, much of which is necessary. I wholeheartedly endorse Sir Ronnie

Flanagan's view about there being, in his words, good and bad cholesterol in terms of paperwork. We need paperwork to have appropriate audit trails—*[Interruption.]* My cholesterol is very bad, by the way, but that is neither here nor there. We are constantly reviewing the situation and trying to separate what is good and bad. For the sake of police officers as well as members of the public who encounter the police, there must be proper audit trails. The hon. Gentleman is right in the general sense that we are working very closely with Sir Ronnie and all interested parties to ensure that bureaucracy and paperwork are kept at a minimum.

It might have been helpful, given that the hon. Gentleman invoked Sir Ian Blair, if he had not voted consistently against increases for the Metropolitan police in Mr. Livingstone's budget on a regular basis. *[Interruption.]*

Mr. David Kidney (Stafford) (Lab): If the Front-Benchers have quite finished, I shall proceed.

I sincerely hope that my right hon. Friend does have a target for increasing the amount of time police officers spend on front-line policing. Can he give the House an assessment of how effective the pilot of hand-held computers has been in allowing police officers to avoid repetitive record keeping and returns to the police station?

Mr. McNulty: That work is still ongoing, but I shall give an assessment to the House at the earliest opportunity. There are a number of cases—not least in relation to the bureaucracy under the Regulation of Investigatory Powers Act 2000, which is the subject of a later question—in which dealing with a misinterpretation by forces about exactly what is required has led to a significant reduction in paperwork.

I hope that this ends up as a non-partisan issue, and we are working very closely with those involved to get to the stage where all the processes to do with effective and efficient policing, including the replacement of constant returns to the station with the digital transfer of data, are broadly welcomed, and that the investment in them is welcomed, so that our police can spend more time out on the streets where they belong. That issue does not divide the House at all.

Bob Spink (Castle Point) (Con): Does the Minister accept that we still have one of the best police forces in the world, with superb officers, that the achievement of targets and a high level of performance depends, crucially, on police morale, and that that morale was knocked for six by his betrayal on police pay?

Mr. McNulty: I certainly agree with the early part of the hon. Gentleman's question. I would not say "still"; for some time, we have had the best police force in the world, and I said so recently at a *Jane's Police Review* dinner. I used a minor expletive there, but it was in the evening so it was okay, and it was not like the ones used by some of my colleagues on the Front Bench, as has been reported.

On the morale, pay and conditions of police, my right hon. Friend the Home Secretary has said clearly that we would like to talk to the Police Federation and others about how we can go forward with regard to pay, and develop multi-year agreements based on the accepted index from the tribunal, which was suggested in the first part of Mr. Booth's review. The uncertainty of police pay will then be taken out of the equation, and the federation and others can talk about some of the other matters that will create better efficiency for the forces and the public; I know that they want to do that.

Mr. Anthony Steen (Totnes) (Con): Will the Minister tell the House why human trafficking is not core police business?

Mr. McNulty: It is.

Mr. David Ruffley (Bury St. Edmunds) (Con): Former chief constable Peter Neyroud, now head of the National Policing Improvement Agency says:

"Because detecting a stolen milk bottle counts the same as detecting murder, you get your points from...volume crime rather than serious crime."

This dysfunctional target system clearly is not fit for purpose. Is not that why violent crime has doubled from half a million offences a year to more than 1 million a year under new Labour?

Mr. McNulty: For all his pomposity, the hon. Gentleman had a point at the start of his question. He refers to precisely what we have been engaged in with other interested parties, culminating in the new public service agreements announced in October. Whatever priorities and targets we afford our police services, it must be right that they do move, and we should learn from experiences. The variously quoted examples such as milk bottles, cream buns or slices of cucumber are, as I said to the Police Superintendents' Association, matters that lie more with local leadership and misinterpretation of targets and priorities than they do with the Home Office. We have said clearly in the new public service agreements that there needs to be a shift away from high-volume, low-risk crime, which should be dealt with at a local level, to targets driven from the centre that concentrate more readily on high levels of serious and violent crime.

Police Pay

4. **Bob Russell** (Colchester) (LD): What recent discussions she has had on police pay; and if she will make a statement. [177761]

The Secretary of State for the Home Department (Jacqui Smith): I have discussed police pay with the police leadership and police officer representatives on numerous occasions. My right hon. friend the Chancellor set out the Government's objectives on public sector pay for future years on 8 January. I have now written to the independent chair of the police negotiating board asking the board to start work quickly on exploring the possibilities for reaching a multi-year pay settlement for the police based on the index agreed by the police arbitration tribunal.

Bob Russell: If those talks include back pay, that will be welcome. The Home Secretary must accept that the Government's refusal to honour in full the independently recommended pay award has caused considerable damage to police morale. The total sum of money, spread right across Government funding and

all police officers in England and Wales, is around £40 million. Surely the Government can afford to pay that, particularly bearing in mind that it is roughly the sum paid to West Ham footballers.

Jacqui Smith: As my right hon. Friend the Minister for Security, Counter-Terrorism, Crime and Policing has already made clear, we are keen, on an ongoing basis, to discuss with the Police Federation and all other representatives of police staff the wide range of work that we can do both to recognise the important contribution that they make, as we do day in and day out, and to move forward on the issue of police pay, as I have outlined.

I have been clear in the explanation that I and the Government have given for the staging of the police pay award this year. The recommendation from the police arbitration tribunal was for me to consider; it was, effectively, the same as a recommendation from the police negotiating board. I had a responsibility to make a decision that was right for policing, for the affordability of policing and for the taxpayer. It was also right that that decision should be in line with the publicly stated pay policy and the Government's commitment to keep inflation under control.

Keith Vaz (Leicester, East) (Lab): Some 205 Members of the House and the Select Committee on Home Affairs have unanimously called on the Home Secretary to pay the award. It is now clear that the suggestion made by some in the Government that 800 new police officers would be made available because of the extra resources is completely untrue; rather like the terracotta army, it is good to look at, but would not protect the Home Secretary. As the issue is so important and in the national interest, will she not put it before Parliament for Members to vote upon?

Jacqui Smith: Parliament, in Westminster Hall—my right hon. Friend was there—was indeed able to debate at some length last week both the issue of police pay and, quite rightly, its relationship to policing funding as a whole. Let me be clear, as I was in my response to the hon. Member for Colchester (Bob Russell): there are a range of issues involved in the decision that I made, and one of them is certainly affordability. It is the case that £1 allocated to policing cannot be spent twice. The point to which my right hon. Friend the Minister of State referred was simply that £40 million is the equivalent of the retention of 800 police officers. That is not an unreasonable point to make when one is making a case about the Government's pay policy, fairness to all public sector workers and affordability for police budgets as a whole.

Patrick Mercer (Newark) (Con): I am interested in the Home Secretary's rhetoric, but the fact remains that Nottinghamshire constabulary has been deeply affected by this decision. Its morale, which is always a matter of great concern to the chief constable, has been seriously dented. May I invite her to come on to the front line, to see exactly what the implications of her callous decision are?

Jacqui Smith: Throughout this whole process, I have tried to avoid the rhetoric that has, on some occasions in the House and elsewhere, been more evident among those who oppose the decision than those who are trying to explain it. I frequently go out and visit police officers on the front line. I did so last Thursday, for example. I am always impressed by their dedication to their job and their success in reducing crime, but in order to support that, I need to take seriously my responsibility for the affordability of policing, the number of police officers available and the sustainability of the budgets that we put in place. As a Minister, I also need to take seriously our responsibility for public sector pay as a whole and for keeping inflation under control.

Mr. Lindsay Hoyle (Chorley) (Lab): Two weeks ago, a policewoman carrying out her duties was shot and injured. Surely this must send a message that we should backdate police pay fully. If the support staff in police stations are being fully paid, and police community support officers are getting the full increase, why are those who are fighting on the front line and risking their lives not getting it? That is unacceptable and unpalatable. Please, let us look at this issue now.

Jacqui Smith: There are many police officers who put themselves in danger and, in some cases, are injured or even killed while policing our streets. That is why it is absolutely right that, in the range of public sector pay, the overall benefits package for police constables and the police service generally is not only fair but highly competitive. In relation to pensions, allowances and yearly increments, it rightly includes generous allocations in comparison with other public sector pay awards. As I have mentioned, however, the issue of consistency also needs to be borne in mind when we look at the police pay awards. It is of course the case that, among the pay awards negotiated for 2007, only the armed forces and junior doctors received a better pay award than police officers. That is the reality of the situation. Nevertheless, I have now made it clear that I want to look at how we can move forward to the multi-year pay deals based on the index agreed, which will give certainty and recognition to police officers in a way that they deserve.

Mr. John Leech (Manchester, Withington) (LD): During the debate on police pay last week, the Minister for Security, Counter-Terrorism, Crime and Policing refused to answer this question, so I hope that the Home Secretary will now do so. Does she think it fair that police officers are getting a smaller percentage increase than other police staff and police community support officers?

Jacqui Smith: I read the debate, and I know that my right hon. Friend answered questions on a range of issues at some length. The Government do not actually have a role in setting the pay of police staff and PCSOs, so that is not something that we are held responsible for—*[Interruption.]* It is a fact. We do not.

Andrew Mackinlay (Thurrock) (Lab): May I inform the Secretary of State of my dismay that she is going down this road? Not only is her decision giving disproportionate offence to public servants and causing considerable political collateral damage to the Labour Government, it is also unfair. It will embarrass Ministers in other Departments who try to argue that trade unions and other representative organisations

should adhere to decisions made at arbitration. I understand that the Home Secretary's own Ministers argued about whether the arbitration decision on prison officers' pay should be adhered to. She cannot have it both ways.

Jacqui Smith: It is precisely because I believe that we should, and do, have fairness across the public sector that I have taken this decision. I should like to make a point about the nature of the arbitration in these circumstances. The police arbitration tribunal is an automatic part of the police negotiating machinery. It does not involve some kind of decision being made, after no agreement has been reached by the police negotiating board, to go off to an independent tribunal; it is an automatic part of the process. The result of the police arbitration tribunal should legally be treated in the same way as a recommendation from the police negotiating board. This is a different kind of arbitration from the type that some colleagues have been arguing about. It is more akin to the sort of advice that Ministers might receive from a pay review body. As my hon. Friend will know, Ministers have taken the decision to stage the increases recommended by many pay review bodies both this year and in some previous ones—

Andrew Mackinlay: What about the prison officers?

Jacqui Smith: My hon. Friend shouts out, "What about the prison officers?" from a sedentary position, but prison officers had their pay award staged to the same value as have police officers this year. That is all part of the fairness that we are pursuing here.

Local Policing Priorities

5. **Mrs. Madeleine Moon** (Bridgend) (Lab): What steps she is taking to give local communities a greater say over local policing priorities. [177762]

The Secretary of State for the Home Department (Jacqui Smith): Throughout England and Wales, neighbourhood policing teams are giving local communities access to local policing and community safety services and influence over community safety priorities in their neighbourhoods. South Wales police, for example, have established partnerships and communities together meetings, bringing the police, the community and other agencies together to agree local priorities.

Mrs. Moon: Operation Hutton, carried out by Bridgend police earlier this year, resulted in the arrest and prosecution of more than 40 drug users and dealers. In December, while burglaries in south Wales rose, in Bridgend they fell by 22 per cent. and there was also a 17 per cent. fall in thefts from cars. Will my right hon. Friend join me in congratulating Bridgend police on tackling these local priorities of cutting drug dealing, burglaries and thefts from cars?

Jacqui Smith: The Under-Secretary of State for the Home Department, my hon. Friend the Member for Gedling (Mr. Coaker) tells me that he has visited Bridgend, and I certainly will join my hon. Friend the Member for Bridgend (Mrs. Moon) in congratulating the Bridgend police, as well as its community partners. I suspect that the success seen there in bringing down car theft and burglary depends on the dedication and commitment of police officers, but it also needs, as my hon. Friend suggests, local people to feed into those priorities and community partners to work alongside the police. This provides a very good example of crime falling as a result of bringing those partners together effectively.

Mr. Mark Field (Cities of London and Westminster) (Con): Will the Home Secretary give credence to the idea that, where it is the settled will of a local community, we should elect police commissioners?

Jacqui Smith: Some important questions need to be answered about the future of police accountability, which is precisely why we have asked Sir Ronnie Flanagan to look into that issue in his report. We expect his report soon and we will then consider what it says and other issues around local accountability as we bring forward our Green Paper.

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): Does my right hon. Friend agree that engagement between local communities and their local police force is essential in providing information and direction for the police, while also providing reassurance to the public? What assessment has she made of the impact of police community support officers in building up that mutual advantage?

Jacqui Smith: My hon. Friend makes the important point that policing at a local level cannot be successful unless it has the trust and consent of local people, while also being informed by what local people have to say. The 16,000 police community support officers, who are now at the heart of our neighbourhood policing teams, have been crucial in building up that trust and making policing more visible. It is they whom local people can talk to—day in, day out—and who can work with local people to identify priorities and to ensure that crime is being reduced. I suspect that my hon. Friend sees PCSOs as I do—as a very big success, making a big contribution to policing and reducing antisocial behaviour and crime. That is why I, unlike some Opposition Members, have been forthright in my support for the work done by police community support officers.

Neighbourhood Policing (East Anglia)

6. **Mr. Henry Bellingham** (North-West Norfolk) (Con): When she next expects to meet representatives of East Anglian police forces to discuss neighbourhood policing. [177763]

The Minister for Security, Counter-Terrorism, Crime and Policing (Mr. Tony McNulty): Last February or March, I believe, I had the great delight of visiting Sheringham and Norwich to discuss neighbourhood policing, among other things. I am also happy to tell the hon. Gentleman that on 23 January I am meeting representatives from the Norfolk constabulary and I have no doubt that neighbourhood policing will feature in our deliberations.

Mr. Bellingham: Is the Minister aware that Norfolk constabulary, as well as being the most successfully improved force in the country, now has 52 safer neighbourhood schemes? Is he also aware that Norfolk is set to lose £2.4 million under the formula funding review, and faces a nil increase in the rural policing fund, which is vital to safer neighbourhood schemes, which could be put at risk by an overall £7 million funding gap? All Norfolk is asking for is a fairer deal in the policing settlement. What advice does he therefore give to this excellent constabulary?

Mr. McNulty: I would remind it simply that in 2008 we are providing £3.7 million—37 per cent. more than in 2006-07—for neighbourhood policing, that its 2008-09 funding for neighbourhood policing, including police community support officers, will be £3.8 million, and that it now has 133 more officers than in March 1997, 176 PCSOs, 271 special constables and more than 1,000 police support staff. I commend the Norfolk force for all that it does, as it is very much improved and getting better. I look forward to sharing that celebration when I meet representatives on 23 January.

Mr. Stewart Jackson (Peterborough) (Con): The Minister will know that his right hon. Friend the Home Secretary met the chief constable of Cambridgeshire, another hard-pressed police authority, before Christmas. The Minister will also know that Cambridgeshire's population is the fastest growing of any county in England. When will the Government look again at reviewing the funding for Cambridgeshire constabulary to reflect that fact, so that we can put more police on the beat?

Mr. McNulty: It would have been useful if the hon. Gentleman had phrased his remarks around an acceptance that this year, I think for the first time in two or three years, we have moved towards the new formula. We have resisted a ceiling for the police grant, and authorities such as Cambridgeshire, neighbouring Bedfordshire and others have been rewarded or gained in that context. I have said recently to Bedfordshire that I am happy to talk to it further about the time delay between growth in population and the formula for police grant, and I am happy to extend that invitation to Cambridgeshire.

Gun Crime

7. **Simon Hughes** (North Southwark and Bermondsey) (LD): What assessment she has made of the effectiveness of Government policy in reducing gun crime. [177764]

The Parliamentary Under-Secretary of State for the Home Department (Mr. Vernon Coaker): We have made significant progress in efforts to reduce gun crime since 1997. We have increased enforcement operations, introduced tougher legislation and given more powers to the police and courts to deal with offenders. We are also empowering communities to take local action against guns and criminal gangs.

Simon Hughes: When so many people are still being killed with guns, and eight teenagers were killed by guns on London's streets last year, Ministers will accept that we are not yet winning the battle against gun crime. In addition to pursuing the welcome proposal, minimal though it is, of dealing with deactivated guns, would they be willing meet my hon. Friend the Member for Eastleigh (Chris Huhne), Mr. Brian Paddick, our candidate to be Mayor of London, and me, to discuss a much more robust policy than currently applies, including protecting potential—

Mr. Speaker: Order. That is far too long.

Mr. Coaker: I am not sure about the hon. Gentleman's request for a meeting, but he will have heard my right hon. Friend the Home Secretary's announcement about taking action on deactivated firearms. We are responding to what the Association of Chief Police Officers has asked us to do with respect to deactivated firearms. That is what we intend to take forward, as my right hon. Friend the Home Secretary mentioned last Thursday. Clearly, in tackling guns, there is an awfully long way to go. The hon. Gentleman is quite right to point out that young people are being killed on the streets of London and elsewhere. We will continue to take what action we can to make a difference.

Stephen Hesford (Wirral, West) (Lab): May I ask a sensible question on the back of this? My right hon. Friend the Home Secretary will recall that I asked a question before Christmas on the Rhys Jones murder and gang and gun crime. May I return to that issue? My right hon. Friend visited Liverpool on Thursday to meet the affected community and police officers. On the back of that visit, will my hon. Friend the Minister update the House on what more can be done on deactivated guns and gun and gang crime?

Mr. Coaker: I congratulate my hon. Friend, who has taken a keen interest in the work of the Merseyside police on this issue. As I said, my right hon. Friend the Home Secretary went to Merseyside to see the work that the police were doing, and made an announcement about deactivated weapons.

As for the general issue of gun crime, we should think about enforcement as well as legislation, and in that regard the Merseyside police were very proactive during a recent day of action. My hon. Friend asked what else we should do about gun crime, however, and it is clear that we must think about prevention as well. We must try to establish how we can prevent young people from using and carrying guns in the first place, and examine all the various diversion programmes.

Chris Huhne (Eastleigh) (LD): Will the Minister clarify whether the Department is now prepared to back ACPO's proposals for anonymity for witnesses from an early stage of investigations rather than from the arrival of cases in court, so that impunity for gang and gun offences can be ended?

Mr. Coaker: The hon. Gentleman makes an important point, and we welcome what he and ACPO have said about witness protection. We are considering what action to take. If we want to ensure that gang members and those who commit the most heinous crimes are brought to justice, we must give people the necessary confidence to come forward and give the evidence that must be heard in court in order for the perpetrators to be prosecuted.

Pete Wishart (Perth and North Perthshire) (SNP): The Minister will know that in Scotland we have a particular problem with airguns, about which the Scottish Government have made several representations to the Home Secretary. If the Home Office will not act decisively to end the scourge of airguns in Scotland, why for goodness' sake can the matter not be devolved to the Scottish Parliament, so that the Scottish Government can do so?

Mr. Coaker: We have made it clear that we do not wish the matter to be devolved. We believe that the issue of airguns and, indeed, of all firearms is best tackled on a United Kingdom basis.

Regulation of Investigatory Powers Act

8. **Mr. Ben Wallace** (Lancaster and Wyre) (Con): What progress her Department has made in implementing the recommendations of the review of the Regulation of Investigatory Powers Act 2000. [177765]

The Minister for Security, Counter-Terrorism, Crime and Policing (Mr. Tony McNulty): The Home Office has worked with the Association of Chief Police Officers, the National Policing Improvement Agency and other key interested parties to produce a new code of practice and disseminate guidance on the operation of the 2000 Act that directly addresses unnecessary application of the legislation and unnecessarily bureaucratic processes identified by the review.

Mr. Wallace: Our law enforcement agencies need to be protected from a few mischievous defence counsel who often seek to get their more guilty clients off by unpicking surveillance operations through the use of technicalities. Recommendation 4 of the RIPA review proposed that decisions by the surveillance commissioner should not be challengeable or questioned in court. Will the Minister tell us what he has done to implement the recommendation? If he has taken no action, will he please consider making such action one of his top priorities?

Mr. McNulty: The hon. Gentleman is right. The recommendation addressed an anomaly whereby certain decisions of surveillance commissioners could not be questioned in court while others could, and some defence counsel have sought to exploit that.

As the hon. Gentleman will know, since the review was completed the Court of Appeal has made a ruling in the case of R *v.* GS and others that in cases involving approval of property interference or intrusive surveillance by an independent surveillance commissioner, the prosecutor's duty of disclosure is satisfied by his providing the trial judge with a copy of the commissioner's prior approval, so a trial judge need not revisit or reopen a decision made by an independent surveillance commissioner.

We consider that the ruling goes to the heart of recommendation 4, and closes the "fishing" loophole to which the hon. Gentleman has referred. However, I shall be more than happy to write to him in more detail about what is a complex matter. I agree with his original point that we need to protect our law enforcement officers who carry out the very necessary job of intrusion, but we also need to set the right balance between them and those on whom they intrude.

Points-based Migration

10. **Rosie Cooper** (West Lancashire) (Lab): What progress has been made on implementation of the points-based migration system. [177767]

The Parliamentary Under-Secretary of State for the Home Department (Meg Hillier): The points-based system is on track to start in 80 days. Initially it will apply to highly skilled migrants who contribute significantly to the growth and productivity of the United Kingdom economy. When it is fully implemented in 2009, it will reduce routes of entry to the UK from over 60 to five.

Rosie Cooper: Does my hon. Friend agree that the correct way to manage economic migration is to base it on both the assessment of how many migrants the economy needs in different sectors and the effects that those migrants are having on the individual communities, rather than just going for an arbitrary limit?

Meg Hillier: I agree wholeheartedly with my hon. Friend. We need a clear understanding of what skills the UK needs. That is why we set up the migration advisory committee, which will advise the Government about where there are labour shortages. We have also set up the migration impacts forum, which advises local public sector providers and others about the impact on public services. We will determine whether we need to suspend any of the tiers on the basis of evidence, not an arbitrary cap.

Topical Questions

T1. [177748] **Lynda Waltho** (Stourbridge) (Lab): If she will make a statement on her departmental responsibilities.

The Secretary of State for the Home Department (Jacqui Smith): My Department is determined to protect the public, particularly the vulnerable, and to help identify and bring to justice those who threaten their safety. That is why I am announcing today my intention to accelerate plans to ratify the Council of Europe convention against trafficking and to review the Government's reservation on the UN convention on the rights of the child. It is now my intention to make the necessary legislative and procedural changes to implement the trafficking convention before the end of this year as part of our wider strategy to combat trafficking.

We have already achieved a great deal. We launched a comprehensive UK action plan on trafficking on the same day as we signed the convention in March 2007, and we have set up a dedicated human trafficking centre. We are in the middle of the second nationwide police-led anti-trafficking operation, Pentameter 2, which I launched in October. Our reservation on the UN convention on the rights of the child was designed to protect our immigration controls. We will make no

changes that risk their integrity, but much has changed since we lodged our reservation. Most recently, for example, we put a statutory—

Mr. Speaker: Order. I must stop the Secretary of State.

Lynda Waltho: I thank my right hon. Friend for that answer. I am sure that it will be welcomed on both sides of the House, although possibly not by researchers who are busily working on speeches for Wednesday's debate.

I appreciate that there have been problems on the way to full ratification, but I am pleased that they have not prevented the police from carrying out their duties on this matter. I wonder whether the Home Secretary is in a position to expand on the success of Pentameter 2, which, as she began to say, was launched in October.

Jacqui Smith: Pentameter 2 is building on the success of Pentameter 1, which rescued 88 victims and brought 232 arrests. The particular contribution that Pentameter 2 makes is that it has enabled the bringing together of not only the police, but other partners, particularly to develop a comprehensive victim strategy. That includes piloting a model of victim identification and referral, which is part of what will be necessary in order to implement the Council of Europe convention against trafficking. Thus, Pentameter 2 is giving us results in terms of both tackling trafficking, and developing a policy and the procedures necessary for ratification.

David Davis (Haltemprice and Howden) (Con): May I start—I am surprised but pleased about this—by welcoming the statement that the Home Secretary has just made about human trafficking? This is something that we have called for a number of times. We will have a debate about the issue on Wednesday, and I hope that the researchers will be pleased, rather than displeased, about that. It comes a little late—things have moved too slowly—but it is a significant improvement, so we welcome it unreservedly.

I shall now move on to what I wanted to ask about, particularly given what was said earlier. Does the Home Secretary agree with her predecessor that there should be no upper limit on immigration—yes or no?

Jacqui Smith: I believe that, as has ably been described today, as we introduce the points-based system we must be clear about strengthening the controls on our borders and in our immigration system. We need to be clear, through the migration advisory committee—as we will be—about where immigration will benefit this country. We need to be clear, through the migration impacts forum, about its impacts. We need to design the points based system to maximise the benefits and minimise the impacts, and that is what we will do.

David Davis: I prepared three consequential questions, one for "Yes", one for "No" and one for waffle; the House can work out which one I am going to use. The Home Secretary has been trying to ride two horses, yet again. On the one hand, she is trying to talk tough, but on the other, she is presiding over a policy of chaos and confusion. Is she saying that she is comfortable with a policy that, on Government figures, requires us to build 200 extra houses every day for the next 20 years? Is she happy with a policy that, in the words of the Minister for Borders and Immigration, who is looking at his notes, puts huge pressure on education, to the disadvantage of poorer children, irrespective of origin, immigrant or indigenous? Is she happy with a policy that puts enormous strain—

Mr. Speaker: Order. I have given Front Benchers the opportunity to come in on topical questions and I am not expecting a whole load of supplementaries.

Jacqui Smith: One of the things that I said in my response was that we should seek a level of immigration that maximises the benefits. That is precisely what the hon. Member for Ashford (Damian Green) said on 17 July last year. Once again, we appear to be in agreement on this matter. The difference, however, is that the Government are willing to put into place the structures necessary, as we will discuss on Wednesday in the migration impact forum, with regard to the impact of immigration on housing, for example. We will measure the benefits and then, through the points-based system, manage migration in a way that will benefit this country.

T2. [177749] **Mrs. Madeleine Moon** (Bridgend) (Lab): My right hon. Friend mentioned partnerships with policing in Bridgend. A most successful partnership there has been with F division police and the street pastor scheme. Over the recent bank holiday, they set up a new development, which was a triage centre with the street pastors, St. John Ambulance and a local doctor, and it saw more than 30 people. Street crime was reduced by 7 per cent. and more than 30 people were treated without needing to go to hospital—

Mr. Speaker: Order. It looks as though this is a day for me to interrupt people. For topical questions, I expect a punchy question, not a mini-Adjournment debate.

Jacqui Smith: My hon. Friend has had the opportunity to talk to me about the success of the street pastor scheme in Bridgend. It is being used in other parts of the country, but what she and the street pastors in Bridgend have ably demonstrated is that when they can intervene at a time when someone is about to commit a violent act or to cause trouble on the street, they can make a difference in reducing such aspects of street and violent crime. That is why the scheme will be welcomed by local people in Bridgend and, incidentally, by police across the country.

T3. [177750] **Mr. John Heppell** (Nottingham, East) (Lab): I will try to keep my question punchy, Mr. Speaker.

Will the Home Secretary join me in welcoming the Prime Minister's comments this morning about toughening up on knife crime, especially in areas such as Nottingham? Does she share my dismay that 9,000 people were given cautions for carrying knives in this country despite the fact that people are four times more likely to be killed by a knife attack than by a gun? Will she give me the assurance—

Mr. Speaker: Order.

Jacqui Smith: Quite punchy, and all good stuff. My hon. Friend makes an important point. As the Prime Minister said this morning, we need to look at the work that is under way in London, for example, to ensure that when an adult is caught in possession of a knife, the automatic presumption is that they are prosecuted rather than cautioned, and see how we can spread that across the country. Possessing a knife is serious. It does not make people safer: it puts them in danger because they may get into a situation in which they use that knife. We need to take the sort of tough action that the Prime Minister was talking about, and we will do so across the country.

Mr. Richard Benyon (Newbury) (Con): A year ago, the Home Affairs Committee discovered a complete lack of joined-up government on bogus educational establishments. Can the Home Secretary assure us that action is being taken to clamp down on the situation pointed out by the hon. Member for Hackney, North and Stoke Newington (Ms Abbott)—that many such organisations are just rooms over chip shops in Rotherham—to ensure that they are genuine educational establishments, not bogus, as they have been discovered to be in so many cases?

The Minister for Borders and Immigration (Mr. Liam Byrne): I have worked closely with my hon. Friend the Minister for Lifelong Learning, Further and Higher Education on some of those questions. When the points-based system starts, we will introduce much tighter arrangements for the way in which colleges are regulated. Colleges will have to report on a mandatory basis when students do not attend, and when we find colleges breaking the rules we will withdraw their licence to sponsor new students coming into this country, effectively ending their ability to offer placements to students from abroad. Those tougher arrangements for policing colleges have to go hand in hand with arrangements to make it easier for colleges to understand whether the student in front of them is the student whom they sponsored. That is why we have to introduce ID cards, I think compulsorily, for foreign nationals. That is exactly what we will do before the end of this year.

T5. [177752] **Dr. Vincent Cable** (Twickenham) (LD): Following reports over the past few weeks that the street price of hard drugs—heroin and cocaine—has fallen to record lows, what action is being taken to reverse the deteriorating performance of the Serious Organised Crime Agency in making interceptions of drugs and arresting drug traffickers?

The Parliamentary Under-Secretary of State for the Home Department (Mr. Vernon Coaker): SOCA works particularly hard to restrict the supply of controlled drugs into the UK. It works not only to interdict drugs at the point of entry but, as I saw recently in Lisbon, to tackle the many drugs that come across from south America and to interdict the ships as they come across. I have every confidence in SOCA's work to try to restrict the supply of drugs into the UK.

T6. [177753] **Mrs. Siân C. James** (Swansea, East) (Lab): May I ask a question about cannabis farming? We have recently had three successful busts in Swansea, East, but a particular aspect of them has affected my constituents. It is great that we have got those drugs off the streets, but homeowners who have let their properties are now discovering that the properties have been so damaged in order to grow the crops that they are not covered by insurance. They are suffering particular financial damage.

Mr. Coaker: This matter has not been raised with me before, but I shall look into it as a result of my hon. Friend's question. On the subject of cannabis factories, tackling cannabis on the streets, and raiding and closing cannabis factories at residential addresses, are an important part of the police operations. Last year, Operation Keymer was successful, and I want to see that repeated.

With your indulgence, Mr. Speaker, may I apologise to the hon. Member for Eastleigh (Chris Huhne)? People were saying "Welcome" to me when I responded to him, and I misunderstood what they were saying. I should have welcomed him to his first Home Office questions as a Front Bencher. I hope that it goes fairly well for him, and apologise for not saying that in the first place.

Ann Winterton (Congleton) (Con): Does the Minister agree that much more emphasis in drugs policy should be placed on prevention? Is he aware that the mixed messages sent to the young by the downgrading of cannabis in 2004 have resulted in children as young as 12 being treated for mental health problems such as forms of psychosis, paranoia and schizophrenia?

Mr. Coaker: I totally agree with the hon. Lady that prevention is extremely important when it comes to drugs. The important message about cannabis, irrespective of the debate about what class it is, is that it is an illegal and harmful drug. That is the message that we must continue to put across. While we are talking about prevention, I am sure that she will agree that it is incumbent on us, when we talk about education in our schools and about what works, to consider what constitutes effective drugs education and the role of parents and the family.

T7. [177754] **Dr. Ashok Kumar** (Middlesbrough, South and East Cleveland) (Lab): I was delighted to hear that the sale of samurai swords is to be banned. Will the Secretary of State extend that ban to all bladed weapons? There is a strong feeling in my area among those involved in Mothers Against Knives that that should be done immediately.

Jacqui Smith: When we consulted on adding samurai swords to the violent weapons order, there was clear support for the proposal. We also said that we wanted to go back and look at other blades and other sorts of knives that might well need to be added to that list. Of course, alongside that, we have increased the age for buying any knives from 16 to 18. My right hon. Friend the Prime Minister, as we have mentioned, has talked about the way in which we need to toughen up the prosecution of those in possession of knives. I reassure my hon. Friend and important organisations such as Mothers Against Knives that we will do whatever is necessary to make clear the danger of knives and the implications for people who carry and use them.

T8. [177755] **Helen Jones** (Warrington, North) (Lab): Now that the ability to make an intoxicating substances order has been introduced in the latest Criminal Justice and Immigration Bill, what steps will the Home Secretary take to discuss with the police and others other ways in which to tackle crime and antisocial behaviour caused by alcohol? Will she liaise with colleagues in the Department for Children, Schools and Families to ensure that young people are properly educated in the dangers of excess alcohol consumption?

Jacqui Smith: My hon. Friend makes an important point. We have now introduced several measures from the Violent Crime Reduction Act 2006 that enable, for example, the police in local communities to move young people—or anybody—from an area where drink is causing a problem and to confiscate alcohol. We had a successful campaign at the end of last year, when well over 3,000 litres of alcoholic drinks were confiscated from young people. We are also working with the Department for Children, Schools and Families, which is, for example, establishing an expert panel to take forward a review of the latest evidence on the effects of alcohol on young people and will consider how we can strongly convey the message to young people that there are dangers from drinking and that they should not engage in it, not least because of health problems, as well as crime.

Points of Order

3.31 pm

Mr. John Baron (Billericay) (Con): On a point of order, Mr. Speaker. I seek your guidance on a particular matter. During the armed forces personnel debate last Thursday, I was expressing concern about our troops in Afghanistan and Iraq not always getting the kit that they need, when the Minister for the Armed Forces, as reported in *Hansard*, column 608, used what I consider to be unparliamentary language, which risks showing contempt for a sensitive issue—particularly sensitive after reports on the death of Corporal Mark Wright over the weekend. Have you had time to consider this issue? If so, what action do you intend to take?

Mr. Speaker: I thank the hon. Gentleman for giving me notice of his point of order. The audio and visual records of Thursday's debate have been checked today. It is not possible to establish what was said from a sedentary position during the hon. Gentleman's speech, when *Hansard* records an unparliamentary phrase being used. In the circumstances, both sedentary remarks will be removed from the permanent record. I think that the matter should now be left there.

Several hon. Members: Further to that point of order, Mr. Speaker—

Mr. Speaker: I have cleared up that point of order.

Mr. Peter Bone (Wellingborough) (Con): On a separate point of order, Mr. Speaker. During topical questions today, the Home Secretary, instead of making a short statement about her departmental responsibilities, started to make one about human trafficking, which would perhaps have been better made as a separate statement so that Members could properly cross-examine her.

Mr. Speaker: It might be helpful if I say that the Home Secretary was in order in the statement that she made. *[Interruption.]* Who said that? I did not pull up the right hon. Lady; I stopped her. I did so because I expect the opening statement in topical questions to last only one minute. That was the only reason for stopping her. I did not pull her up—I would not dream of doing that.

Mr. David Wilshire (Spelthorne) (Con): On a point of order, Mr. Speaker. *Hansard* of 26 June 2003 quotes the then Leader of the House as saying about the conduct of hon. Members:

> "Lapses, however rare, are very damaging to public confidence in the House… If lapses occur, and are not seen to be tackled with sufficient rigour, the effect is many times worse."—[*Official Report*, 26 June 2003; Vol. 407 c. 1239.]

Given that quote from the now Secretary of State for Work and Pensions, would it be appropriate for you to ask the current Leader of the House to make an urgent statement to indicate whether those views of 2003 remain the Government's position?

Mr. Speaker: That is not a matter for the Chair.

Bob Spink (Castle Point) (Con): On a point of order, Mr. Speaker. You take seriously your duty to protect Back Benchers, this House and our constitution. Will you kindly make it plain to Ministers that, given the constitutional importance of the European Union (Amendment) Bill, we must ensure that there is as much time as possible for its debate and that, therefore, only the most urgent and unavoidable statements should be made on days when the Bill is considered in the House at any of its stages?

Mr. Speaker: That is a matter for the usual channels and the House to decide. The hon. Gentleman might be referring to the fact that in some circumstances I have powers to curtail the length of Front Benchers' speeches. Obviously, depending on the shape of the debates, I will consider the matter.

Mr. Tobias Ellwood (Bournemouth, East) (Con): On a point of order, Mr. Speaker. To follow on from the comments of my hon. Friend the Member for Billericay (Mr. Baron), do you not agree that although the right hon. Member for Coventry, North-East (Mr. Ainsworth) might be a Minister of State for Defence, that should not allow him to swear like a trooper—

Mr. Speaker: Order. I have ruled on that matter.

Orders of the Day

Education and Skills Bill

Order for Second Reading read.

3.35 pm

The Secretary of State for Children, Schools and Families (Ed Balls): I beg to move, That the Bill be now read a Second time.

The Education and Skills Bill is a landmark piece of legislation—the biggest reform in educational participation for more than 50 years. Its provisions to raise the education-leaving age from 16 to 17 by 2013 and to 18 by 2015 will fulfil a century-long ambition of this House to deliver educational opportunity for all young people.

For nearly 100 years, Parliament has expressed its belief that all young people should be in education or training until the age of 18. The Fisher Act of 1918 raised the school-leaving age from 12 to 14, but it also included a provision stating that all young people should participate in at least part-time study until the age of 18. We all know that that bold commitment was reneged on during the early years after the first world war, but in 1944 the Butler Act raised the leaving age to 15 and made provision for a rise to 16 as soon as possible, as well as for compulsory participation until 18. Although the school-leaving age eventually rose to 16 in 1972, it has remained unchanged since—once again, the provision to raise the education participation age to 18 was not enacted.

But our society and economy have changed dramatically since the early 1970s. What was visionary 90 years ago is essential today, both economically and for reasons of social justice. Lord Leitch's projections to 2020 suggest a 50 per cent. increase in the proportion of jobs demanding high-level skills and a marked decrease in the number of jobs open to those with low-level skills.

Raising the education participation age is not just about economic strength; it is about social justice. Fewer than half of people with no qualifications are in work, young people who leave education or training at 16 are disproportionately from poor families and those who stay in education are more likely to gain further qualifications and earn more. If we do not act now to increase participation, it is the most disadvantaged young people who will be the losers in this new and fast-changing world.

Mr. Tobias Ellwood (Bournemouth, East) (Con): The Secretary of State began by saying that he wanted to provide educational opportunity for all, but is that opportunity not already there? Cannot 16 to 18-year-olds already stay in school? The Bill would oblige them to stay there. Has he not listened to the teachers up and down the country who say that it will have a detrimental impact to keep in school people between 16 and 18 who are dying to get out of it?

Ed Balls: I thought that I would need to make this point clear for the benefit of observers outside the House; I did not realise I would need to make it clear for Members of this House. This is not a Bill to raise the school-leaving age. Our projections do not anticipate a rise in the number of full-time school or college students over 16. The Bill will raise the education or training age to 18. We anticipate that the biggest rise in participation will be among people in apprenticeships—we forecast 100,000 more apprentices in 2013—and those in full-time work who will get training as a result of the Bill. It is not a Bill to raise the school-leaving age.

Mr. Frank Field (Birkenhead) (Lab): I am grateful to the Secretary of State for giving way so soon in his speech. The Government's overall obsession with raising skills in this country so that we have an industrial future is something that I hope Members on both sides of the House share. However, I am concerned about how the very poorest do in our education system, and whether in this move alone we will do justice to them. The House of Commons Library has prepared a study of the poorest 50 constituencies, in which most poor children leave school without the minimum Government educational qualifications, although there are exceptions such as Wigan. Before the Secretary of State concludes, will he discuss what specific measures we can introduce to raise the standards of the very poorest children, some of whom leave school at 16 without any qualifications whatsoever?

Mr. Speaker: Before the Secretary of State replies, I must tell hon. Members that interventions should not be as long as that one.

Mr. Field: It saves making a speech.

Mr. Speaker: That is why I do not want long interventions.

Ed Balls: It may have been long, Mr. Speaker, but it was a helpful intervention, and I am happy to discuss that very point now.

Many of the reforms that we have introduced since 1997 are aimed not just at raising standards for the average child but at pulling up the poorest children in our society. It is still the case that children on free school meals from poor backgrounds do less well than the average. However, in the past five years there has been a faster rise in results for children on free school meals than the average, so we are making a difference. The Bill seeks to make sure that educational opportunity is available to all children, not just some. The poorest children are least likely to stay on at school at 16, so the Bill aims precisely to make sure that we address the issue raised by my right hon. Friend the Member for Birkenhead (Mr. Field). However, it is only one of a number of issues that we seek to address.

Bob Spink (Castle Point) (Con): On the requirement to address the needs of poorer children, may I congratulate the Secretary of State on what he said about expanding apprenticeship schemes? Will he make sure that they are a genuine route for poor children to advance in life, as many hon. Members, including myself, did? Will he give us an assurance that the new apprenticeship schemes will be of higher quality, and will be more relevant and more workplace-based than the current schemes?

Ed Balls: The hon. Gentleman is a champion of apprentices in the House, so he will know that although the number of apprenticeships has risen in the past 10 years, there is still further to go. The Bill legislates for the first time for an entitlement to apprenticeships. In a few weeks' time, we will announce further reforms, which my right hon. Friend the Secretary of State for Business, Enterprise and Regulatory Reform will introduce, to make sure that we raise the quality and comprehensiveness of apprenticeships. We will provide a national matching scheme to match up apprentices with employers who can offer them apprenticeships. The most important thing that we have to do, consistent with quality, is achieve 90,000 more apprenticeships to bring the Bill to fruition. That will require serious effort from employers and the public sector, and from schools and colleges, as well as curriculum reform, but we are committed to making it happen.

Joan Walley (Stoke-on-Trent, North) (Lab): I broadly welcome the changes introduced today. In Stoke-on-Trent, we probably have more young people out of education and training than anywhere else, so the reforms are essential. Does my right hon. Friend support our proposals for an education improvement partnership linked to the Building Schools for the Future programme so we can make sure that we can truly reach out to those young people who need that education?

Ed Balls: My hon. Friend makes an important point. We can deliver the commitments in the Bill only if we make accompanying reforms to make sure that by the time children are 16 they have the skills and qualifications that they need to continue. Those reforms include many of the important reforms in our children's plan as well as our reforms to BSF to make sure that we can continue to invest in the best school buildings. Those plans would be cut by more than £4 billion if Opposition Members had their way.

Mr. Oliver Heald (North-East Hertfordshire) (Con) *rose—*

Ed Balls: I am not sure whether the hon. Member for North-East Hertfordshire (Mr. Heald) represents a constituency that would lose a BSF school—I very much hope for his sake that that is not the case—but I am happy to accept clarification from him.

Mr. Heald: A lot of the poorest children whom we have heard about already get to 16 unable to read, write or add up properly. They are not functionally literate or numerate. What is the point of forcing them to spend another two years in school if they are going to be at that stage at the age of 16? What will the right hon. Gentleman do about those poorest children who need the help earlier on and who are sitting at the back of the class trying to hide, dreading that the teacher will turn to them, because they cannot read and write?

Ed Balls: I will tell the hon. Gentleman what I am going to do. I am going to keep investing in education. I am going to keep increasing teaching numbers and the number of teaching support assistants. I am going to introduce the Every Child a Reader and Every Child Matters programmes to ensure that we help those who fall behind. Most of all, I am going to avoid a return to the bad old days pre-1997, when even more children were failing than are now.

I am not happy with the figures today. It disappoints me to see that, in 2007, 71 per cent. are getting to key stage 4 in English and maths; however, in 1997 it was 53 per cent. There has been a radical increase in the numbers who are making the grade, but it is not yet good enough. We need to see more progress. That is why we need to keep voting in a Labour Government, who will match reform with investment to deliver for children.

Several hon. Members *rose—*

Ed Balls: I will make a little more progress and then take some more interventions.

Before I get on to the detail of the Bill, I want to put it in an international context. Despite the rise in participation that we have seen in recent years—participation at 16 has been rising—it is still the case that we have one of the lowest rates of staying on in education or training at 17 of any country in the developed world. It is the third lowest in the western world. Many countries and provinces throughout the world are already raising the education participation age or preparing to do so. In the Netherlands, since August last year, education has been obligatory until 18. In Western Australia, the leaving age was raised from 15 to 16 in 2006 and to 17 this year. In New Brunswick in Canada, the education-leaving age is 18. It is because other countries are making fast progress that we must act now to ensure that we do not fall behind our international competitors.

Mr. Phil Willis (Harrogate and Knaresborough) (LD): For 20 years, I was a head before coming into this school—*[Laughter.]* And it has been downhill ever since. For those 20 years, one of the great sadnesses was that the same proportion—roughly 180,000 to 200,000 17 and 18-year-old students—had no qualifications, or training; they had nothing. If the Bill does anything, it tackles that core issue. I compliment the Secretary of State on doing that. However, one of the biggest issues that I do not believe is addressed in the Bill, and I would like him to respond to this, is that of the guidance we give young people, particularly at key stage 3, so that they go into the right pathways. It is no good having compulsory post-16 education and training if we do not give young people the right guidance. Local education authorities failed; the Connexions service failed. What on earth is going to happen under this Bill?

Ed Balls: I will come in detail to that point in a moment. I am not sure, when the hon. Gentleman refers to this place as a school, whether he is referring to the quality of the desserts in the Members' Dining Room or to the problem of unauthorised absences, which I know can be a problem on both sides of the House. On the particular point that he raises, we are legislating in part 2 of the Bill precisely to ensure that we strengthen further the information, advice and guidance that are available for young people. That is an integral part of the Bill. I welcome the hon.

[Ed Balls]

Gentleman's support; it is only a pity that he has not yet persuaded his Front-Bench colleagues to take the same enlightened view of the reform.

Ann Coffey (Stockport) (Lab): On disadvantaged young people's participation in education, secondary schools in my constituency such as the academy in Priestnall are developing specialisms. Will my right hon. Friend look at how schools can share resources and expertise in specialist areas with other schools so that young people in Stockport who have an interest in, for example, science or sport are not limited to what is provided in the school that they attend, but have the widest possible choice in and access to those subjects?

Ed Balls: I can indeed do that. As my hon. Friend knows, schools that have engaged in specialisms in recent years have seen a faster rise in results. Our ambition is that every school should be a trust, academy or specialist school. Just before Christmas, when we last discussed these matters, we talked about the threat to schools in her constituency, where 13 schools would be at risk if the Conservatives' plans were put into practice. Today, I can give my hon. Friend no good news at all about the dangers to schools in her constituency if their plans to cut BSF were put into practice.

Mr. Tim Boswell (Daventry) (Con): I have no problem whatever with the Secretary of State's aims and aspirations, and have a great interest in them, but does he agree that the critical issue is whether they can be delivered in practice? As we know that on average 40,000 people below compulsory school-leaving age are bunking off, and that the number of people not in education, employment or training—NEETS—above the compulsory age is rising, how on earth will resources be provided to police the scheme? Would it not be much better to concentrate on the carrot rather than the stick?

Ed Balls: I do not think so. The fact is that absences are down and the number of NEETS is down, although it has not gone down far enough. The reason we are legislating for obligations to come into effect not today but in 2013 for 17-year-olds and in 2015 for 18-year-olds is to give us time to prepare and put in place the extra support we propose for those young people, to make sure that they are ready. The 10 and 11-year-olds of today will be the first to be affected by the Bill's provisions, so we have six years to make sure that we do not have 25,000 long-term NEETS in our society, as we do at present. We have an obligation to do better by them, and the Bill will have a galvanising effect on schools, colleges and LEAs to make sure that we deliver for all young people and that some do not fall through the cracks.

Ms Dawn Butler (Brent, South) (Lab): At any one time, 10 per cent. of young people are categorised as NEETS. Can my right hon. Friend assure the House that we will commit the £100 million extra investment in the NEETS scheme and that we will commit to expanding the new deal, which has helped more than 1,500 young people in my constituency to obtain sustainable employment?

Ed Balls: I can give my hon. Friend that assurance. We will never abolish the new deal. In fact, the extension of the new deal for young people on their 18th birthday is an important part of the reforms we have introduced.

Our ambition is that all young people continue in education or training until they reach the age of 18. That involves new rights for young people, but also new responsibilities. As I have said, our proposals are not just about raising the school-leaving age, but about young people choosing between full-time education in school or college, work-based learning such as an apprenticeship or one day a week in part-time education or training if they are employed, self-employed or volunteering more than 20 hours a week. There will be extensive opportunity for debate over the coming weeks as the Bill is discussed in detail in Committee, but today I want to make it clear that, in the Government's view, it is only by requiring that every young person participate in education or training until the age of 18 that we can ensure that they all have the opportunities they need and that all employers, schools and colleges are galvanised to play their part so that no young person falls through the cracks.

Those duties must be enforced. That is necessary to strike the balance between rights and responsibilities. Of course, sanctions will be a last resort and—as they are at present for young people aged under 16—they are at the discretion of the local authority. When we say that everyone will participate, that is what we mean. No one will be left out on the basis that it is not for them or that it is too hard to meet their needs. Although some people, such as teenage mothers or young people with special educational needs, may require extra help, that does not mean they will be exempt.

Helen Jones (Warrington, North) (Lab): I urge the Secretary of State not to listen to the siren voices speaking against the Bill. Exactly the same arguments were made when the school-leaving age was raised to 16; indeed, the same arguments were made when the age was raised to 14. We want young people to stay in education, so will my right hon. Friend ensure that they are engaged in their education throughout their secondary career and given the right opportunities to make choices? What will he do to ensure that councils and LEAs make sure that a variety of courses are on offer to young people and that schools and colleges co-operate to ensure that their timetables allow young people to take advantage of those opportunities?

Ed Balls: I tell my hon. Friend what we will do—we will undertake one of the biggest overhauls of the curriculum for 14 to 19-year-olds for decades, to make sure that there is a greater focus on functional skills in English, maths and information and communications technology. Through our new diplomas, we will promote the best of theoretical and practical learning to engage more students. By 2013, all students everywhere in the country will be able to choose one of our first 14 diplomas.

We have won the support of universities and employers as we seek to breach the long-standing divide between academic and vocational qualifications. In every area, a local partnership between schools, colleges and employers with the local authority will ensure that all young people are offered that wide range of choice. Whether they are going down the more academic route or seek a balance of academic and practical learning, they will be able to access a diploma.

Mr. Alan Beith (Berwick-upon-Tweed) (LD): How will that happen in an area where the nearest college of education is 50 miles away?

Ed Balls: In every area we will require that the full range of choice be made available. We are giving six years for preparations before 2013, when all 17 diplomas will be on offer. In the children's plan, we discussed the important issue of transport. At that time, I referred to the fact that my hon. Friend the Minister for Schools and Learners had texted me from a plane at 5 in the morning to remind me not to forget the important issue of transport in rural areas. We are focused on that issue as we think about the next stage of our diploma reform.

Mr. Robert Flello (Stoke-on-Trent, South) (Lab): Does my right hon. Friend share my concern about transport? Schools—particularly new-build schools under BSF, the money for which is welcomed in Stoke-on-Trent—should be accessibly placed for local communities. I am thinking particularly of poor communities, which need to get hold of the resources and facilities that schools provide. Schools should be placed in good locations, not ones to which it is difficult to get transport.

Ed Balls: My hon. Friend the Minister for Schools and Learners has asked me to point out that he is in discussions with colleagues in Stoke-on-Trent to ensure that the BSF programme works in the best way for all children and young people there. He also said that he did not text from the plane; the text had been sent before he got on it. I say that for the avoidance of doubt on that detail.

In the children's plan, we talked about the importance of schools being in the centre of their communities. The 21st-century school is one that involves parents, is open beyond the school day and co-locates services on site.

Mr. Flello *rose—*

Ed Balls: I will not take a second intervention from my hon. Friend. However, I assure him that the Minister for Schools and Learners is taking forward those discussions.

Mr. David Evennett (Bexleyheath and Crayford) (Con): I always listen with great interest to the Secretary of State. Skills shortages in this country are a real concern on both sides of the House. However, is there not a danger that the Government are neglecting the important point about the quality and relevance of education up to 16 and focusing only on its quantity by expanding it beyond 16?

Ed Balls: No, there is no danger of that whatever. We are taking forward reforms in primary, secondary and early years education to make sure that in 2013, when the first 16-year-olds are affected by the provisions of the Bill, they are given the support and quality teaching that they need, and extra help if they need it, so that they make the grade. All the reforms to the children's plan and to the primary curriculum and secondary teaching are essential to make sure that the provisions of this historic Bill have the right effect when they come into force in 2013. We will not let our focus on those reforms drop away at all.

Anne Snelgrove (South Swindon) (Lab): Does my right hon. Friend agree that the measures that he was describing before he started taking interventions are vital for improving skills levels in such towns as Swindon, which have really benefited from the economic boom during the past 10 years of Labour Governments? However, there is still a core of students who are not benefiting from the boom time because they simply do not have the skills that our modern, international companies require.

Ed Balls: My hon. Friend is right. There has been real progress in Swindon on increasing the number of apprenticeships. However, there is still further to go. Too often, young people who want an apprenticeship cannot find one in their area, and other parts of the country find that they have more apprenticeships on offer than they are able to allocate. We need to ensure that we do that better through our national matching service.

Another important part of the Bill makes provision for improved advice and guidance to young people in schools to ensure that they have the support that they need to make progress, and gives greater financial support to overcome the cost barriers that can prevent young people from participating. Our education maintenance allowances have been a major success, but we are strengthening them further and trialling extensions, including to entry into employment, to ensure that all young people who need EMAs can get them.

Philip Davies (Shipley) (Con): We may disagree about the value of forcing people to stay on in education when they do not want to, but I am sure we can all agree that if people do want to stay on in education we should be helping them to do so. The Minister has taken an interest in the case of my constituent Kirsty Oldfield, whose parents died in quick succession and who found herself, as an orphan, unable to afford to stay on in school. Will he consider tabling or accepting amendments to the Bill to provide direct support from his Department to the small number of orphans who find themselves in a tragic situation and cannot afford to stay on in school?

Ed Balls: My right hon. Friend the Minister for Children, Young People and Families, who is not here at the moment, has been in correspondence with the hon. Gentleman on that particular issue. The very unfortunate circumstances that affected his constituent should not have occurred, and she should not have received the advice that she did. We are addressing those issues in discussion with him.

[Ed Balls]

On the hon. Gentleman's more general point, I believe he would agree that compulsion in education for 11, 12, 13, 14 and 15-year-olds is right. Those extensions were made in this House in previous Bills during the past 100 years. What I do not understand about his position is why he thinks, as a matter of principle, that compelling a 15-year-old to be in education is the right thing to do but compelling a 17-year-old is the wrong thing to do, when all the evidence is that countries around the world are moving in this direction because it is an economic and social imperative.

Mr. David Laws (Yeovil) (LD): Surely the Secretary of State understands the difference between individuals who are otherwise treated as adults and individuals who are clearly children. Does he not find it a rather odd contradiction that the Government are proposing to grant the vote to 16-year-olds while at the same time proposing to take away from them a freedom to exercise their own choice?

Ed Balls: I do not find it an odd contradiction at all. I will come to some odd contradictions in the hon. Gentleman's position in a moment.

Mrs. Joan Humble (Blackpool, North and Fleetwood) (Lab): May I return my right hon. Friend to the point he made a moment ago about the importance of information, advice and guidance? Blackpool council is responding to the Government's initiatives by putting together teams of workers who can offer appropriate advice and guidance to young people as they need it, with Connexions workers—including, I should put on record, my elder daughter, who works for Blackpool Connexions—youth workers, youth offending team workers, and specialist workers on teenage pregnancy and on drug and alcohol services. That will ensure that a young person knows who to go to and can get the right advice from appropriately trained people.

Ed Balls: My hon. Friend is right. Under the Bill, local authorities, when they take over the running of Connexions, will need to give advice and guidance that is not only impartial but tailored, particularly for children with special needs or learning difficulties. There will be special help for young people in custody and for teenage mothers, and we will need to ensure that we tailor support for children with those particular needs. However, that does not mean that they should be excluded from the provisions of the Bill. When we say "educational opportunity for all", that should mean "all".

On Friday evening, I was at a meeting in West Yorkshire with a young people's panel brought together by Connexions West Yorkshire to listen to their views. They said it was important that in the sub-region, across local authority areas, these panels of young people should continue to come together to give feedback to advice and guidance services. I hope that that will continue in our area and around the country.

To clear up one point, I should stress it is important that the advice is impartial, and that it does not push children down a particular route, whether it is to a school or a college. The idea that that means that schools cannot give a view on the choice between A-levels or diplomas is nonsense, but it is important that the advice is impartial and that it promotes the best interests of the young person.

Chris McCafferty (Calder Valley) (Lab): My right hon. Friend referred to a visit he made on Friday evening to Connexions in Brighouse, in my constituency of Calder Valley. Does he agree that the extraordinary level of interest in the future development of the Connexions service expressed by those young people reflects the value that they put on the advice, guidance and information that they are receiving? Can he assure young people nationwide that they will be individually and collectively involved in any issues that concern their future lives?

Ed Balls: I can give my hon. Friend that assurance. I know that she has taken a close interest in Connexions in her constituency; indeed, she was at the meeting I attended on Friday.

My hon. Friend is quite right, and the interesting thing about the discussions that we had with those young people is that they had a series of questions to ask me about the future of Connexions and information, advice and guidance. I used the normal trick of trying to ask them a question back, and they knew the answers to my supplementaries better than I knew the answers to theirs, which is a tribute to their knowledge and understanding. I can happily assure her that such discussion and engagement with young people will be required as a consequence of the detail of the Bill.

Mr. Willis: From 2001, the Connexions service has offered careers education and guidance to students who were not going to get five good GCSEs. I hope that as far as this Bill is concerned, the new guidance system will offer high-quality guidance to every single youngster, so that we do not have a divide between A-levels for the best and skills for the rest.

Ed Balls: That is the last intervention I will take, and the Schools Minister has told me that that is a requirement. I can give the hon. Member for Harrogate and Knaresborough (Mr. Willis) the assurance he seeks. The Bill will work only on the basis of comprehensive, high-quality, universal advice for all 16 and 17-year-olds. A two-tier approach to advice just will not work.

The Bill requires us to raise our sights. It will require not just legislation and guidance, but a new culture of enterprise, learning and aspiration. In order for it to work, we will need a new consensus in this country, throughout schools and colleges, and among employers, parents and young people, to make it happen. I also hope that we will be able to build a consensus across the House, given the importance of this landmark legislation. The 1944 Butler Act, which raised the education-leaving age to 15, received cross-party support, as did the Fisher Act in 1918, which also raised the school-leaving age. In this Bill, we are making a reality, 90 years on, of the 1918 commitment to education until the age of 18. But we do not know the views of the Opposition.

To give credit to the hon. Member for Yeovil (Mr. Laws), we know the views of his Front-Bench team—although not those of all Liberal Democrats. The new leadership of the Liberal Democrats is opposed to extending educational opportunity to all 16 and 17-year-olds.

I think that the hon. Member for Surrey Heath (Michael Gove) is opposed to our Bill, but he has not yet told the House of his true intentions. I hope that he will do so today. In recent weeks, he has persisted in cynical attempts to undermine and misrepresent our reforms by claiming that our policy is a gimmick or a stunt, or by deliberately misrepresenting it as forcing young people to stay on at school. He has also set his face against all the accompanying reforms that are essential if we are to make education to the age of 18 a reality. He is opposed to our curriculum reform, our new diplomas and our extension of EMAs, and he is committed to abolish the new deal, which we are extending for 16 and 17-year-olds who are not in education, employment or training. I hope that he will tell us today whether he will have the courage of his convictions and vote against the Second Reading of the Bill. Will he lead his side through the No Lobby or will he abdicate leadership and sit on the fence? Will he again duck that big issue? All the indications so far are that he and his party will join the Liberal Democrats in the No Lobby. Whether the Conservatives vote no or whether they abstain, however, they will still be reinforcing the view that theirs is the party of educational opportunity for some and not for all, opposed to the long-term radical reforms that this country needs.

Mr. Laws: Will the Secretary of State give way?

Ed Balls: No. Both the Conservative party and the Liberal Democrats are now embarrassingly out of step with the views not only of educationists but of business. The CBI said in its response to our Green Paper last summer that

"the government's proposal for raising the age for compulsory participation in education or training to 18 is a necessary step".

In addition, David Frost of the British Chambers of Commerce said:

"Combining new specialised Diplomas and an expansion in the number of apprenticeships with a rise in the compulsory participation age to 18 is a move that we welcome."

The CBI and the British Chambers of Commerce both welcome compulsory education until the age of 18—indeed, they say that it is necessary—yet the hon. Members for Surrey Heath and for Yeovil have put themselves and their parties on the wrong side of that debate.

The hon. Gentlemen are doing something more than that, however. Not only are they opposing reforms proposed in the House by this Government; they are opposing reforms proposed in the House by the great Tory and Liberal reformers of the past, such as Rab Butler and the former Liberal Member for Sheffield, Hallam—not the current one—Herbert Fisher. It might be interesting for hon. Members to learn that Herbert Fisher said of his 1918 Bill that it acclaimed the

"principle of the rights of youth",

in that it held that

"young people have a right to be educated"

not just to 14 but to 18, and that that right was not just for the minority but for all young people. He was a Liberal reformer proposing a Liberal reform that the hon. Member for Yeovil now opposes.

Mr. Laws *rose—*

Ed Balls: I will not take any more interventions.

It is not too late, however. I urge Opposition Members to do the right thing. They should not stay stuck in the past or continue to take the view that excellence can be for only the few or that a two-tier Britain is inevitable. I urge them to join the consensus and back our reforms. We on the Government Benches are determined to deliver on the century-long ambition of the House to promote educational opportunity for all until 18, and not just for some. Let the Opposition join our consensus—that is my plea to them. I commend the Bill to the House.

4.12 pm

Michael Gove (Surrey Heath) (Con): I thank the Secretary of State for his speech. I enjoyed all 40 minutes of it. [Hon. Members: "Thirty-seven minutes."] Indeed. I particularly appreciated the first 32 minutes, when he laid out his reasoning and the thinking behind the Bill. I am sure that the whole House will have found that helpful. However, the final five minutes, when he went into partisan, Punch-and-Judy mode, was an unfortunate coda to an otherwise interesting and analytically compelling speech. It is a great pity that someone with the Secretary of State's intellect feels the need to indulge in partisan knockabout when we are discussing the Second Reading of the Bill, but I can forgive him that, because I recognise that his intentions are honourable.

In advancing any piece of legislation, the Government have to ensure that it passes a series of tests. Any Bill should pass three general tests before we can all have confidence that it will make good law. First, does it serve a desirable end? Secondly, does the legislation do violence to any valued principle; and if it does, is the end so transparently good that the damage to that principle is a price worth paying? Thirdly, are the mechanisms through which the legislation proposes to achieve the end the most effective that could be designed? I want to consider the Bill as set against those three tests and then propose some areas where greater clarification or amendment might be required to improve the effect of the legislation.

On the first question, whether the Bill serves a desirable end—*[Interruption.]* I see the Secretary of State proffering what I think is a note of apology to the Liberal Democrats' Front-Bench spokesman for some unmannerly words. We know that when the Secretary of State descends into partisan mode, he is only putting it on and that, in his heart, he regrets it, so we can entirely forgive him on this occasion.

To the first question—does the Bill serve a desirable end?—we say yes. We believe that getting more young people to participate fruitfully in education for longer—and not just to age 18—is an unalloyed good. Our ambition is to see more and more people over time progressively broadening their horizons and participating in education.

[Michael Gove]

We believe in the democratisation of knowledge and in making opportunity more equal. We want to see more people going to university—and, indeed, more people acquiring level 4 qualifications in every way possible.

We also want to see what has become known as lifelong learning become second nature for many. The acquisition of new qualifications after people have left school, whether as a means of improving employability or simply of enriching their mental lives, is a good that is worth pursuing. That is why my hon. Friend the Member for Havant (Mr. Willetts) has been so eloquent in expressing his concern at what the Government might be doing through their policy on equivalent and lower qualifications. We want to ensure that people who want to acquire new skills that complement their existing qualifications are given every possible encouragement to do so. That was part of the noble impulse behind the creation of the Open university, and it is a pity that the party that set up that institution appears now to be in the process of limiting access to it.

Philip Davies: I agree wholeheartedly with what my hon. Friend says. Is not the crux of the matter the fact that the Government do not understand that people can learn an awful lot in the workplace? I probably learned more in my time working for Asda than I learned on my degree course at university. Should not people have the opportunity to learn at work, rather than being forced to get some bogus educational qualification that they do not want?

Michael Gove: My hon. Friend is absolutely right. We all benefit from the experience that he secured in the workplace as well as from his academic arguments. He is right to say that individuals should have the freedom to choose the course that is best for them.

Ms Butler: Is the hon. Gentleman in favour of the education maintenance allowance?

Michael Gove: Yes, absolutely—*[Interruption.]* Well, the Secretary of State is the one who is paying for it. We are entirely in favour not only of the existence of the EMA but of the provisions in the Bill to secure an extension to it. We want to extend opportunity at every stage. We do not want to compel or coerce where we do not need to; we want to provide opportunity where it is required. That is at the heart of our approach.

Some people argue that the goal of ever-higher participation in education is wrong, and object to extending educational opportunity. I accept that the Secretary of State is legitimately concerned about those views, and I, too, want to explain why I think that they are wrong. The first argument that I would deploy is unashamedly personal. No one in my family had gone to university, and both my parents left school early. I know how education can transform opportunities. I would never want any child to lose out on opportunity through a lack of parental resources—that is where the EMA comes in—through a failure of schools to raise aspiration, which is where Connexions can come in, or through a cultural resistance to learning among a child's peers or within his or her community. I am sure that we all know of circumstances in which such resistance exists.

My second argument involves social justice. We know that access to educational opportunity is a critical determinant of future earnings and of well-being. At the moment, educational opportunity is unequally distributed. Contrary to the impression given by the Secretary of State in his speech, figures that we excavated over the Christmas period show that the gap between the academic performance in the most advantaged 10 per cent. of schools and that in the least advantaged 10 per cent. has grown and is growing. It is a source of deep concern to us that that should be so. Work by the Sutton Trust and others has confirmed the melancholy correlation between deprivation and academic achievement. We believe that there needs to be a concerted drive to tackle that unfairness and to extend opportunity. We can do that by tackling illiteracy and innumeracy in the earliest years. That, once again, will open up the prospect of academic excellence to many, many more.

If the drive succeeds and the number of individuals from poorer backgrounds staying on to 18 in education increases, and if the number going on to university or equivalent institutions begins to catch up with the equivalent number for those from more fortunate backgrounds who are already enjoying such opportunity, the university population will clearly increase. That is our aim. To those who say that that is idealistic, I plead guilty, and I ask those who say that it is impossible to spend a little time looking at geography and then history.

First, let us consider geography. Across the globe, the participation rate in further and higher education is rising. In Australia, New Zealand, Finland, Sweden, Norway, the United States and even Poland, the number of young people going to university is higher than the proportion who currently do so here. In South Korea and Taiwan, the numbers participating in equivalent institutions is also rising fast. In China and India, of course, the participation rate is rocketing.

As to history, I would like the House to recall the experience of one minority community in Britain. Its members came here, often fleeing persecution, with few resources and little in the way of marketable qualifications more than 100 years ago. They found jobs in sweatshops, retail, low-level commerce and other unskilled or low-skilled environments. Yet within 100 years or so—the space of two or three generations—that community has reached a point where it sends 80 per cent. of its young people to university. That community, the Jewish community, is—in education, as in so many other areas—an example to us all. I see no reason why other minority communities might not aspire to similar levels of participation or why we as a nation should not be inspired by that community's example.

Mr. Willis: Let me refer the hon. Gentleman to another community—that of young people with disabilities. Roughly 27 per cent. of young people with registered disabilities are not in work, training or education at the age of 19. The reality behind that is that organisations—employers, colleges and schools—do not have the relevant provision to attract those students. Is not the Secretary of State putting forward a decent argument when he says that, without compulsion, they never will?

Michael Gove: I take the hon. Gentleman's point, but I believe that there are ways other than compulsion by which we can ensure that colleges are oriented towards the needs of people with disabilities and employers take

account of the many ways in which individuals with disabilities can contribute to the work force. Members of my own family who are living with disabilities have, partly owing to the effects of good educational backgrounds and the influence of sensitive employers, succeeded in securing employment. I believe that it is important to have an unrelenting drive to value what people living with disabilities can offer us, not just in economic terms, but in others. I take the point that many who believe in this Bill also believe that compulsion is the only way to secure that desirable end. At the moment, however, I am not convinced that the method of compulsion in the Bill is the most desirable way of achieving the ends of which the hon. Gentleman has quite rightly reminded us.

I have mentioned history and geography in respect of increasing participation in education, but it is also important, in deference to the Secretary of State, to mention economics. As well as personal conviction and social justice, economic imperatives, too, drive the case for greater participation in education. The Leitch report, to which the Secretary of State referred, is the latest in a long line of analyses of Britain's educational underperformance. With specific reference to vocational skills, we have had reports on educational underperformance going right back to 1868.

Lord Leitch is very specific about the number of jobs that he believes will be available to those without skills in 2020—just 600,000, he argues. I myself am wary about predicting with such uncanny precision the specific demand for particular types of labour in an open marketplace in 14 years' time. Some economists argue that the labour market of the future will be much more fluid than Lord Leitch envisages. However, I very much agree with the broader point that the more highly skilled and the better educated our work force—all other things being equal, as I was taught to say in my higher economics—the higher our overall productivity will be.

The Parliamentary Under-Secretary of State for Children, Schools and Families (Kevin Brennan): Ceteris paribus.

Michael Gove: Yes, ceteris paribus, as the Under-Secretary reminds me from a sedentary position. Perhaps with his knowledge of Latin he is, unlike me, a grammar school boy. Anyway, as well as increasing our productivity as a nation, a higher level of educational participation will help us meet and master globalisation. The process of globalisation is leading to increased specialisation within markets and between countries, so those economies with highly skilled work forces can adapt and benefit more.

Ms Butler: I congratulate the hon. Gentleman on a great speech. He is building up to a conclusion that the Opposition must support the Bill. Am I correct?

Michael Gove: I am grateful that the hon. Lady is enjoying the speech. I am seeking to make it clear that we believe the goal of increasing educational participation to be a good one. As I mentioned at the beginning, however, there is a difference between recognising that something is desirable and being concerned about the means that are used along the way to achieve that. With deference to the Labour party, I might call it the "Iraq test". We all recognise the desirability of removing Saddam Hussein, but how something like that is done can be crucial. *[Interruption.]* I fear that the Secretary of State was once again quoting the right hon. Member for Coventry, North-East (Mr. Ainsworth), but, I suspect, very much sotto voce—that is Latin too, is it not?

If we can get back to English, the pace of economic change and globalisation places an increasing premium not just on a more skilled work force overall but on ensuring that skills are distributed as widely as possible across the work force. As the pace of economic change is being driven by innovation and by the human brain achieving amazing things technologically and scientifically, brain power increasingly dictates destiny. Therefore, we should do everything that we can to harness every individual's intellectual potential.

I should add one other rider to the economic arguments in favour of increasing educational participation. There are those who argue that educational achievement is primarily a positional good—a way of demarcating people's position in a hierarchy so as to secure a better reward proportionate to that of those below them. Those who make that argument contend that qualifications are basically a way of separating sheep from goats. I reject that case. I believe that the more people who have acquired meaningful qualifications, the better. There should be no arbitrary cap on the number who might acquire any qualification, and the creation of communities and a society in which learning is highly valued and knowledge widely dispersed is enriching for everyone.

Mr. Boswell: My hon. Friend is making a distinguished and very interesting speech. Does he agree that one of the worst aspects of a drift in the standards of attainment in qualifications is that it lets down the people who think that they have done really well, when in fact they have not, and they think that opportunities will be open to them when, in reality, they will remain closed to them?

Michael Gove: My hon. Friend, who has a distinguished record in higher education, makes a very good point about the importance of ensuring that the standards of qualifications remain up to scratch. To be fair to the Secretary of State, which is always my aim, some of his announcements about the Qualifications and Curriculum Authority are intended to achieve that goal. Whether or not they live up to the advance billing remains to be seen, but as with that change and this Bill, I am sure that his heart is in the right place.

Ms Butler: Is your heart in the right place?

Michael Gove: It is up to the hon. Lady to decide.

As I was arguing, the more people who secure high-level qualifications, the more room there is for collaboration intellectually, the stronger the networks that generate innovation, and the more opportunities are open to every individual. Therefore, generating higher participation in education and making opportunity more equal threaten no one and enrich our whole society. In that respect, and in so far as this Bill is intended to express a national aspiration to increase participation, that is a noble aim.

[Michael Gove]

That brings me to my second test: does the Bill do violence to any valuable principle? That takes us to the heart of the whole question of compulsion. At the weekend, the leader of the Liberal Democrats, the current Member for Sheffield, Hallam (Mr. Clegg), made a very good speech—

Mr. Laws: Excellent.

Michael Gove: Excellent, some would say—I think that it was very good; I would give it a B-plus. In it, he defined two axes of politics—progressive and non-progressive, liberal and anti-liberal. I would argue, and have argued, that working for higher levels of participation in education is progressive, but making anything compulsory is, almost by definition, unlikely to be liberal. Before discussing the practicalities of what the Bill proposes in terms of compulsion, and since this is the Second Reading, I want to explore the question of the principle.

The Bill places a new duty specifically on 16 and 17-year-olds to participate in education or training. In that respect, as I am sure that the Under-Secretary, the hon. Member for Cardiff, West (Kevin Brennan) understands, it is qualitatively different from previous historic changes to the school leaving age. When previous changes were made—all, it must be said, by majority Conservative Administrations—the duty rested on parents to ensure that their children were being educated, and for very good reasons. Governments were legislating to protect children from the pressures—economic, social, cultural or whatever—which might have drawn them out of school prematurely. Those Conservative Governments, and their Liberal allies and supporters—I should say, for the benefit of the hon. Member for Yeovil (Mr. Laws) that we are talking about history: I refer to Conservative Governments and their then Liberal allies and supporters—they recognised that children were not yet in a position to decide on their own future. They had not yet reached an age at which they could freely consent to a particular course of action, so they needed to be shielded. The law ensured that no child could be pressurised out of education before being ready to make the decision for himself. That was a protective measure.

Today, we increasingly recognise that 16 is the age at which young people can take control of their destiny. It is an age at which an individual can marry, pay taxes, volunteer for military service, consent to sexual relations and so on. Indeed, I learned at the weekend that it is now the age at which the Leader of the House would like young people to vote for the first time. It is therefore ironic—I put it no more strongly—that just as social trends are moving towards giving individuals more freedom, autonomy and respect at 16, the Government propose to deny freedom and autonomy in respect of education or employment, and the Government recognise that.

Angela Watkinson (Upminster) (Con): Does my hon. Friend acknowledge that that age group could include parents? People aged 16, and sometimes younger, have produced children of their own, but they will be put in the same category for the purposes of the legislation.

Michael Gove: My hon. Friend makes a good point. We are all concerned about the rate of teenage pregnancy, and I noted over Christmas that Government efforts to reduce it had not been as successful as they might have been. I think proposals in the Bill attempt to deal with that concern—we will test their robustness in Committee, but, as I have maintained throughout, I do not doubt that the Government's heart is in the right place—but the Government, or rather the draftsmen, recognise that the legislation is qualitatively different from what has been done before. The state is now taking on itself more power to direct and regulate the lives of young adults.

The Secretary of State's view seems to be that this curtailment of liberty serves the greater good, but he did not give an answer to the hon. Member for Yeovil when he asked about that. He responded by saying that he disagreed, but did not produce an argument.

Kelvin Hopkins (Luton, North) (Lab) *rose*—

Michael Gove: We may now hear an argument from the hon. Member for Luton, North.

Kelvin Hopkins: The hon. Gentleman is making rather glib use of the term "liberty". I am sure he will recall the works of Sir Isaiah Berlin, who spoke of the double concept of liberty as something that must be promoted by society as well as something that is provided by the absence of control. If young people are allowed to fester at 16 with no qualifications and no skills, they may be free in one sense but they will be imprisoned in another.

Michael Gove: That is a very noble point, but I think the hon. Gentleman misunderstands Sir Isaiah Berlin. It is reassuring to hear a Fellow of All Souls quoted in the debate, but one of the characteristics of Isaiah Berlin was that he made a key distinction between "freedom from" and "freedom to". We absolutely believe in freedom to participate in all forms of education for everyone aged 16 and beyond, but another thing in which Opposition Members—both Liberal Democrats and Conservatives—believe is freedom from unnecessary state constraint and coercion. One of the key arguments is that the burden of responsibility rests on the Government whenever there is any curtailment of liberty.

As I have said, we increasingly recognise that at the age of 16 an individual has the maturity to exercise appropriate autonomy over his or her destiny. We must therefore have compelling reasons for restricting that individual autonomy. We must extend opportunity absolutely, restricting freedom only when there is a powerful argument for doing so—

Ed Balls *rose*—

Michael Gove:—and I know that the Secretary of State will produce a powerful argument now.

Ed Balls: The CBI says that it is necessary to extend compulsory education to those aged 18. Does the hon. Gentleman think that the CBI is wrong?

Michael Gove: I am disappointed that the Secretary of State is incapable of making his own arguments and once again uses the CBI as a prop, and that he regards the CBI as an authority on all things, given that he and

I argued against membership of the exchange rate mechanism and the single currency when the CBI were on the other side.

Let me tell the Secretary of State what the CBI also says about this legislation. Like us, it is in favour of increasing participation, but it says:

"Firms offering valuable work opportunities will be discouraged"

by this legislation. It states that they will be discouraged by the duty

"to police participation and financial penalties for falling foul of the law."

It also states:

"The CBI is concerned that these new duties may deter employers from employing 16-17 year olds, especially when they can move to recruit unqualified over 18 year olds or well qualified migrant workers. This would result in fewer opportunities for young people which provide valuable on the job training and help develop essential life skills."

The CBI is thus arguing against aspects of the legislation, so when the Secretary of State prays in aid the CBI he should be careful to do justice to the full breadth of all its arguments.

Ed Balls: I am sure that people on both sides of the House will try to avoid being glib. In response to our Green Paper, the CBI stated:

"Not all CBI members were fully supportive of the Government's proposals".

However, it also said:

"The CBI has undertaken extensive consultation with members and there is a general acceptance that the Government's proposal for raising the age for compulsory participation in education or training to 18 is a necessary step."

So, my argument is that the CBI says that this measure is necessary. Does the hon. Gentleman agree or disagree with the CBI's consultation?

Michael Gove: We first asked the Secretary of State to come up with his own arguments, but he could not do so and relied on the CBI. He then said that the CBI was wholly in favour, but we now discover from him that only a proportion of people in the CBI are in favour. When I cite the CBI's arguments showing that it has well-founded and specific concerns about the legislation, the Secretary of State chooses not to answer the point. Perhaps the Minister for Schools and Learners will answer it when the Bill reaches Committee, because the Secretary of State has failed to do so today.

One of the key things is that the Secretary of State has twice failed to make an argument. He failed to make an argument in response to the hon. Member for Yeovil and he failed to explain why he thinks that this suppression of liberty is proportionate and likely to prove effective.

Mr. Flello: I am listening with interest to the hon. Gentleman's speech. Will he clarify something for me? He seems to be saying that at the age of 16 or 17—below the age of majority—society deems that a young person is not mature enough to buy alcohol or cigarettes, but is mature enough to decide how they should receive their education, which will affect the whole of their life. I am curious as to why the age of majority is 18, yet a young person should be given the responsibility, as well as the right, in those couple of years to decide how their future might pan out.

Michael Gove: If the hon. Gentleman takes that view, he should take the matter up with the Leader of the House, who believes that 16 is an appropriate age at which individuals should vote. I hesitate to step into an internal Labour party argument about when individuals should have freedom and autonomy. I merely make the point that when society is increasingly recognising that 16-year-olds should exercise freedom and autonomy, it is ironic—I put it no more strongly than that—that the Government should take a different view.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op) *rose—*

Mr. Brian Binley (Northampton, South) (Con) *rose—*

Michael Gove: I shall give way to the Chairman of the Select Committee on Children, Schools and Families, and then to my hon. Friend.

Mr. Sheerman: Before we got on to the discussion about the CBI, the Opposition spokesman was making a useful and important point. May I clarify something, because I am most interested in this point in the context of the Select Committee? Was he saying that as far as he and the Conservative party are concerned a child ceases to be a child at 16? I do not agree with that. He should not throw back at me what the Leader of the House says, because I do not agree with her. The question of the age at which a child ceases to be a child is important.

Michael Gove: That is a very important question. My view is that we are increasingly recognising that at age 16 someone is a young adult, and we have to show more respect to individuals at that point. That is not just my argument: it is the argument of a variety of organisations that work with young people. We have to show increasing respect for the autonomy of young people, and 16 is increasingly an age at which we recognise that that autonomy can be exercised. We recognise that we have a sliding scale of freedoms and entitlements at different ages—17 for driving, and 18 for voting and, as the hon. Member for Stoke-on-Trent, South (Mr. Flello) pointed out, for buying alcohol and tobacco.

As I said, the Leader of the House is leading the growing consensus that 16 is the age at which we can confer young adult status on someone. That is recognised in the drafting of the Bill, which places the primary duty on the 16 and 17-year-old, rather than on their parents.

Mr. Binley: Does my hon. Friend agree that the Secretary of State is clutching at straws when he uses the CBI's comments as an argument for industry and business in this country generally, because it represents a very small minority of businesses, mostly the very large businesses to which costs are proportionately less important than to small and medium-sized enterprises? The cost of policing will be massive for many SMEs.

Michael Gove: My hon. Friend—*[Interruption.]* My hon. Friend has more direct experience of running small businesses than the Secretary of State or the

[Michael Gove]

Minister of State and should therefore be listened to with respect by them—*[Interruption.]* It is all very well for the Secretary of State to laugh, but my hon. Friend has direct experience of providing employment to all sorts of people. He has had a distinguished career in small business and it would behove the Secretary of the State to treat his interventions with more respect.

Ed Balls: In my speech I read out the comments of both the CBI and the British Chambers of Commerce, and I agree with them. Indeed, many hon. Members would agree that the BCC is the best representative of the small and medium-sized business community, alongside the Federation of Small Businesses. The BCC has also said that compulsion until 18 is necessary for the economic future of our country. I am showing no disrespect to that business community.

Michael Gove: The Secretary of State certainly showed disrespect to my hon. Friend, but I shall take that intervention as an apology to him.

More appropriately, I will emphasise that my hon. Friend was making a valid argument. The CBI is a valued voice in the debate on business, but it tends to speak disproportionately for those larger businesses that can more easily absorb the additional costs of the regulation that the Bill contains.

Phil Wilson (Sedgefield) (Lab): Will the hon. Gentleman give way?

Michael Gove: I wish to make a little more progress now.

I should refer at this stage to one curious consequence of what is proposed. Under this legislation, young people will be considered to be in education only if they are studying for a QCA-recognised qualification. A number of independent schools, and others, are currently dissatisfied with the curriculum and are developing, or have developed, their own qualifications and examinations, such as the iGCSE and the Cambridge pre-U. If a young person were studying for those qualifications, with their parents' permission and in a respectable school, would that mean that they were breaking the law? Would that mean, for example, that the whole top stream at Winchester were criminals? *[Interruption.]* I know that there are some Labour Members who think the very existence of a top stream at Winchester is inherently criminal, but in drawing attention to that potential anomaly I just wanted to emphasise the potential existence of many flaws and many potential restrictions on liberty in the Bill. What about individuals who want to join and play for sporting teams? What about those who have obtained qualifications and wish to enjoy a gap year travelling or volunteering? We will seek clarification of every area in Committee, and if we receive satisfaction from the Government we will be delighted.

My third test is how effective the Government's proposals are likely to be in practice. I have expressed my scepticism that compulsion, as the Government are proceeding with it, is quite the best way to secure the greatest level of fruitful participation in education. It is said in the Army that a volunteer is worth 10 pressed men. It is an old saw, but we all know that you can lead a horse to water, but you cannot make it drink. More broadly, anyone involved in education will know that an effective precondition for successful teaching is a willingness on the part of the student to learn. The presence of sullen conscripts in a classroom or learning setting, who resent being there, is unlikely to lead to their sudden conversion to the joys of learning, particularly if their previous experience of learning has been unhappy. Indeed, their presence is unlikely to be conducive to creating a calm and purposeful environment for all those who do want to learn. Given the present high levels of truancy pre-16, with the numbers increasing every year from year 8, the task of enforcing attendance post-16 will certainly be a challenge. The priority should be to ensure that we can provide the right incentives and encouragements to persuade young people to participate in education for as long as possible.

The Government have sometimes appeared to believe that any questions about their preferred method of proceeding spring from bad faith or some reactionary desire to limit opportunity, but the range of voices raised in connection with the proposal makes nonsense of any such thought. From the British Youth Council to the Children's Rights Alliance and from Rainer to the Edge foundation, organisations that exist to champion young people's rights and to provide a better vocational education for all have concerns. They all point out that unless disaffection is tackled before 16, the Government's strategy will not succeed, and that an approach based on coercion will be less successful than one that places incentives at its heart.

Such organisations are not alone in raising concerns; a variety of influential educational voices have also issued warnings. One figure has warned that the raising of the school leaving age should be seen only as a "symbol" rather than a punitive measure. Another warned that

"this will work only if the levels of overall literacy and numeracy from the early years through primary and secondary schools are raised for those currently underachieving."—[*Official Report, House of Lords*, 8 November 2007; Vol. 696, c. 184.]

That figure was Baroness Morgan of Huyton, formerly an adviser, of course, to Tony Blair.

What about this argument:

"young people already have a right to education or training, which many ignore, and compulsion means fines or imprisonment. Far better to focus on getting the choice of qualifications...right before requiring compulsion"?

That was Conor Ryan, formerly an adviser to Tony Blair. Another quotation states the person's recognition that the measure

"will amount to nothing unless all the component parts"—

of education provision—

"are making a reality of near-universal participation by those ages by the time we come to raise the participation age...It is important that the actual raising of the participation age is...a formal change reflecting practice that is already taking place and is not...a new, punitive regime."—[*Official Report, House of Lords*, 8 November 2007; Vol. 696, c. 234.]

That was said by Lord Adonis, a Minister in the Department for Children, Schools and Families and formerly an adviser to Tony Blair. Then, of course, this point was made:

"we need to look at why those young people have copped out of school, why they truant, why they find the traditional education system unacceptable...the idea...that deeply damaged young men and women could somehow be fined and it would make them go into education or training. I think it is cloud cuckoo land."

That was, of course, the right hon. Member for Sheffield, Brightside (Mr. Blunkett), who was a Minister under Tony Blair. We can see a clear Blairite analysis of the legislation—one with which I must say I have some sympathy—that stresses the need to avoid a punitive approach.

The Minister for Schools and Learners (Jim Knight): I agree that we need to ensure that everything is right before the age of 16 in order to engage young people. However, does the hon. Gentleman think that it is possible to reach 100 per cent. participation without the galvanising effect of compulsion on the professionals who work with young people? If he does not and if he thinks that we could reach, say, 90 per cent., does he agree that that last 10 per cent. are the ones who could benefit most? If so, what would he do to get that last 10 per cent. into education or training to get all the benefits for their outcomes that that would give them?

Michael Gove: Does the Minister believe that with compulsion we will secure 100 per cent. attendance at ages 17 and 18, given that we already have levels of truancy and unauthorised absence that mean that about one in 10 of those aged 16 do not attend? I am happy to work with the Minister and the Secretary of State to maximise attendance and provide incentives.

I believe that the answer is to ensure at the beginning of schooling that every child who can is learning to read, so that they can fruitfully participate in education. I also believe that the answer is to get the vocational and academic offer right, so that we can ensure that the maximum number go down the academic route and that the vocational offer does not, as at the moment, leave far too many individuals dissatisfied. Excellence should not be rationed to academic or vocational routes. Unlike the Secretary of State, I believe that many more people should do A-levels and go to university.

Mr. Sheerman: There are reservations about the sanctions that can be introduced in legislation, but the hon. Gentleman cited someone's comments about imprisonment. Nothing in the Bill would lead to imprisonment—that should go on the record now. Nothing in the Bill will lead to a student who does not undertake training or education going to prison.

Michael Gove: I am grateful to the Chairman of the Select Committee. I should point out that the individual who raised the matter was the former special adviser to the then Secretary of State, the right hon. Member for Sheffield, Brightside, and a former adviser to the Prime Minister on education—not a negligible figure.

The primary method of enforcement is fines. What will the state do in the case of non-payment? I am genuinely curious about what would happen if persistent refuseniks declined absolutely to pay any fine because they were so disaffected with the system and unhappy to go into education. In those circumstances, would a custodial sentence be imposed, as often happens with persistent non-payment of fines?

Ed Balls: No.

Michael Gove: That raises the question of whether the system is one of genuinely strong enforcement.

Mr. Ellwood: Can my hon. Friend update the House on how well the Government are meeting their truancy targets?

Michael Gove: My hon. Friend makes a good point. As I said earlier, approximately one in 10 of those who should be in education at 16 are absent in an unauthorised fashion.

Mr. Heald: Does my hon. Friend agree that it would require a significant change in the law for a court not to be able to impose imprisonment for failing to pay a fine, which is contempt of court? Perhaps the Secretary of State has some extra information that he would like to give us, but, on the face of it, his assertion is curious.

Michael Gove: My hon. Friend, who has considerable legal and constitutional experience, makes a good point. I am genuinely curious about the Government's position. Can people who deliberately refuse to pay a fine because they consider it to be unjustified evade sentencing? If so, what effective sanction is there? What deterrent exists to ensure that someone will attend?

Jim Knight: Obviously, we will discuss the matter in Committee. However, to help the House, I point out that the matter would be referred to the youth court and that the new youth default order process, which is also going through Parliament, would come into effect. None of the options available to the youth court under that process includes imprisonment.

Michael Gove: That raises the question of why individuals who are determined not to attend should comply. We will leave it for Committee, but the ultimate sanction is an open question in the minds of many of my hon. Friends and, I suspect, of a few Labour Back Benchers.

The point is important because the Secretary of State gave the example of New Brunswick, which is a relatively novel experiment in education. An academic analysis of what happened in New Brunswick stressed that weak enforcement secured only a marginal increase in participation in education. It is a tough question for the Government. If they have only weak enforcement, the additional number attending will be small, but a system of strong enforcement raises the question of whether vulnerable and damaged young people will be criminalised and potentially face custody.

Ed Balls *rose—*

Michael Gove: Perhaps we can get enlightenment at last from the Secretary of State.

Ed Balls: I am happy to give clarification, though the subject is for Committee.

Under the court's normal powers, a range of measures is available. They include an attachment of earnings order, which will stay with the young person. Under the new youth default order, measures could be an unpaid work requirement, a curfew or an attendance centre requirement for any young person who fails to pay a fine. Custody for under-18s is the one measure that will not be open to the courts as a means of fine enforcement. However, short of custody, a range of options is on offer. They will be a last resort for young people who deliberately flout attendance orders and have no good reason for doing that. Clearly, tough sanctions are available to the courts.

Michael Gove: Clearly, the Secretary of State has still not answered the question. We look forward to a proper answer in Committee. However, I believe that an individual who is determined not to be in education or pay fines will also be determined to flout the orders. At what point will the state use coercive power to ensure that the individual is punished by restraining their liberty and placing them in custody? If that cannot happen, there is no effective deterrent. That is a hole in the measure's heart. Weak enforcement does not secure greater participation and strong enforcement risks making criminals of those individuals.

Mr. Frank Field: That part of the Bill is immensely important, and the hon. Gentleman might know that I also have doubts about the compulsory aspect. He is making a powerful case, as did the Secretary of State, about how we fail some of the poorest children in our communities. Although he challenges the Secretary of State for not replying, we have not learned a great deal from the hon. Gentleman about how a Conservative Government would change things for the poorest children in our society. This may not be the right time, but I make this plea—that he bid for an Opposition day debate on the subject.

Michael Gove: I should be absolutely delighted to have such a debate, whether in Opposition or Government time. I always enjoy dialogue with the right hon. Gentleman. We have proposed differential funding, as have the Liberal Democrats, to favour children from the most disadvantaged backgrounds, and we are anxious in particular that the testing regime should be changed to ensure that every child who can is reading by the age of six, in order to deal with the epidemic of illiteracy.

Mr. Field: The debate must go beyond concentrating more resources on the poorest children. If they do not go to school after the age of 12, as many poorer children do not, there is little point talking about concentrating extra resources on them, as schools will just spend the money on somebody else.

Michael Gove: That is an interesting point. I suspect that it is part of another debate, which I shall enjoy having with the right hon. Gentleman whenever the opportunity arises.

I am conscious that I have taken a great deal of time and trespassed on the House's patience. I have done so in order to take as many interventions as possible—I do not believe that I have refused a single one—but I recognise that many Back Benchers wish to take part in the debate, so with your permission, Madam Deputy Speaker, I shall bring down the guillotine on interventions. I apologise to those who still wish to intervene. Perhaps there will be another opportunity for them to speak.

On ensuring that participation is maximised, I have pointed out the weaknesses so far in the case being made for the Government's strategy. There are others as well. We know that the Government are committed to increasing the number of apprenticeships. We also know, however, that apprenticeships offered by private sector organisations such as BT are massively oversubscribed, whereas apprenticeships sponsored by the Government, sadly, do not have the same completion levels. Unless the Government can improve their vocational offerings—unless they can make apprenticeships more attractive, increase the workplace element and ensure that they become a better route to work for those who take them—there will still be insufficient incentive for many young people to pursue what could, in the right hands, be a very attractive course.

Perhaps this is a matter for Committee, but we are anxious to ensure that increased participation is the goal. We recognise that international comparisons can teach us much, but in the economy most similar to ours, Australia—in both Western Australia and Queensland—people can satisfy the terms of the legislation by continuing to work full-time without training. It would be interesting to hear the Government's arguments why an individual in fruitful employment who might wish to postpone training until after 18 should be criminalised. I am sure that the Government have an answer; I look forward to hearing it. One of our key concerns is that the Bill may price 16 and 17-year-olds out of the marketplace as a result of the costs of compliance, because every firm that hires them will have to monitor where they are when they go to college and find a replacement for them during the 20 per cent. of the working week when they are not there. The additional costs will be considerable. As I pointed out earlier, the CBI argues that firms offering valuable work opportunities will be discouraged from offering jobs by the duties to police participation.

Ed Balls *indicated dissent.*

Michael Gove: The Secretary of State cannot shake his head—that is what the CBI argues. It is specifically concerned that the new duties may deter employers from employing young people, and it argues that the jobs may go to older individuals or people from other countries. As my hon. Friend the Member for Northampton, South (Mr. Binley) pointed out, the CBI represents larger firms. They may be able to absorb the costs, but 80 per cent. of 16 and 17-year-olds work in smaller firms, where it will be more difficult to do so. We must therefore ensure that any regulation of small business is as light-touch as possible. We will table amendments in Committee to ensure that the concerns of the CBI and others are met.

Our approach to legislation is guided by our desire to look beyond the hype and publicity, and to get to the nub of the proposals. We are committed to doing what we can to encourage the maximum level of fruitful

participation in education, helping as many people as possible to acquire skills and enhance their qualifications. Our principal concern is that the Government have not concentrated sufficiently on incentives, and are over-reliant on a particular path of compulsion. We want to ensure in Committee that there is appropriate time for scrutiny so that the Government can clear up ambiguities, resolve tensions and perhaps even accept amendments that secure the better operation of our education system. I look forward to hearing more from Ministers as the Bill makes its hopefully—unimpeded, I hope—way towards Committee.

Several hon. Members *rose—*

Madam Deputy Speaker (Sylvia Heal): May I remind all right hon. and hon. Members that Mr. Speaker has imposed a 15-minute time limit on Back Benchers' contributions?

5 pm

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): Given the time constraints on Back Benchers, although the time allowed is longer than usual, I shall plunge in and say that this debate will be regarded as an historic occasion. Historians will, I hope, look at it and suggest that something rather important happened. As long as we have a successful vote at the end of the debate, it will be regarded as a step in the march—a slow one, I suspect—towards the Bill becoming an Act.

I have a strong personal involvement in the Bill, and I pressed the hon. Member for Surrey Heath (Michael Gove) on the age at which someone ceases to be a child and becomes an adult, because it is an important point. I have always believed—Opposition Members, including Front Benchers, who have served on the Select Committees that I have chaired know that I passionately believe in this—that a child is still a child until 18. Every child matters, and the outcomes of Every Child Matters should apply to every young person until they are 18. There is a great danger in society of our diminishing the number of years during which a child is considered to be a child. There is a serious challenge, and I agree with some of the voices that suggest that childhood is shrinking: we want children to develop earlier, to go to school and formal lessons earlier; indeed, we want to make them adults before they have the experience and judgment to become adults. I, for one, would not vote to reduce the age of suffrage to 16.

There has been a long campaign on Leitch. Lord Leitch's review of skills is an important document, and running through it are two strands that we all consider important. First, an individual's potential should be fully exploited, and we should be able to extend the period of time in which they find what they are good at, and discover what qualities they have and apply them. They cannot do so without extremely good help and advice, and the more inquiries the Children, Schools and Families Committee and its predecessor carried out, the more I realised that the quality of teaching and advice that young people receive during their development is important. To be fair, individual potential and its fulfilment are what brought most of us into the House. In my generation, I saw the waste of many people with whom I went to school—and I suspect that you did, too, Madam Deputy Speaker—who did not have my opportunities. The vast majority did not have the opportunity to exploit their potential.

A secondary aspect of Leitch is the fact that we want a more effective and prosperous economy and society. The more educated people are, the less prone they are to criminal and antisocial behaviour; the more they tend to volunteer; and the more they become multidimensional members of society, which is what we want. To develop Marcuse's concept, it is not one-dimensional man, but multidimensional men and women whom we should seek to produce.

My personal involvement goes back to May when, supported by some Members who are in the House this afternoon, I introduced a private Member's Bill; one of the hon. Members who supported that Bill is sitting on the Opposition Front Bench today. We tried in a different way, because it was a private Member's Bill, to change what happens to young people at 16 and to introduce a system of proper assessment running through to 16. Under that Bill, there would have been a proper assessment at 16 of the abilities and potential of young people. Even today there is still the possibility of people just fading away from education. They may have some exam results, but what is needed is a full evaluation of what they have contributed not just academically but to the life of the school and to their own development. That still does not exist. This Bill may move us in that direction.

I hope that hon. Members on both sides of the House will remember that this is a Bill to promote the idea of young people staying in education, training or work-based learning until 18. It is not forcing young people to stay on in school until they are 18. That is not the purpose of the Bill. I would not be supporting it if it were.

If we take the long view, the interesting and refreshing thing about the Bill is that, unlike most Bills, which come through to make a law that will affect our constituents' lives in a few months, so that we start running the country in a different way, it will have a long run-in—to 2013 and 2015. There is plenty of scope. There are some real problems around that; we would be daft if we did not accept that. Some have been articulated already, but the fact of the matter is that we have time to get it right. We have time to do more research, and to do pilots.

I suggested to the Secretary of State outside this place recently that we could set up a commission to look at the ways in which we can make the value of what young people do post-16—

Ms Butler: Does my hon. Friend agree that this Bill, along with the children's plan and the Every Child Matters programme, is helping us to undo the destruction of the Tory years in this country?

Mr. Sheerman: I hear what my hon. Friend, who is a member of our Committee, says. I understand where she is coming from, but I am trying today to get away from that and from saying, "They did that so we are doing this." If she will forgive me, therefore, I will not follow her down that path. I want to make the broader point that we have time to get this important change in our lives and fundamental change in our society right. As I said to the Secretary of State, we could have a

[Mr. Sheerman]

commission of talented employers and people in public life—all sorts of people—to explore some of the things that we could do to keep young people involved in education and training. Young people do not seem to be accepting that at the moment. I suggested that, in parallel, we should have a shadow commission of young people planning what would work for them. That will be important.

The next point I want to make is a serious one. I want this fundamental change in legislation affecting young people to change the culture. That is what it is about. The hon. Member for Surrey Heath, who spoke for the Opposition, made quite a good speech but I thought that he missed the fact that we have a chance today to change the culture of our society and the parameters of how we start—what we think is a civilised thing for people up to 18 to do.

Most of the people with whom many people in the House mix will have had the opportunity to fulfil their aspirations until 18. For goodness' sake, some of us have children who have not gone into paid employment until 26, which is the case with my youngest daughter. There is nothing wrong with that. I celebrate the fact that my children, like those of many Members, will be able to carry on having a valuable learning experience that makes them highly relevant to our society and enables them to enjoy a good life, but I want that for the poorest people in my constituency, too. I want everyone in the country to have that opportunity, and unless there is a change in the law it will not happen for a high proportion of people—about a third.

Mr. Flello: Does my hon. Friend agree that one way to make sure that young people from more challenged family backgrounds have those opportunities is to have good counselling services in schools and educational establishments to help them through some of the problems that stop them developing their talents?

Mr. Sheerman: My hon. Friend tempts me down a path that I will take. One of my few reservations about the Bill relates to the provisions on information, guidance and advice. My private Member's Bill dealt with the quality of such information. I co-chair the Skills Commission, which is looking into information, guidance and advice, because those services are not too good at present. There is some good advice, and there are some good Connexions services, but there is a big black hole in the middle.

A revolutionary change is going on. Many young people, and older people, now find information, guidance and advice on the internet from sites such as Hotcourses and Monster. There are many innovative sources of advice on careers and personal development. There has been a revolution in positive psychology and life coaching. When the Prime Minister was still Chancellor of the Exchequer, I once told him that I wanted a life coach and a personal trainer for every young person in the country. He looked at me a little oddly, but that may have been because he had just sat next to a life coach at a long, boring dinner.

We need high-quality information, guidance and advice. The last time local authorities had responsibility for those services they did not do very well, so we must make sure that they do well this time. I hear that many local authorities are not even putting services out to tender, so I want to look carefully at the quality of information, guidance and advice under the Bill. It must be of the very best, because all barriers can be transcended if people are switched on to the internet and have access to positive psychology experts and life coaches. That is what I want for all young people. Developing world skills is a serious challenge and I want to change the culture in which we operate.

Leitch said that by 2020 the number of unskilled jobs—3.4 million at present—will be down to 600,000, and there will be fewer and fewer such jobs.

Mr. Frank Field: I accept my hon. Friend's goal that people should expand their horizons and fulfil their best self. He tells us that there will be a dramatic drop in the number of unskilled jobs, yet there has been a massive increase in the economy since 2004 and most of the new jobs—most of which are unskilled—are going to newcomers, so if his prediction is fulfilled something will be going wrong with British industry. Does he agree?

Mr. Sheerman: I shall have to look more closely at the research because it is contradictory, but I believe—as the Government are supposed to do—in evidence-based policy, so my right hon. Friend leads me nicely to my next point.

Professor Alison Wolf is a leading critic of the Bill. I have worked with her over the years on a number of issues and have much respect for her, but she and I disagree fundamentally about the Bill. However, that does not mean that we should not take her qualifications seriously. I wish she had not published her recent paper for Policy Exchange, which is well known for leaning to the right of British politics. Her report would have had more credibility if it had been published elsewhere. However, that does not gainsay the fact that she is a highly respected academic and we should take her worries and concerns seriously. But hers is not the only research; I would like it to have been published in a more academic context because an academic paper is published after peer review and gives a much more thoughtful look at the relevant issue.

We have time to look at and meet Alison Wolf's concerns in the coming period. One of the things that she harks on about a little that particularly worries me is the sort of analysis that we had when we introduced the minimum wage. People said that it would restrict employers, and I heard echoes of that from Conservative Front Benchers today. As my hon. Friends will remember, when we discussed the minimum wage, before the hon. Member for Surrey Heath came to the House, there were voices saying that it would be such a regulatory change that we were going to force people out of business and that small businesses would suffer, although big businesses would cope. That counsel of despair has not turned out to be true. It is also a counsel of despair to say that small businesses do not benefit from highly trained and skilled workers; we all do. The challenge is that we have moved to a much more highly skilled and competitive local and international economy. People expect higher standards all the time in everything—in health,

education and retailing. There have to be higher standards in every possible area of life, and that means people trained to a higher level. In one sense, we must ignore the Alison Wolf arguments and go along with the view that what I have mentioned must happen to make the change.

Wolf and others whom I have heard in recent days and weeks ignore the fact that there has been an increasingly rapid and fundamental change in what is happening in 14-to-19 education. There are a large number of students between the ages of 14 and 16 at further education colleges today. More and more such young people are partly in work experience, partly at FE college and perhaps only based at school. That has been a real change. Education for 14 to 19-year-olds is also changing rapidly. Apprenticeships are vital and we must expand them. Work-based learning is also so important. What is wrong with society when someone with a day a week of training is not employed?

In the last seconds of my contribution I want to make two quick points. First, I have worries about sanctions. Perhaps they have to be there, although I hope that they are never used. I hope that in the coming years we look carefully at opportunities to have a society in which the courses, opportunities and options are of so high a quality that we never have to touch a sanction.

Finally, I want to mention in passing special educational needs. SEN provision for 16-plus and 18-plus is a disgrace. The Bill will wake us up to giving real opportunity and choice for SEN students post-16 and post-18.

5.18 pm

Mr. David Laws (Yeovil) (LD): It is a pleasure to follow the Chairman of the Children, Schools and Families Committee; he made an interesting speech that touched on some extremely important points. I am also delighted that he mentioned Alison Wolf's excellent report, which was published at the weekend. We will all want to come back to it once we have had the chance to consider some of its detailed points in Committee.

I thank the Secretary of State, following his consensus-building speech—I think that that was the intention, although I am not sure. He passed me a biographical note about Herbert Fisher, of whom I confess I had not heard. Apparently, he was a predecessor of my hon. Friend the leader of the Liberal Democrats in Sheffield, Hallam as far back as 1916, and he advocated a Bill for compulsory education until age 14. I am not quite sure what point the Secretary of State was seeking to make. Nobody doubts that individuals aged 14 are children, and back in 1916 the voting age was 21. Are today's Liberal Democrats supposed to be influenced by the fact that somebody in one of our seats in one part of the country voted in a particular way 100 years ago?

Ed Balls: My point was that the Fisher Act advocated and legislated for part-time education to 18.

Mr. Laws: Instead of looking at Sheffield MPs in 1916, when there was a very different age of majority in very different circumstances, perhaps we should look at—perhaps the Secretary of State should be looking over his shoulder at—some of the Members who represent Sheffield today. I am advised by my hon. Friend the Member for Bristol, West (Stephen Williams), who is right about most of these things, that the right hon. Member for Sheffield, Brightside (Mr. Blunkett) represents a constituency with one of the lowest participation rates between the ages of 16 and 18 of any constituency in England. As the hon. Member for Surrey Heath (Michael Gove) noted, the right hon. Gentleman said, not 100 years ago or in 1916 but last November,

"we need to look at why these young people"

dropout,

"why they truant, why they find the traditional education system unacceptable"

the hon. Member for Surrey Heath missed out that bit of the quote. He went on to say that,

"the idea ... that deeply damaged young men and women could somehow be fined and it would make them go into education or training"

was

"cloud cuckoo land".

Kelvin Hopkins: I am sure that, like me, the hon. Gentleman has visited many schools; indeed, I have been involved in education. Does he agree that a major factor in young people's alienation from school at a very young age is a sense of failure from not getting to grips early on with elementary reading and mathematics, and that if that can be overcome such demoralisation will not take place?

Mr. Laws: The hon. Gentleman makes an excellent point. I think he is suggesting, like the right hon. Member for Sheffield, Brightside, that we need to look first at the reasons why most young people who leave school at age 16 leave the education system. That is largely a consequence of the lack of skills that they have acquired up to the age of 16, as well as other multiple disadvantages. They usually leave because of a failure to be able to exploit the existing educational opportunities. We should consider the root of those problems first.

Mr. Frank Field: Will the hon. Gentleman give way?

Mr. Laws: In a moment.

I think there is common ground in all parts of the House, certainly among Liberal Democrats, that there should be an aspiration to give young people a good education and every opportunity to stay on not only to 18 but beyond that, and to ensure that they are a success. Some of the statistics right across the country, particularly in the most deprived communities, show just how far away we are from giving people genuine educational opportunities at 16 and beyond. For example, the latest figures published by the Government show that, on the basis of their own chosen measure—the number of youngsters who get five A* to C GCSEs, including English and maths 84 per cent. of white British boys from poor families are failing to get those qualifications. We need to think about why there is such a chasm of educational disadvantage between those in the more affluent areas and those in deprived areas.

Mr. Field: I am grateful to the hon. Gentleman for not giving way immediately, because my question now makes more sense. He referred to some of these young people being damaged, and perhaps some of them are, but what struck me, when I talked to a large number of them over the summer holidays, was how intelligent they were, yet many of them had not been at school for years.

Mr. Laws: I thank the right hon. Gentleman for making that point. I am sure that he is right about the talents that many of these young people have. Later in my speech, I want to consider some of the categories who currently leave education at 16. They have very different characteristics and disadvantages, and we need to ensure that the systems that we put in place are suited to their needs, not merely to some blueprint passed down from on high by the Government, whether or not the CBI agrees with it.

I want to focus on the principal disagreement we have with the Bill, which concerns compulsion and potential criminalisation. I want to consider whether that is the right way to deliver the Government's appropriate aspirations. There are many measures in the Bill with which we agree strongly, and to which we shall return in Committee, but today we are discussing the overall principles of the Bill, which is why I want to focus on those particular points.

My view is that the compulsion and criminalisation in the Bill are not the right means to deliver the Government's objectives. Because we believe in the Bill's aspirations, and in many of its components, we are not going to divide the House on the issue of criminalisation and compulsion today. I hope, however, that we can persuade the Government over the weeks and months ahead, not only in this place but in Committee and in the other place, that they have got some key decisions wrong, and I also hope that we can secure amendments to the Bill that will make it more acceptable.

At the moment, the Bill infringes liberty, fails to address many of the real causes of educational disadvantage, and could disadvantage some young people with regard to their employment prospects. I fear that when politics students in years to come look back at the Labour Government of 1997 to 2010, they will find that this Bill—

Michael Gove: 2009.

Mr. Laws: Whether there will be a 2009 or 2010 date depends on what confidence, or foolishness, the Prime Minister has. I am not going to speculate on that. At the moment, I am a 2010 man, but the polls are very volatile at the moment.

People looking back in years to come will see in this Bill a lot of the characteristics they associate with this Government and this Prime Minister—both the good characteristics and the bad. On the good side, they will see the passion that has driven this Government right from the very beginning—or perhaps more accurately, from 1999, when the Government were first able to take action that broke from the past—which is the desire to make Britain a fairer place, and to break down the barriers of disadvantage. My party feels extremely passionate about such matters. However, we also see aspects in the Bill of what has, I fear, become more characteristic under the current Prime Minister, which is an illiberal desire to micro-manage and to believe that those in Whitehall know best. As Alison Wolf's paper shows very clearly, it is often the case that attempts to deliver improvements in services from on high in Whitehall are not only in breach of people's freedom, but also counterproductive.

I would like to start not with the practical issues related to the Bill, which are extremely important to my party, but with the issue of principle. The Bill will extend state control over many people in a significant way. It will certainly do so over 16 and 17-year-olds. It could extend control over parents, although there is confusion, or doubt, in the Government's mind about what responsibilities parents of 16 and 17-year-olds should have. It will certainly extend the obligations on local authorities and employers. The Secretary of State has sought to give the impression that there is some great consensus, which seems to consist largely of himself and the CBI—

Michael Gove: Parts of the CBI.

Mr. Laws: Indeed. No doubt the Secretary of State will be able to cite others who are in favour of this element of compulsion. However, he could have cited not only the principal Opposition parties as opponents of compulsion and criminalisation, but many other bodies with which his party has been associated in the past—in some cases, the distant past—such as the TUC, the National Union of Teachers, the Children's Society, the Professional Association of Teachers and the Children's Rights Alliance for England. All of those bodies are opposed to the way in which the Government intend to deliver what in other respects is an admirable aspiration.

In an earlier response, the Secretary of State did not do justice to the serious issue of the way in which we treat 16 and 17-year-olds in our society. They are not treated completely as individuals with adult rights, but they have many of the rights of adults. They have the power to start work, get married, be parents, or change their name; they are allowed to be pilots, to gamble, to join a trade union, to leave home and to apply for a passport. The Government are now, as the hon. Member for Surrey Heath said earlier, and as I implied in my question, proposing to give young people the vote at 16.

One wonders what the ideology is of a Government who think that young people of 16 or 17 should have the power to vote and determine the future of our country, as the Labour party does, but who also manage to hold the idea that those young people are not equipped to make judgments about their own best interests in education and training. There is an inconsistency in the Government's approach and in their attitude towards liberty that I assume must reflect a confusion in their view of the age at which young people can be considered adults. I presume that the Secretary of State was not saying that if the CBI decided it would be advantageous for young people to be in education until the ages of 19, 20 or 21, the Government would consider legislating to force people to stay in education beyond even the age of 18. I assume that a confusion about when one acquires adult rights is behind that aspect of the Bill.

We think that the measure is illiberal, that criminalising many young people in that age group will be counter-productive and that it will be difficult to pursue such issues through the courts. I also suggest to the Secretary of State not only that the Government are not yet able to keep all the youngsters whom they would like to in education until even the age of 16, but that he would be hard pressed to find any other country in the world, including those where there is compulsion, where all those in the age cohort up to 18 are in education and training.

Mr. Sheerman: I have two points. First, the hon. Gentleman seems to assume that there has been a vote in the parliamentary Labour party or the Labour party at large about votes at 16, but there has been no such vote. I am old enough to remember occasions when there was blood on the floor in debates in the Labour party, and there might be again if that issue is debated. Secondly, has his party had a vote on leaving education or training at 18?

Mr. Laws: Yes. One of the characteristics of my party, for good or for ill, is that we have votes on such issues at our democratic conferences. It is party policy to extend the vote in the way I have described. I am sorry that the Chairman of the Children, Schools and Families Committee was unwilling to acknowledge the Government's position on this matter. I was just quoting the deputy leader of the Labour party, who, as Leader of the House, too, I assume speaks with some authority on such matters.

I hope that when the Minister for Schools and Learners or the Secretary of State for Innovation, Universities and Science—[HON. MEMBERS: "Skills."] Sorry, I am still learning. I do not know how long that division will last, but I am sure that in time I will master the names of the new Departments. I hope that when the Secretary of State for Innovation, Universities and Skills sums up the debate, he will deal with the issue seriously and not simply use the rather feeble excuse that the Secretary of State for Children, Schools and Families used earlier, which is that the CBI believes that 18 is the right age. I have great respect for the CBI, but I do not think it appropriate to take our ideology or standards on basic liberties from any business lobby, however distinguished.

Mr. Heald: It is my understanding that the Liberal Democrats' position is that adulthood should start at 16—that is, that the ages for various things should be rationalised at that age. Does that thinking underpin the hon. Gentleman's argument, or is he developing it on the basis of the current age for adulthood of 18?

Mr. Laws: My thinking is that it will be extraordinarily bizarre when the Secretary of State or his representatives knock on the door of an individual who is not in employment or training but who turns out to be married, a voter and a parent, and when they tell that person that, despite all the other responsibilities that they have acquired, which they might be exercising perfectly effectively, the Government do not like the way they are managing their educational or training affairs.

Ed Balls: Will the hon. Gentleman give way?

Mr. Laws: I will give way, and then I will move on to other issues.

Ed Balls: The hon. Gentleman has some consistency. He is opposing the current reform, just as he opposed the new deal, the windfall tax, the minimum wage and tax credits—all of which, in different ways, imposed rights and responsibilities on young people or employees—but how about pensions and pension contributions? Is it illiberal to require adults to make pension contributions for their savings?

Mr. Laws: The reason I supported that legislation—which I am not sure the Secretary of State was so keen on when it started out following Lord Turner's commission, as he was attempting to sabotage it from the Back Benches—is that it contains a power to opt out. There is a power of choice in the proposals for personal accounts. If there were no power to opt out, I would ardently oppose the proposals, particularly because 50 per cent. of pensioners will in future be subject to means-testing, and automatically enrolling them in a pension scheme from which they would get no advantage would be wrong, philosophically and practically—*[Interruption.]* I am not sure whether the hon. Member for Surrey Heath is trying to intervene on me.

Michael Gove: No.

Mr. Laws: We have been stuck in this important territory for quite a while, in my speech and in those of others, and I would now like to move on to consider some of the practical issues that affect this group of young people, as they are at least as significant as others we have been discussing. I have used these issues as tests when thinking about how the proposals might be adopted in my constituency, and whether they would be effective.

We need to start by considering who constitutes this group of young people who, sadly, leave the education and training system at the age of 16 and, as a consequence, probably end up with much more limited opportunities, much more limited incomes and many other associated problems in later life. We know who these people are; we do not have to guess. They are often from highly disadvantaged backgrounds and will often have secured few or no qualifications. They might well already have a history of truancy; the truancy figures are extremely high in schools in many parts of the country, which is relevant to the issue that we are discussing. They will probably have high levels of special needs, with emotional or mental health problems in some cases. They might be single parents. There is a whole issue about how we should deal with people aged 16 or 17 who have had a child, and we shall no doubt come back to that in Committee. In some cases, they will be caring for a close relative. Sadly, many young people end up in that situation, sometimes because of terminal illness in the family. They might have a drug addiction or be involved in crime. They could be in prison.

The young people who will be affected by the Bill might also be in employment and doing extremely well, but in a small business with no accredited training provision. They might none the less be learning the

[Mr. Laws]

disciplines of the workplace and getting the motivation that they never received from an education system that sometimes seems completely irrelevant to those who do not have an orientation towards the subjects that we have been teaching in schools for a long time. The Government are, however, gradually starting to tackle that issue.

In regard to the practical needs of all those people, we must consider three issues. First, are we dealing with the real causes of their leaving the education and training system at 16? Are we focusing on dealing with the causes of the problem, rather than treating the symptoms? There are all sorts of problems in society that we could try to solve simply by passing a law to abolish the problem on paper, without actually dealing with the substance.

Alison Wolf's excellent paper, to which the Chairman of the Select Committee referred earlier, lists in one of its later chapters a whole series of schemes—some of them Government-backed—with a proven record of having real benefits in tackling educational disadvantage early. She says:

"There is no need to settle for an education policy with such poor outcomes. Well-demonstrated and highly positive benefits could be expected from using the money"

that is, the money to be spent on implementing the Bill—

"in other ways."

For example, she talks about

"intensive one-to-one reading tuition for struggling primary school children",

which has a well-proven record in dealing with educational disadvantage. She also talks about the funding of tuition in English as a second language, and about ensuring that there is an educational entitlement to the two additional years of education or training, which people will be able to take at a more flexible time. I shall return to that last point in a moment.

The hon. Member for Surrey, Heath touched on another proposal that would tackle disadvantage, which, sadly, the Government have yet to take up, and that is the pupil premium. I am glad that the Conservatives are showing some sympathy with this idea, although I am not sure that that sympathy has yet been illustrated by the shadow Chancellor providing any money to fund the proposal. Frankly, a pupil premium policy with no funding associated with it will not be effective in challenging educational disadvantage. A question that we can legitimately ask the Government is whether it is right to bring in this draconian extension of Government powers over individuals, their families and businesses without having done much more to invest in those areas and without having put in place a coherent structure for the curriculum and qualifications which meets the needs of these young people.

The second issue for Ministers is why the Government have rejected the idea of adopting a similar course in terms of aspiration, while building in more freedom and flexibility by making this an entitlement rather than an obligation at 16 to 18. It is absolutely right to see it as unacceptable that the most affluent youngsters in our society should have free education right from the age of three or four up to 18—with potentially further subsidies beyond that in higher education—when many of the most disadvantaged leave the education system at 16 without having the ability to draw down on that funding.

The Secretary of State for Innovation, Universities and Skills (Mr. John Denham): This may help me to get my thoughts together for my concluding response. The hon. Gentleman talks about extending a flexible entitlement, but has he not noticed that the Bill establishes a statutory right for funding for a first level 2 qualification throughout working life, and, indeed, a statutory right to funding for a level 3 qualification for those who are not in work up to the age of 25? The Bill thus goes considerably beyond a focus on 16 to 18-year-olds by establishing the very type of lifelong entitlement that the hon. Gentleman is asking for.

Mr. Laws: We will come back to that in Committee. I welcome those very sensible aspects of the Bill, but it is clear from Alison Wolf's report and from talking to people in the further education sector that there are some flexibilities and freedoms in respect of these entitlements that could be dealt with far more fully in the Bill, so we will seek to amend it to deal with that problem.

I put to the Secretary of State for Innovation, Universities and Skills a point put to me by many head teachers in my constituency. In expressing their views of the Bill, many of them told me that many among this small core of young people with multiple disadvantages are very difficult to engage in education beyond 16; indeed, they may have left school or disengaged completely by that age. They are the type of people we can easily end up chasing through the courts for ever and getting nowhere. However, I have been struck by how many of the same head teachers have told me that they often see the same youngsters later on in their lives—at 18, 19 and 20—much readier to engage with education and much readier to benefit from it. We will want to ensure—I believe that this is the Secretary of State's point—that those individuals have every freedom and opportunity to take up their chances then, when they are ready for it, rather than being forced down a course at 16 in order to allow the Government to publish a set of tables with a zero figure.

My former noble Friend Earl Russell, now sadly deceased, often commented in the other place on the extent to which Government legislation, particularly top-down legislation, does not deal with the world as it is in its full complexity and richness, as we try to legislate for large categories of people without thinking about the reality on the ground. When we return in Committee to the list of people likely to fall into this category, I hope that we can deal with their real circumstances, acknowledge the extent to which they may find it genuinely difficult to engage at 16 or 17 and provide them with some real choices.

I have other practical concerns, some of which are similar to those expressed by the hon. Member for Surrey Heath. I hope that we can discuss this issue seriously in Committee. I noticed the Minister for Schools and Learners nodding in recognition of the point earlier, although he was doubtless not conceding

anything by doing so. Although the bigger employers organisations can already easily supply accredited education and training for youngsters in their employment—often to a very high standard indeed—there may well be youngsters of 16 or 17 who find education a totally unrewarding experience and have no interest in engaging with it.

We saw earlier that in respect of accessing education, there are also huge transport gaps in some parts of the country. Youngsters there might be in employment that we would consider to be low-skill, and they might not be getting accreditation for it, but it might be teaching them valuable disciplines and it might lead to accreditation later. In trying, for the best of reasons, to ensure that those people have accredited qualifications, we need to be careful that we do not drive them out of the labour market and discover, as the right hon. Member for Birkenhead (Mr. Field) indicated earlier, that their jobs are taken by many of the extremely energetic and effective economic migrants who are increasingly coming here from other parts of the European Union.

In relation to the exchange between the Chairman of the Children, Schools and Families Committee and the right hon. Member for Birkenhead, it is useful to note the suggestion in Alison Wolf's report that the figures that the Government often cite about the small demand for people with no or low qualifications in the future are not based, as I understand it, on an estimate of what the demands will be, but on estimates of how many people in the labour force will have no qualifications, which is a totally different thing.

My final point is on the assessment of costs and benefits contained in the documents published with the Bill. The paper that Alison Wolf has produced challenges the Government's cost-benefit analysis, which has alleged benefits for each cohort of about £2.4 billion. She suggests that the figures are grossly optimistic and that the range of possibilities is centred around the measures not having a net benefit but potentially a cost. As we consider the Bill in Committee, I hope that we will scrutinise the Government's assumptions closely, because if Alison Wolf is correct to say that the cost-benefit analysis of the proposals is unduly optimistic, some of the other educational proposals that I mentioned earlier might have a far greater effect.

Paul Rowen (Rochdale) (LD): On that cost-benefit issue, does my hon. Friend accept that a likely effect of the compulsion will be that youngsters are put on courses that, though vocational, might be wholly inappropriate in terms of economic benefit or fitting them for the wider world?

Mr. Laws: My hon. Friend is exactly right. We must make sure that the qualifications and accreditation are relevant to the needs of young people; and that they have a real economic value. We do not want to end up with a system that simply creates paper qualifications for the sake of the Government being able to meet particular targets.

We support the aspirations in the Bill, and will give the Government the benefit of the doubt by not dividing the House on it today. We will, however, bring forward many amendments in the course of the scrutiny of the Bill. In particular, those will deal with the problems of compulsion and criminalisation, and will be based on some of our concerns about the Government's draconian and top-down approach to implementing the legislation. We hope that they will heed some of the warnings raised today in order to get a Bill that can command support and consent from both sides of the House.

5.48 pm

Mr. Geoffrey Robinson (Coventry, North-West) (Lab): I am very pleased to take part in this debate on a Bill that I am sure will be seen as historic and in a direct line from the Fisher Bill of 1918 and the Butler Bill of 1944. It is interesting to note that both those Bills commanded support throughout the House on Second Reading and were subject to a non-contested vote as they proceeded to become Acts. As a Bill of this kind obviously requires cross-party approval if it is to achieve its ambitions, I am very pleased that neither of the main Opposition parties will oppose its Second Reading. The hon. Member for Surrey Heath (Michael Gove) seems to be nodding—perhaps I misunderstood what he said, but he hoped that that would be the case.

Michael Gove *indicated assent.*

Mr. Robinson: Yes, indeed. Excellent. Then we will have unimpeded progress to the Second Reading. There are many issues to be discussed, not least those on which—rightly, in some respects—the Front-Bench spokesmen have concentrated. The possibility of the criminalisation of 16-year-olds has been raised, and my hon. Friend the Member for Huddersfield (Mr. Sheerman)—the Select Committee Chair—and others have given their views on votes for 16-year-olds. No doubt those issues will be hotly debated in Committee, and will be the subject of amendments and new clauses.

I congratulate my right hon. Friend the Secretary of State on what I consider a courageous measure, but my worry is that it poses an historic challenge to us to achieve something far beyond anything that we have achieved in the past 20 or 30 years in seeking to depoliticise this period of people's education and concentrate on the cultural aspects. We all agree that skills are vital, and Lord Leitch's report crystallised that national consensus, but I am less preoccupied with his target of the attainment of graduate status by 40 per cent. of the population than with those at the bottom end of the scale. All who have spoken so far have stressed that our real problem is the 20 per cent. who still leave school at 16 with no skills, although we have considerably increased the percentage of people who gain GCSEs. I cannot remember what the figure was before, but it is now about 71 per cent. If we are to make sense of this opportunity we must refocus our attentions as a nation through social policy, taxation policy and, not least, the education system itself.

The one disappointing aspect of the present position, around which we must somehow find a way, is the division of responsibility between my right hon. Friend the Secretary of State for Innovation, Universities and Skills and my right hon. Friend the Secretary of State for Children, Schools and Families. I happen to consider them both very sensible and

[Mr. Geoffrey Robinson]

co-operative Ministers, and I think that if they give a lead the civil servants will choose not to indulge in a turf war, but the danger exists none the less. I mean no disrespect to the civil servants concerned when I say that given the huge amounts that we spend on skills—some £11 billion a year, £7 billion being spent by the Department for Children, Schools and Families and £4 billion by the Department for Innovation, Universities and Skills—we are not receiving anything like the return that we should receive.

Mr. Gordon Marsden (Blackpool, South) (Lab): I entirely agree with the caution expressed by my hon. Friend, but would he care to comment on an exchange that I had with the previous permanent secretary at the Department for Education and Skills in the Select Committee when the splitting of the Department was announced? When he said that there was good co-operation at the top, I pointed out that it was what happened lower down in the structure that was crucial, and the way in which middle-ranking civil servants in the two new Departments co-operated with each other.

Mr. Robinson: I will follow my hon. Friend down that interesting route to some extent, but not too far. I merely say that it is not enough for Ministers to agree, and that forcing that agreement down the line will be a great deal more difficult. However, it goes deeper even than that. We simply do not have the experience of successful policies to solve the terrible problem of under-achievement and the absence of skills among 20 per cent. of youngsters leaving school. That is a scar on the national conscience, and on our competence to spend money. The money is there. It is not a question of piling in more money, which I think would be the worst thing we could do. What we need is a hard look at the issue, and I feel that the Government are bound to take a hard look at it.

The fact that the Government have made continuing education a statutory requirement for the children concerned, with all the problems to which that may lead, is not my preoccupation today. I want to focus on how we can make the Bill a success in the next five years, not on how we can get it through the House. The Government have entered into a statutory obligation to make apprenticeships available to all those going through the school system—particularly those aged between 16 and 18—who have met the minimum requirements. At this point, I see no real prospect of the Government's making that legal engagement a reality.

We should look back at what has been achieved so far, and look forward to the numbers that will be involved in the process that the Government propose. I do not know the precise numbers—I do not think they have been published—but I know that in 2005-06 there were 155,000 apprenticeships, an increase of about 1 per cent. on the previous year. As was observed in the other place, we are now seeking to increase the proportion of 16 to18-year-olds in apprenticeships from 7 or 8 per cent. to 20 per cent. in five years. That is a threefold increase.

The task is huge, and it is one that the Government have imposed on themselves a legal obligation to fulfil. That is a serious commitment. We have two Ministers responsible for fulfilling it, and we have a record that, in itself, holds out little prospect of its being achieved. It is important for us to understand the position from which we start, and recognise the size of the problem that we must overcome. I believe that we can do it—certainly it can be done—but if all we do is come up with more schemes, more money and more new initiatives, we will not succeed.

I have a suggestion, which may or may not be appropriate for inclusion in amendments or new clauses in Committee. I propose, merely for consideration, that we remove the task from the Departments, although of course progress would be reported to them. What we need is a national apprenticeships service headed by someone with real fire in his or her belly, whose life would be dedicated to delivering this obligation. The service could be carved out of the Learning and Skills Council—I do not care where it comes from—but it should have its own budget and report very clearly to both Secretaries of State, as well as reporting annually to the House. It should state its progress towards achieving the Government's five-year objective. No doubt many objections will be raised to my proposal, but I think that the Government should give it fair consideration. If we can find the right people to be members of the organisation, give it a budget and allow it freedom to go out and do the things that are necessary, there may be some hope of our achieving the target.

Two fundamental things are necessary. First, we must re-establish a decent counselling and advisory service for schools. I do not want to go into the history of what happened to the old service, and I have not followed it in great detail, but those who have done so will confirm that it collapsed, and under this and earlier Governments has not been restored to anything like the required level. Secondly, we shall need a proselytising effort by businesses. I do not mean just the large companies, although the hon. Member for Surrey Heath mentioned BT, which has a fantastic apprenticeship scheme. The big companies can certainly do more, but we need action through the CBI, the British Chambers of Commerce and the Federation of Small Businesses—serious action throughout the country.

We must end the vicious circle, the Catch 22, whereby employers say they will not play as big a role as they should because the kids are not ready, as they cannot read or write—which, unfortunately, is largely true—while the schools say they cannot find local companies, or even big companies, offering anywhere near the number of places that they need for the children who want apprenticeships, which is also true. Our starting point should be the establishment of the counselling and advisory service, but there should also be work among industries, small and big, and in schools.

I also recommend that several other things be done more widely throughout the country; they should be considered in Committee. If we are serious about getting employers to act in this area, some subsidy should be available to them to engage youngsters in proper apprenticeships. I am not going to put a figure on it. This does not need more money; it needs a redirection of the huge skills budget. Radical though

that may appear, it would take us a big step forward. It would engage the attention and the sympathies of employers, who would believe, for once, that we were serious about what we intended to do. Our approach must also include an element—one day a week, 350 hours a year or whatever figure one wants to put on it—of training off the job.

We should start to put together a package that addresses the problems involved in turning the Bill into reality. Apprenticeships play a central role; I cannot see how else we will get these youngsters into work I am told that a huge figure of some 10 per cent. of the population between 18 and 22 are simply doing nothing in the economy, so we face a massive problem. As I have said, we can overcome it, but that will happen only if we take a clear look at the problems that we face.

I noted in particular the remarks made by Alison Wolf in her article for Policy Exchange, to which other hon. Members have referred. She obviously has her view, and there is potentially much truth in what she says. Things could well turn out as she says, but it is our job and the Government's job to make sure that they do not. It is as well that the Government understand that there is widespread scepticism throughout the country—in industry and in schools—about whether we can make this a success. I think that everyone in this House would agree that we are talking about a good aspiration, and nobody could say that we should not attempt to achieve it. The danger that we face is going down the same old routes and trying the same old things that have failed in the past. We must take a new look at this issue.

The Government should look at the idea of a group—not a quango; nothing like that—charged with the job not of supervising, co-ordinating or advising, but of having a statutory responsibility to deliver the apprenticeships at the level we need. That will not be easy. If we were to go down that route, both Secretaries of State involved would have to accept their differences.

My right hon. Friend the Secretary of State for Innovation, Universities and Skills is responsible for those up to 24, and the great success of the Train to Gain scheme is testimony that we have done better in that area. However, we will never cope with the major problem of children leaving school with no qualifications by Train to Gain. We must tackle the problem, as we did when we first came into government, with the primary schools. If we want to improve secondary education on an ongoing basis, we must start with the primary schools. If we want to get this unemployment thing right, we must get it right in the secondary schools. I have mentioned counselling, but it is no good people having it at 16—it must start at 14. The children must see a meaningful link between what they do in school and a job that they will get. They must say, "That is a clear link. If I pursue it, I will succeed."

I do not have much time to add to my comments. I shall merely say to the Government that the Bill is tremendously courageous, far-sighted, brave and bold, but if it is to be a success, it needs a radical change in how we set up apprenticeships and how we deliver them to children in schools. I hate to say it, but unless we change what we have been doing in the past, we shall continue to spend an awful lot of money and not get a good return.

6.4 pm

Mr. David Evennett (Bexleyheath and Crayford) (Con): I am pleased to be able to participate in this important debate on education and skills, and to follow the interesting analysis of apprenticeships and the way forward described by the hon. Member for Coventry, North-West (Mr. Robinson). I congratulate the Secretary of State for Children, Schools and Families on making a constructive speech—Conservative Members would agree with a lot of it. I also congratulate my hon. Friend the Member for Surrey Heath (Michael Gove) on his excellent speech, which got to the heart of the problems that we face.

I appreciate what the Government are endeavouring to do, and I understand and share their grave concerns about the skills shortage in our society. I am also concerned about the number of young people who are leaving school without the basic skills necessary to equip them for a career and for a fulfilling and long life. Of course we all want more people gaining more skills and qualifications, and we want to extend educational opportunities. The aims of the Bill are commendable, however I question the compulsion approach. Participation should be increased by encouragement, incentives and enthusiasm, not by compulsion.

As a former teacher and lecturer, the issues raised in the Bill and in today's constructive debate resonate with me, but the fact that some aspects of the Bill are needed after 10 and a half years of this Labour Government suggests an admission of failure. After all the taxpayers' money that has been invested and all the changes that have been made, we still have not reached the expected standards. Many of our children are failing to reach the standards of achievement that they need when they leave school, and some lack basic skills in maths and English.

The Secretary of State described the Bill as

"a key part of the Government's commitment to achieve world-class levels of skills".

We would all agree with that—that commendable aim is supported across the House—yet we know that major problems remain in our education system, in apprenticeships, and in the number of people leaving school or college without the basic skills necessary to equip them for their future.

My borough of Bexley contains some tremendous schools, and I am pleased to praise the dedication of teachers, governors, parents and pupils. I would like to highlight St. Paulinus Church of England primary school, of which I am a governor, and its fantastic success; I particularly congratulate its head teacher, Mrs. Marilyn Davey. That school is in the top 20 London schools for key stage 2 results. The traditional approach, the determination to ensure that everyone achieves and the pupils' diverse backgrounds have given an added impetus to the determination to make the children achieve, and we should congratulate the people whom I mentioned.

There is a need to push forward adult skills, so I particularly welcome part 3 of the Bill, which places a duty on the Learning and Skills Council to secure the proper provision of courses to allow learners over 19 years of age to attain

"functional literacy, numeracy and First Full Level 2 qualifications",

[Mr. David Evennett]

While I was out of this House between 1997 and 2005, I taught on a lot of courses for women returners, unemployed people and people who wanted to improve their career opportunities. There is a definite need for more courses to enable people to obtain level 2 qualifications, thus giving them the basis to achieve, so I welcome part 3.

The Government know that we are all failing too many of our young people. Despite the increased money available to them, schools are unable to achieve what we want them to achieve for the pupils. Far too many pupils still leave school at 16 without A* to C grades in English and maths, and it is worrying that we camouflage some of our figures by boasting about GCSE improvements that include attainment in other subjects, but exclude maths and English. I have already highlighted the fact that my borough has a mixed provision of excellent secondary schools, which includes grammar, Church, comprehensive and technical schools, as well as academies, but even there some issues of concern remain.

I must also point out that the Government discriminate against my borough, in comparison with other London boroughs, in terms of dedicated schools grant—only Bromley and Havering received less money per pupil this year. That discrimination is regrettable and acts as a local disincentive. I wish to put on record the tremendous work done by the Bexley council cabinet members, Simon Windle and Teresa O'Neill, and congratulate them on the tremendous job that they are doing in our borough. Although it is a good borough that aims to help everyone to achieve, the statistics show that 5.2 per cent. of 16-year-olds in Bexley left school in 2005 and entered full-time employment, but 8.2 per cent. who left in that year were not in education, employment or training. The Bexley Business Academy was among the 200 worst schools for children staying on for post-16 education. That is most worrying and a betrayal of our young people. Therefore we have to do more in the future to ensure that our children get a better education.

The Bill proposes to force all pupils to stay in education or training until they reach 18. I do not like the word "force". We should not aim for compulsion, but to encourage and enthuse people. When we look back to the 1970s and the raising of the school leaving age, many children were forced to stay on an extra year. The Secretary of State pointed out that the Bill would not force them to stay at school, but it will force them to stay in education or training. There were problems in the 1970s with attendance and discipline among those who did not want to stay on at school and who were angry and disaffected, and wanted to leave as soon as possible. I was teaching at the time in a grammar school, and even there some boys wanted to leave school as soon as possible and made it harder for others in the class to learn and made life difficult for teachers. Those boys did not want to be there and they were already disengaged from the system.

Forcing young people to stay in education and training until 18 will not and cannot of itself improve their potential, or their education and skills. Nor will it increase their chances of getting a job. Those people have already been failed by the education system. Intervention is needed much earlier, and we should be encouraging and developing children at primary school and as they pass to secondary school. When they are 16 it is too late, and they should have counselling and other involvement at 14 to encourage them to realise that if they do not get the qualifications their lives will not be as fulfilled as they could be.

I am very concerned about indiscipline and truancy increasing if pupils are forced to stay on at school. If they are forced to stay on, it may lead to the same problems as we saw in the 1970s with the raising of the school leaving age. I therefore have severe doubts about this approach. The very people whom the Bill will target are already troubled, under performing, disengaged, vulnerable or damaged. Surely the best way to get children to remain in school is to be inspirational and encouraging, and to start much earlier.

We are all looking to the future, and I wish to ask the Minister about those people who are parents at age 17, or who are disabled or who play sports—a point made by my hon. Friend the Member for Upminster (Angela Watkinson). Will people who have other commitments be exempt from the provision? For example, some people would want to leave school early to pursue a sporting career. Will they be excluded from being forced into training?

It is all very well to be dismissive, but we should be constructive. There is much in the Bill that we support. It is fundamental that everybody has the basics of reading, writing and arithmetic. If there are failings, we should intervene much earlier in the school system. We need to reform the testing regime in primary schools, so that we reduce bureaucracy and focus on the pupils' real needs to deal with them constructively much earlier.

We should also champion excellence, and there are some tremendous comprehensive schools that evangelise the best professional practice in the state system. We should more generously reward those who deliver for the poorest. It is essential that the most disadvantaged should be assisted even more, and we will need to debate how that can be done in Committee. We need change, but we do not need compulsion. We need to improve discipline and behaviour in schools and shift the balance of power in every classroom back in favour of the teacher. We should deliver more teaching by ability, which strengthens the strongest and nurtures the weakest.

There are tremendous opportunities to work together constructively, as we have seen in today's debate. Many good points have been made, but I have many questions still to ask. I am especially concerned about the quality and relevance of education, rather than the quantity. The belief that the longer someone stays in education the better they will be equipped for life is questionable. It is quality that we seek.

The Bill provides some tremendous opportunities. It is very constructive, and it should have support on both sides of the House. I am encouraged by what I have heard, but I repeat that I do not think that compulsion is right. We should encourage and intervene much earlier, before 16, to ensure that youngsters who leave school without qualifications and the equipment that they will need for life are dealt with much earlier. That approach would be more successful.

6.16 pm

Mr. Frank Field (Birkenhead) (Lab): I hope that the hon. Member for Bexleyheath and Crayford (Mr. Evennett) will forgive me if I do not directly follow his speech, because I wish to pick up some of the themes in the stunning speech by my hon. Friend the Member for Coventry, North-West (Mr. Robinson). It brought us to the heart of the debate, where we need to focus now and in the immediate future.

I wish to concentrate on what is happening to the poorest in our society. We are immensely proud that the Government are the first ever to undertake to abolish child poverty over a 20-year period. Progress has been made, and although it has stalled somewhat recently, the record is second to none. However, the number of the very poorest has increased. If we consider various health indices, the Government have generally made good progress, but the very poorest in our community are not benefiting equally with other groups. The gap between the very poorest and the rest of us—let alone the rich—is widening. My hon. Friend concentrated in his speech on what was happening to the very poorest in our education system, and I wish to put two pieces of information before the House that should caution us against concentrating solely on 16-year-olds.

We know from the Government's own data that four in 10 children leaving junior school for secondary school do not have the qualifications expected of them for that age group. However, they go on to secondary school, where many of them fail. We also know that more than five out of 10 of our constituents who leave school at 16 do not get the minimum educational qualifications that the Government want everybody in that age group to get. The position has improved in the past 10 years, and although we should not make absurd claims about that, the numbers are truly great.

When I intervened on the hon. Member for Yeovil (Mr. Laws), who was talking about a group of 16-year-olds who were damaged, I said that I spent time in the summer talking to people of 16 or over who were not in employment, education or training, or who were on the new deal and I did not think that they were damaged at all. I thought that they were highly intelligent. My point was that they posed a challenge not only because they were intelligent but because many of them had not been at school since they were 14; some had not been at school since they were 12.

In the Bill, we are talking about what we do with young people—whether we call them children or adults—at the age of 16. Although we do well by the majority of children who go through our schools, what makes a mockery of that is our failure to engage with a significant group. That lack of engagement does not arise because they are thick or damaged, but because we are serving a diet of education by which they are deeply bored and quickly failed.

Angela Watkinson: Would the right hon. Gentlemen include in that group the very young children—those of primary school age—who care for their parents and miss out on a lot of the time that they spend at school, not because of a lack of ability but because of social circumstances?

Mr. Field: That is a second group. We have a supporters group in Wirral and it is chilling and humbling to meet those very young people, who are often nursing parents who are dying. Their parents, because they are not as involved—naturally, given their state—in what is really going on, dress their children differently, and so those children are picked on at school because of their clothes. They get it in the neck when they are at school and come home to the full-time job of caring for one parent or, sometimes, both. However, I was talking not about that group of children—in no way do I want to detract from what they do—but about those who are so peeved off by education that the last thing in the world that they will do is turn up to school. The prospect of doing anything educational at the age of 16 prompts expressions of derision from them.

Although I do not want to detract at all from the noble aims of the Bill and what my hon. Friend the Member for Coventry, North-West rightly described as the exciting aspiration that we are launching to put on the statute book, I want to make a desperately serious plea about the number of young people who will have no proper future in our country if we allow the status quo to continue. We have to think outside the box when considering what we can do for them.

One of my suggestions is to introduce a leaving certificate, because those young people might well knuckle down and do some work. It could cover the basic skills in maths, education and IT and, as soon as young people gained the certificate at 14, they would be allowed to leave school provided that they could get a job. At the moment, any moneys that we taxpayers put towards them are wasted. That group should have the £20,000 that we would spend on them between the ages of 14 and 16 if they turned up to school—although they do not—held as a dowry, which they would control. When they realised that it is quite tough out there in the world of work, even if they had a job, they might change their views about wanting to acquire skills. They would become buyers of skills, rather than the consumers of the training skills that Jobcentre Plus buys in job lots.

Mr. Geoffrey Robinson: The House is aware of my right hon. Friend's capacity to think outside the box; perhaps it is not sufficiently appreciated. I would not be dead against his proposals, but if the age is to be as young as 14, as he proposes, does he not think that there would have to be some element of training attached? Otherwise, the strategy would be out of all control.

Mr. Field: During my hon. Friend's speech, it was chilling to hear him give the time scale according to which the Government's objectives on apprentices must be achieved, as well as the numbers that he gave. If my hon. Friend's scheme gets off the ground, under the responsibility of someone whose only job it is to drive it through—rather than the 10 jobs that a Secretary of State has to do at any one time—we could perhaps start the scheme at 14 for some of those tough young people. That is my plea.

I want to finish with an observation made by Paul Sykes, who gave me permission to cite it. He is one of the richest people in the country, and began his route to

[Mr. Frank Field]

riches by doing an unskilled job—breaking up Birkenhead municipal buses. He noticed that while his boss was interested in the metal coming off the buses, he was totally uninterested in the engines. Paul Sykes thought, "Maybe there's some money there." From that one thought, he built up an incredibly successful series of businesses and is now one of the most successful and richest businessmen in the country. He was interviewed recently on the television—I shall not say on which channel—by an Oxbridge graduate, who said, "Mr. Sykes, did you find that leaving school at 16 held you back?" In his wonderful Yorkshire accent, he said, "Yes, love, I had a job at 12 and I had to wait four more years 'fore I could start."

Of course, lots of our constituents will not be Paul Sykeses. However, his example is a way of lighting up the landscape. We will not solve our constituents' problems by pretending that we have it all right in our junior and secondary schools. We will not make things better with a system that engages them on the current terms after the age of 16. A small but significant number of constituents, represented by those on both sides of the House, are failed by our education system. We have to think of something different to offer them.

Mr. Flello: I am listening with great interest to my right hon. Friend's speech. To what extent do you feel that the national curriculum in some ways stifles that innovative way of looking at what should happen? Do you think that the time is now right for a review of whether to introduce the flexibilities to allow for your suggestions to come through in the classroom?

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I remind the hon. Gentleman that he should talk in the third person if he is addressing his right hon. Friend.

Mr. Field: In Birkenhead this year, 38 young people left school with no qualifications whatsoever. The cost to taxpayers of their education was a little over £1 million. I asked whether we could not do something different with that £1 million—as we know that there will probably be 38 such young people next year. I asked whether we could have an experiment with a small technical school that might engage their interest. The reply was, "No, we could not possibly do that. We could not teach the national curriculum in a school that size." I reminded the person who said that that we are not teaching those young people the national curriculum now—so what is the point of pretending? I agree that the aims of the national curriculum were totally proper and have benefited most young people in this country, but they do not benefit most of the young people who do not fit into the box.

My plea is for the group whom we are failing most. There was, I think, an occasion when Aneurin Bevan challenged the then Prime Minister, Neville Chamberlain, saying, "Listening to the Prime Minister is like a walk round Woolworths. Everything is in place and nothing is priced over sixpence." Sometimes, we need to think outside the little Woolworths box for those young people and give them something that will excite and engage them. As I said to the hon. Member for Yeovil, they are in no way damaged—

Mr. Laws: Some are.

Mr. Field: Yes, some are, but the ones about whom I am talking are not. They are very bright. The question is: why, when they are so bright, do we fail them so dismally?

6.29 pm

Mr. Oliver Heald (North-East Hertfordshire) (Con): It is right that there should be no ceiling on young people's educational ambitions, but there needs to be a floor below which their educational attainment does not fall. As the right hon. Member for Birkenhead (Mr. Field) and the hon. Member for Coventry, North-West (Mr. Robinson) said, there is a group of people who do not get the basic skills that they need to thrive in our society.

I welcome the Bill and the intention behind it to try to widen post-16 education and improve its quality. That is obviously a good thing to attempt. However, I am worried about compulsion and I share the concern of the hon. Member for Coventry, North-West about apprenticeships and tackling the challenge for this country, which is that approximately 28 per cent. of our people are qualified through apprenticeships or educationally in the crafts and technically, whereas, in our competitor countries, such as France and Germany, the figure is more than 50 per cent. That is a huge challenge.

Let me start with the group that the right hon. Member for Birkenhead identified: the poorest in our society, who are not getting the skills that they need. Last year, I visited a range of projects that deal with social exclusion and also some prisons. The average reading age of prisoners is 11. There is a link between those in our society who fail in education and the consequences for them—the fact that they may end up committing crime, unable to work and socially excluded. Some of them also have social problems, which have contributed, and I shall say more about that later.

One of the projects that I visited was Rainer, which does much work with people who have been in prison or lack basic skills. A group there was preparing to learn to read and write so that they could pass their health and safety certificate to work in the building trade. Those people had had more than 12 years of education in which they had not been able to learn to read and write, yet in the group, they were picking it up quickly, as the right hon. Gentleman described. They were not unintelligent; they simply suddenly had a motivation for learning to read and write, and they were going for it and succeeding. What a sad reflection on their 12 years of statutory education that it could not get them to the point of having the basic reading and writing skills to do a manual job for which one needs some education.

I also spent a week working in a direct access homeless hostel, which concentrated on young people. We found people who were very ill through drink and drug abuse and needed a lot of help. However, after a period in the hostel, they improved. They would get to the point where they could move from the hostel into a flat. Their biggest problem at that stage was that they could not budget because they were so innumerate. A

lady at the hostel, an administrator, took it upon herself to teach the young men enough maths to function in a flat. It was a male hostel, but I expect the same is true in women's hostels. She did it in approximately a month. Again, those people had had more than 12 years of education in the state system. How can people be in education for that time, with all the money that is spent, yet unable to do basic maths or read and write? When one asks them about their experiences at school, one feels the fear that they felt when they explain that they had not learned to read and write by the time they were seven, and had spent years at the back of a classroom, where they were being taught history, geography or science, keeping their heads down, dreading the teacher turning to them, because they could not understand a word of what was happening.

Kelvin Hopkins: The problem is more widespread than the hon. Gentleman suggests, because only seven years ago Lord Moser found in his report that half the population were functionally innumerate and that 50 per cent. of the population did not understand what 50 per cent. meant.

Mr. Heald: I am grateful for that intervention, but if we take only the Leitch figures, which are that 15 per cent. of the population are functionally illiterate and 21 per cent. are functionally innumerate—his target was to reduce that to 5 per cent.—it is a huge group. Evidence that we heard recently in the Work and Pensions Committee suggested that if a person's mother cannot read and write, they are more likely to have problems because they are not getting the back-up at home. We have generations of families without proper reading, writing and arithmetic skills, who have not worked.

Angela Watkinson: My hon. Friend makes a powerful point. Does he agree that numeracy has an enormously important role to play in enabling people to stay out of debt, which is a huge problem in society?

Mr. Heald: I could not agree more. Numeracy is a basic life skill and we need an education system that, at the very least, delivers the ability to read, write and add up. I believe that we are failing.

When considering compulsion, we should ask whether our education system has a sufficiently strong basic foundation to justify telling somebody who has already spent 10 years with his head down, unable to answer questions in the classroom, or possibly so ashamed of that that he is truanting—let us not beat about the bush, truanting is increasing—that they have another two years of it. That is a dangerous suggestion and I note that the Professional Association of Teachers said in its response that insisting on two extra years is a worrying way in which to confront young people who have had such an experience. We must be cautious about taking that route. Getting to grips with the basic problem of teaching reading, writing and mathematics at an early age should at least be our starting point.

Special schools, which deal with learning disability, have specialist courses to teach children to read and write. They are based on synthetic phonics, with course books such as "Annie Apple" and "Bouncy Ben", through which children learn "Ah, Buh, Cuh" and so on and to put it together. It is basic stuff, but if one can teach someone with a learning disability to read and write, surely those bright people whom the right hon. Member for Birkenhead mentioned can be taught to pick it up. If they cannot, we are in trouble. If synthetic phonics can do it for a child with learning disability, we should use the system for children who do not have those barriers.

Are we to criminalise our young people and set a period of two more years when they live in fear, dreading the teacher turning to them? That is not the way forward. It is odd to read in the Bill an offence of effectively doing oneself harm. Clause 46 provides that, if young people do not follow the attendance orders, they commit an offence of not improving their education. It is an odd idea in a country with liberal values. The Secretary of State says that one would not necessarily go to prison if one did not pay the fine, but the sort of people whom we are discussing have gone year after year without attending school. It is possible that they would get an attendance order, not follow it, commit the offence, be fined and not pay the fine. One of the penalties is going to a young offender institution. The Secretary of State says that the Government are trying to change that so that the young person would go only to an attendance centre. It is still odd to provide such a criminal penalty for an offence that has a civil feel to it. I notice that a lot of the bodies that responded to the consultation said that they were worried about criminalisation. I am too.

Angela Watkinson: My hon. Friend is being very generous in giving way. Does he agree that those most likely to incur the fines are also those least likely to be able to afford to pay them?

Mr. Heald: Yes, I do. I could not agree more with the hon. Member for Coventry, North-West and others—I think that my hon. Friend the Member for Surrey Heath (Michael Gove) made the point, too—that we need detailed, effective, good-quality counselling from an earlier age.

Being a bit old-fashioned, I think of an apprenticeship as quite a serious undertaking. Deeds of indenture used to be taken out for them; that is how important they were. It is a worry that under the current arrangements about 59 per cent. of those between 16 and 18 do not complete what we now call apprenticeships. Quite large numbers of people do apprenticeships—250,000 at present. The Government would say—I think that the Secretary of State for Innovation, Universities and Skills might be saying it right now—that they have increased that number substantially, from about 75,000. That is true, but it says something about the quality of what is on offer if almost 60 per cent. of the young people in apprenticeships do not complete them.

Kelvin Hopkins: The hon. Gentleman will find that the completion rate has risen, from 25 per cent. under his party's Government to 63 per cent. We want it to increase further, but that is a significant improvement.

Mr. Heald: If there is an improvement, I welcome it—it is certainly overdue—but I must wonder whether they are genuine apprenticeships. *[Interruption.]*

[Mr. Heald]

Perhaps the Secretary of State would like to listen to this point, as it is in the same territory. The House of Lords Select Committee on Economic Affairs examined the sorts of apprenticeships offered and said that they were really the Government's old work-based learning schemes renamed apprenticeships—in other words, a rebrand rather than something of good quality. I welcome the suggestion by the hon. Member for Coventry, North-West that we should go for apprenticeships that are solid and high-quality and that have good content. That is what people in this country deserve—not a rebrand but something genuinely worth while.

I welcome the intentions behind the Bill, but we are right to question the matter of compulsion. Although the Chairman of the Select Committee on Children, Schools and Families, the hon. Member for Huddersfield (Mr. Sheerman), gave the Bill a broad welcome, he said towards the end of his remarks that he was a bit concerned about the sanctions, and I think that that is the general mood of the House. The compulsion needs to be reconsidered, and we should look for quality from beginning to end in the education that we offer our young people. That should include synthetic phonics, high-quality mathematics education from the beginning and opportunities with plenty of encouragement between 16 and 19.

I welcome the fact that the Bill contains provisions for ongoing education through life, because that is of great concern. If we are to tell the public that they must work until 70 or 68, it is just not good enough not to give training and educational opportunities to those in the middle of their career so that they can continue employment through life. I welcome the opportunities that the measures will give for continual renewal of skills through life. I give a cautious welcome to the Bill.

6.44 pm

Phil Wilson (Sedgefield) (Lab): Thank you, Mr. Deputy Speaker, for allowing me to speak in this debate on a key piece of Government legislation. The debate is basically about aspiration and showing our young people that they have a future. On a personal note, it is also about giving our young people the opportunities that I never had. It is a generational issue, on which we need to move forward. The Bill shows that we have confidence in our young people. It provides them with a route map to adulthood and the world of work that is not prescriptive and allows them to decide on a road that does not lead to a dead end, and I shall set out why.

Some young people want the independence that might accompany paid employment, and others want a career that requires vocational training, which can be difficult and time-consuming. Others simply want out of the classroom and lecture hall, and want to enter the adult world. In years gone by, when those youngsters left formal education and schooling, their continued educational development was not always seen as a priority, either for them or for society. In recent years, it has been increasingly recognised that employment prospects are closely related to skill levels. The Bill will entirely do away with the idea of our under-18s finding themselves out of employment, education or training.

We must ensure that our young people get the best start in life. The Bill will offer our young people the wide range of educational options that will be essential to our economic success in the long term. It will offer every young person relevant training or education. It is crucial to reiterate that the Bill will not force children to stay in school after the age of 16, but education should in no case come to an end when a young person walks out of the school gates for the last time. Education is a lifelong process.

As Lord Leitch demonstrated in his review of UK skills, maintaining, broadening and improving the country's skills base are essential to our economic success. The Bill will include provisions to protect current entitlements; they are aimed at those who have already entered the work force and who, for whatever reason, do not have the appropriate training or qualifications for the increasingly skilled jobs that will soon dominate the UK economy.

Mr. Flello: To develop that point, there are communities where, traditionally, once people got to a certain age they went straight into the area's industry, such as mining. Does the hon. Gentleman agree that one of the underlying themes of the Bill is the need to tell young people in those communities that they have to raise their aspirations? The days of finishing school at 14 and going straight into the pits are gone; we have to make sure that such young people make the most of their educational opportunities for as long as they can, until their skills are developed enough to allow them to take other jobs.

Mr. Deputy Speaker: Order. Before the hon. Member for Sedgefield (Phil Wilson) replies, my second piece of advice to the hon. Member for Stoke-on-Trent, South (Mr. Flello) is that interventions must be brief—certainly briefer than his—on days when there are time limits.

Phil Wilson: I absolutely agree with what my hon. Friend said. I am from a coal-mining constituency where the first thing that people did on leaving school was go down the mine. That has changed, and people have opportunities that they should feed on. Those opportunities should grow, so that people can fulfil their expectations and aspirations.

We should not forget that 70 per cent. of the work force of 2020 have already finished their school education. At present there are 3.4 million unskilled jobs available in the UK, but it is estimated that by 2020 the figure will be no more than 600,000. Many hon. Members will agree that it would be scandalous if we just wrote off those who have already left school. We must not neglect the large proportion of the work force of the future who are already in the job market, competing for jobs—increasingly, for the skilled jobs that are more frequently on offer.

About 75 per cent. of the UK's work force possess at least level 2 skills, which are broadly equivalent to five GCSE passes. Level 2 has been identified as the basic level of skill required for a productive employee—it is a benchmark of competence. The Government have introduced extensive and unprecedented entitlements to skills training for adults, which include the right for adults to gain functional literacy and numeracy, the

right for adults of all ages to get their first full level 2 skills qualification, and the right for adults under 26 to get free tuition for their first full level 3 skills qualification. Those entitlements are at the core of our efforts to improve adult skills in England, and they therefore fully deserve to be protected in law.

This is not just about maximising the economic performance of our work force. Numerous studies have shown how beneficial continuing educational and personal development can be, whatever form it takes. I have met constituents who have flourished after retraining: they have started a more rewarding career, or improved their skills to gain promotion or a pay rise. Lord Leitch merely underlined what experience has taught me and many others: additional skills help us to achieve personal goals.

The Bill will not only protect the UK's global competitiveness in the years ahead; more importantly, it will offer children, young people and adults the chance to improve their chances in life. It is a scandal that anyone should effectively be on the employment scrapheap as soon as they leave school, and it is the Labour Government who have ensured that everyone has the right to the skills that are increasingly essential for the modern workplace and society. I said at the beginning of my speech that for me, this debate embodies aspiration. It is about harnessing potential so that aspiration can flourish. If the Government's quest to ensure that 50 per cent. of people benefit from a university education is married to the basic tenets in the Bill, we can open the floodgates on people's aspirations.

I want to give an example of the way in which the Government have created the environment for that to happen. It is about higher education as another avenue for our young people to pursue. If either of my sons attends university they will be the first Wilson in my family ever to do so. The results of a survey that the Government conducted as part of their "Be the first to go" campaign, which encourages young people to be the first members of their family to attend university, revealed a changing attitude not only to higher education but to training and education in general. In Newcastle for example, in my region, a third of parents and grandparents who responded to the survey decided not to go to university in a bid to get a job, and they went straight to work instead. Today, 95 per cent. of those people want the next generation of their family to go to university. Education has become a key priority for parents who are thinking about their own and their children's future.

Some 25 per cent. of 16 and 17-year-olds in Newcastle could be the first in their family to enter higher education. That is 1,700 young people or, to extrapolate from those figures, 17,000 in the north-east and more than 325,000 in England. A Labour Government cannot let those young people down. We have the potential to open the floodgates for people's aspirations, and we would be wrong to ignore the signs. According to the survey, seven out of 10 people polled across the generations in Newcastle believe that the biggest long-term benefit of going to university is the ability to get a better job. Some 62 per cent. agree that university education gives people a chance to earn more money, and nearly three quarters of the respondents think that studying a subject that people enjoy is a good reason to enter higher education or other training. Feelings of personal well-being and the belief that one is securing the future of one's family should not be the preserve of a privileged few—they should be available to people from all walks of life.

As I have said, the Government's policy on education, skills and access to university is going in the right direction. The Government want people from all walks of life and of all ages to be given the chance to achieve their full potential, and they want to ensure that people are given the best preparation for life that they can possibly receive. I remember the days when parents had to raise funds for exercise books, pens and pencils for their local school—I am pleased to say that that was not under a Labour Government. The Government's approach to education differs from that of other Governments who thought, "You have an education, you keep it and you pull up the ladder on everybody else." The Bill shows a Government looking to the future and being prepared to make the hard, strategic decisions necessary for the country while addressing the individual aspirations of the majority.

6.54 pm

Mr. Dai Davies (Blaenau Gwent) (Ind): As the Secretary of State said at the beginning of our debate, this is an extremely important Bill. It is primarily based on the English regions, but given that youth inactivity and problems of gang culture are to be found across the whole country, I hope that when it becomes an Act, its measures will spread across the UK.

I had the good fortune to be an apprentice in the steel industry in the 1970s, when apprenticeships lasted for four years, not two. The quality of that training shone out, and we were the best in the world. In the last six months of those four-year apprenticeships, people completed their training and worked as craftsmen. Without such experience, they could not get a job anywhere else if they could not stay in the industry. Experience does not come off a shelf, and it cannot be found in a book—it comes from doing the job. I am worried that that is missing from the Bill, given the two-year time scale.

One of the best things about being a convenor in the steel industry was working with the apprentices and young people. The purpose of that role was inspirational. To develop the point made by the right hon. Member for Birkenhead (Mr. Field), if work in any part of education is not inspirational we lose those individuals. We had difficult times. Although there was a huge selection process, there were still problems with individuals who lost interest in the work. It was not a bed of roses, even when a massive number of people applied for apprenticeships. The loss of manufacturing has resulted in the loss of jobs for life. We heard earlier about the coal and steel industries. In constituencies such as mine, people left school, and went into the steel industry as production or craft apprentices. With the loss of that industry, we have lost core apprentice training. The system that we seek to implement must not be onerous on the employer. If it is, it will fail, as employers will resist it. Companies such as BT have training departments that operate training facilities, but in smaller businesses, it is impossible to do so.

If young people fail to gain literacy and numeracy skills at 16, what will change to make them want to gain those skills between 16 and 18? The inspiration or

[Mr. Dai Davies]

desire to learn is often lost by 16, which is a serious concern. We have heard from Members on both sides of the House about the criminalisation of individuals and employers, and I would certainly vote against measures that imposed such penalties. The growing movement towards the academy system appears to favour degrees. I am not against the attainment of degrees, but some years ago, we had technical colleges that were linked to employers and businesses. They trained people to acquire practical skills, but we have lost a lot of that ability to provide practical training. We are looking at degree courses, but we have moved away from the things that industry needs.

The provision of education must be flexible. An innovation that we have looked at in some of the Welsh regions is apprenticeship sharing. Industrial estates provide training centres and more than one employer can buy in to that training. If there is a larger employer on the estate with training facilities, those facilities can be shared. An apprenticeship with a single employer can be onerous, so we should look at shared apprenticeships, and how they can be supported by local authorities and other businesses in area. I spoke earlier about equal opportunities, and we must recognise that people with disabilities face many barriers. Gender is important, too. Traditional industries were always regarded as male bastions. Today, barriers have been broken down in some steelworks, and gender discrimination is a thing of the past.

Quality as well as quantity is important. The goal of offering 250,000 apprenticeships is a numbers game, but if someone trains for two years and thinks they are an expert they will find that that is not the case. We need to look at the quality of the training that we provide. As a former school governor in both primary and secondary education, I have seen teachers identify problems with young children not at 16, 15 or 14 but at nine, eight and seven. We need to spread mentoring practice across the education system. We have mentoring in senior schools, but the building blocks are in primary schools. Unless we look at mentoring at that age, we have lost the plot.

Family support is extremely important. If a teacher identifies a problem with a child, the likelihood is that the family need help and support with an issue. Education is not just within four walls; it spreads across the whole family and into the community.

We have lost an opportunity. Citizenship was introduced as a curriculum item but the way it was introduced has not worked. In most secondary schools that I visit, the citizenship agenda has been lost. It entered like a lion but it is going out like a lamb. I would hate to see this Bill go the same route.

The managing of systems of apprenticeships and shared apprenticeships is important, especially for small and medium-sized enterprises. We heard earlier about the multinationals and the bigger industries, but SMEs and smaller businesses may need help. Sharing help with them would be an advantage.

On other types of training, the Gwent Association of Voluntary Associations has brought into our community a CAT scheme, or community apprentice training. That provides training for youth workers and community development workers. There is work for those people—much needed work—where I live and in other such places. The voluntary organisations have a big part to play not just in formal education, but in providing opportunities for young people. We should maximise the opportunities that exist within the voluntary organisations.

I have a concern about the numbers game. We have spoken about having over 200,000 apprentices. We have also spoken about needing people from other countries to come in to fill skills gaps, so where are the 250,000 apprentices going to go? As we continue to train more and more, will that mean that we will need fewer people coming into the country? How do we balance the books?

My area suffered from a steelworks closure some six years ago. An American gentleman by the name of Leo Schostack came in to help to regenerate the area. The statement he made about the area was that it was inspirational but we did not know it. That point was important. The way out of poverty is through education, but we need that inspirational element of education to get young people interested. To force them down a route is the wrong way to go. Encouragement is the right way.

7.2 pm

Joan Ryan (Enfield, North) (Lab): I welcome the opportunity to make a few remarks about this important Bill. First, I apologise for being absent from the Chamber for a short while; it was unavoidable but I am pleased to be back and to be able to make a contribution.

I warmly welcome the introduction of the Bill. I believe that, at their root, its proposals will be very good for young people and good for our economy. The Bill will give more young people the opportunity to take part in learning and, crucially, training, beyond the age of 16, giving them more options, and more time to learn and to develop skills.

The logic is clear. Young people will have more opportunity to fulfil their potential and a more widely skilled population will be good for our employers, because it will help us to increase productivity and capacity for innovation. That in turn will boost our economy at home and in the world, and help us to achieve world-class skills by 2020.

We in Britain currently have one of the lowest rates of staying on at the age of 17 in developed countries, and at any one time around 10 per cent. of our young people are classed as NEETs: not in education, employment or training. That is a matter that must be tackled, and we have a duty to do that. It is my view that this Bill will go a long way to help address that issue and I welcome it on that basis.

By creating a Bill in which young people will have access to learning in a range of ways, be it through traditional academic education, or on-the-job apprenticeships, the Bill raises the status of work-based learning and vocational education, bringing it on to a par with academic education. That is long overdue and necessary. That is an important step in raising our skills level and young people's self-esteem.

For too long, vocational education has not been wholly successful, or respected save for some outstanding instances. There are some well-recognised vocational

colleges and some very good vocational qualifications. I would also point to modern apprenticeships, which have delivered a good model of the way forward. In Enfield, however, we have a low participation rate for such apprenticeships. I believe that the introduction of diplomas for 14 to 19-year-olds, along with the Government's commitment to create 60 per cent. more apprenticeships by 2013, will further address that issue and again help to entrench vocational learning in our education system and views of learning. Young people undertaking vocational courses and employment training should not feel that they are second-class compared with those pursuing academic studies, or the poor relation. That is not good for them and it is certainly not good for our industries.

However, as with all matters, it is vital that the detail is practicable. After all, the Bill proposes a major change for deliverers, practitioners and businesses, not to mention the young people themselves, and we have to get it right. From my perspective as the Member for Enfield, North, most important of all are the views of those affected by these proposals in my constituency.

I have therefore contacted head teachers, education advisers and business representatives in my constituency, as they are experts in my area and they are on the front line of education, training and employment. I thank the practitioners from my constituency, who work tirelessly, for their contribution to developing skills in Enfield and for corresponding with me on issues in the Bill. It is crucial that we as Members of Parliament involve practitioners locally in those issues and do not just stand here and discuss them among ourselves.

In particular, I thank Dr. Steve Dowbiggin of Capel Manor college, and Giles Bird, head teacher at Kingsmead secondary school, which has just had the most wonderful report from Ofsted. It is breathtaking. It is a matter not of luck, but of sheer hard work. Those at the school deserve to be congratulated. I also thank Tahsin Ibrahim of the Enfield Business and Retailers Association, Jean Carter, principal of Enfield college, Bridget Evans, head teacher at Bishop Stopford's school, Sarah Knowles, Enfield's 14-to-19 strategy manager, Peter O'Brien, partnership manager at the Enfield learning and skills council and Hugh Jones from the North London chamber of commerce.

Overall, my constituents welcome the Bill and support its principles. Indeed, the chief executive of the Enfield Business and Retailers Association has told me that he believes that increasing the compulsory education-leaving age will provide young people with space to develop as individuals, to discover what they want from life, and to better prepare themselves for adult life.

Of course, this is not a Bill to force young people to stay on at school or college full-time. The proposals are flexible and are designed to meet the wide-ranging needs of young people. To date, leaving education at 16 has meant that, for some, learning has been about exams, tests and competition, but learning is of course broader and far more exciting that that. As the chief executive of Capel Manor college in my constituency states,

"if we are expecting young people to stay on in education and training, we need to make it relevant, exciting, worthwhile and productive, something which young people value, aspire to and can appreciate the point of."

I know that teachers in schools and colleges and trainers in my constituency will welcome such a challenge.

It is vital that we provide young people with the best possible careers, education and learning advice. That point has been raised this afternoon by a number of Members. We need to make clear the range of opportunities available after leaving school, and to ensure that young people understand how they can realise those opportunities.

The Bill's provisions for transferring such support services from Connexions to LEAs give rise to some questions, including in my constituency from Unison, which is concerned that LEAs might use the transfer of funds to make savings. Some local authorities would not dream of doing such a thing, but I fear that some would and that Enfield's Conservative council might be one of them. I should be grateful for reassurance from the Minister that the transfer of funds to LEAs will not mean a reduction in funding for careers advice and support.

An enforcement system is needed alongside the requirement to participate, but as several organisations, including some in my constituency, have pointed out, it is important that such a system does not criminalise young people. The Association of School and College Leaders suggests extending the truancy system used for schools, and the Association of Colleges acknowledges that the penalties will act as a necessary deterrent. In Enfield, the manager of our 14-to-19 education strategy expressed concern that the tracking of young people will give rise to difficulties, as is sometimes already the case in the education system pre-16. It is important to ensure that penalties are based on incentives and punishment, not just the latter, which could further disengage young people and even criminalise them.

There is no question but that raising the compulsory education and training leaving age to 18 will create a better-skilled work force. In the long term, employers will realise the benefits for businesses provided by the Bill and its outcomes for young people. However, it is important to acknowledge the short to medium-term impact and the possible challenges for employers, especially for small businesses. The North London chamber of commerce has outlined the challenges posed by the Bill and states that the proposals may create difficulties for smaller businesses, which might suffer capacity, logistical and financial problems from the duty on employers to release under-18s for training. The chamber of commerce also points out that such legislation would have a particular impact on the retail sector, which employs the highest number of 16 to 18-year-olds.

The challenges will be cushioned by the phased introduction of the legislation—2013 for 17-year-olds and 2015 for 18-year-olds—which will give employers time to adapt. I welcome the provisions to ensure that employers receive support to accredit their schemes and that there is a brokerage service to help people choose appropriate training. It is reassuring to note that models with logistical challenges can work—for example, the modern apprenticeship scheme—but it remains crucial that the Government work closely with employers and their representative organisations to ensure that implementation of the new way of working is as smooth as possible.

[Joan Ryan]

Schools, education and training institutions and employers will face challenges from the Bill, but rising to the challenges will help to develop our nation's skills and prepare our young people for the realities of working life in the global economy. People working on the front line of education and training delivery in my constituency are fully committed to meeting that goal and will continue to be so. I hope that the many important points made today about the practical implementation of the Bill will be addressed in Committee, which is the right place for dealing with more detailed matters.

The Bill is important and I wish it good progress. It has the potential to deliver a huge amount for our young people and our economy, and thus our country, in the coming years.

7.13 pm

Angela Watkinson (Upminster) (Con): I welcome the aims of the Bill. We seemed almost immediately to reach consensus in welcoming the fact that if the Bill is passed every 18-year-old will receive education and/or training. They will have the skills for employment or to go into continuing or higher education; into full-time education for those who choose it, part-time education with an element of work or voluntary work—an important aspect of the Bill—or an apprenticeship. However, we need to be careful in our definition of "apprenticeship" to ensure that it includes a proper workplace component, so that apprentices learn the real, practical skills that will make them attractive to employers.

The debate seemed quickly to focus on whether the measure should have an element of compulsion or whether it should simply be about the provision of opportunity. Debate in Committee will no doubt concentrate on those points. The Opposition are not in favour of compulsion, although we are in favour of the Bill's aims. We believe that what happens in school pre-16 is absolutely crucial in reducing truancy, disaffection, under achievement and lack of aspiration and ambition. In addition to the quality of teaching in schools, pastoral care, especially through personal, health and social education, has an important role to play in preparing students for adult life. Students should have proper information and warnings about, for example, the pitfalls of substance and drug abuse and the dangers not just for their education but for their health, motivation and progress to adult life.

Time and again, when young people are interviewed, I notice that their speech is almost unintelligible. Some of that is teenage affectation and style, but often they simply do not enunciate properly, especially in our part of the world where they speak "estuary English". They try to speak without using their tongue or any of the muscles in their mouth or jaw—without any movement at all; it is almost as though they are ventriloquists. I hope that PHSE can help young people to understand that if they want to find a job, or even be enrolled on an apprenticeship scheme, they need to be able to communicate with non-teenagers who do not speak their language. Being understood is an important part of communicating with adults.

Mr. Heald: Does my hon. Friend agree that drama can do a lot in that regard and that it should be encouraged?

Angela Watkinson: I thank my hon. Friend for that intervention. Drama and dance are helpful. I am glad that the profile of dance is being raised as part of physical education. Young people who are not keen on sport or physical education might enjoy dance, which has as many health benefits as traditional PE lessons. Activities such as art, drama and dance all help to improve young people's confidence and communication skills, all of which prepare them for the adult world of employment, training or further education.

Several organisations are picking up on the importance of fiscal education, which my hon. Friend mentioned earlier. When young people go into the adult world, especially when they start to earn, it is essential that they understand that the amount at the top of their payslip, which is what they have earned, is not the same as the amount at the bottom, which is what they actually receive. If nothing else, they need to learn the Micawber principle: if they live on slightly less than the amount they have earned they will stay out of debt.

We all know how big an issue personal debt is at present. The year before last, personal debt in the UK reached the £1 trillion mark. Given the habit of borrowing on multiple credit cards and transferring debt from one to another, people need to be educated about the long-term effects of not living within their means.

The group of young people who care for their parents was mentioned earlier. Such children can be quite young; they may even go to primary school. Every year in Havering, a young people's awards ceremony is organised by local police, and I am always surprised at how many very young children who care for their parents feature each year. Their parents have disabilities or are ill. Such children often have to go home in the lunch hour to make sure that their parent is all right. They do shopping on the way home, keep house and do laundry and all the nuts-and-bolts household tasks. They bear tremendous responsibilities on their shoulders and need as much extra support as they can get, at school and elsewhere, to help them to achieve their educational potential so that their opportunities in adult life are not blighted by their caring responsibilities as children.

I am sure that every Member here has received various items of briefing material. I should like to raise one or two comments that have been made to me. The Professional Association of Teachers, or PAT, raises points about the compulsion element in the Bill:

"Schools and colleges will be forced to accept a host of unwilling students who will poison the atmosphere for those willing to learn. Forcing an education on teenagers will create even more youngsters with a grudge against society."

It feels that there is not a strong case for introducing compulsory participation, although the aim of participation is a laudable one that it would support.

I have to confess that another organisation, Working Links, was new to me. It places young people in employment or training and says:

"Any moves towards compelling young people to stay in education or training must be accompanied not only by a broadening of learning options but also by greater support. Our

experience shows that many people who leave education at 16 are deeply disengaged and that it takes a considerable amount of work and patience to gain their trust and motivate them."

I have also received briefing material from Barnardo's. I had not realised what a large proportion of its work is education-related. It states:

"Over two-thirds of our services have an educational component."

Barnardo's works with the most disadvantaged children and tries to give the opportunity to re-engage with learning. It provides

"vocational and work-based learning and training, working in partnership with local employers, colleges and schools."

All that is laudable. The organisation lists the sorts of problems that affect the children with whom they deal, including

"poor basic skills, low self confidence, financial hardship".

Barnardo's also mentions early parenthood, which has been raised several times in the debate and links in with PSHE. Girls need proper warnings about the dangers to which they expose themselves if they engage in promiscuous sexual activity. They can end up literally holding the baby and having responsibility for a young child when they are still children themselves. Some are lucky enough still to be living at home and have the support and protection of their parents, who may take responsibility for the baby so that their daughter can go back to school and continue her education. However, not all such girls find themselves in those circumstances. We need to find ways of supporting the young girls who do not have the support of home and family, so that they are not left isolated in a council flat with 24-hour-a-day responsibility for a demanding baby when they are still children themselves. We need to consider ways in which the baby can be cared for while the girl continues her education and training so that she has long-term prospects of joining adult life. Barnardo's comments:

"Many of the NEET population effectively cease to participate long before they reach 16 through exclusion, persistent truancy or simply not engaging when they are in school. We need stronger support structures in school".

That reinforces my comments about the importance of pastoral care. There are good examples of secondary schools that take their pastoral care roles extremely seriously in Havering.

I turn now to children with special educational needs, who are most difficult to place in continuing education or employment. This year, 2008, is the year of reading and I hope that in Committee there will be an opportunity to improve opportunities for partially sighted students. The parents of such students have contacted me because it is not possible to get school textbooks on disc. In this day and age, I would have thought that a fairly simple thing to achieve. Partially sighted children need very large, bold font and are unable to access their textbooks until their teacher has photocopied and enlarged the relevant pages for the lesson. That is a waste of the teacher's and students' time—the students cannot get on with their lessons and, particularly, their homework. Making school textbooks available on disc so that they can be accessed by computer and partially sighted students can get on seems a fairly simple solution. If 2008 is the year of reading, let us grasp that issue and try to help partially sighted students in that way.

There are three extremely good special schools in my constituency. Corbets Tey and Dycorts have pupils with learning difficulties and make enormous efforts to prepare their students for adult life. If the Bill is to encompass children with special needs and statements, we need to ensure that proper provision is made, in colleges and with local employers, so that such children can move into adult life and play their role to the best of their potential.

Mr. John Hayes (South Holland and The Deepings) (Con): My hon. Friend introduced me to the excellent work done in her constituency in support of employment and training, and she will want it mentioned. If the Bill is to apply to young people with special needs, that work will need to be extended to take account of the special challenges involved in getting people with learning difficulties and others into the right training opportunities.

Angela Watkinson: My hon. Friend has taken the words out of my mouth.

Mr. David Willetts (Havant) (Con): He does that to me all the time.

Angela Watkinson: Indeed.

The third special school in my constituency is called Ravensbourne. It has quite a number of children on the autistic spectrum who are particularly difficult to place. TreeHouse, the national charity for autism education, has given all of us briefing material, which states:

"Children with autism represent 14.6 per cent. of children with a statement of SEN; pupils with statements are over three times more likely to be...excluded from school than the rest of the school population...the negative experiences of children with SEN has had an impact on the number staying on in further education".

Although 2.3 per cent. of 15-year-olds at school have special educational needs, only 1.1 per cent. of 16-year-olds at school do, which reflects the number who do not stay on. We have particular efforts to make on that issue.

I never miss an opportunity to plug the ROSE—realistic opportunities for supported employment—project at Havering college of further and higher education, my local FE college; nor do my hon. Friends the Members for South Holland and The Deepings (Mr. Hayes) and for Bognor Regis and Littlehampton (Mr. Gibb). The project is a wonderful example of good practice in getting students with special needs into employment, with special support that is gradually withdrawn until they are able to attend independently. That means outreach to local employers and liaison with parents. Everybody is involved. Those students achieve far more than anyone ever thought possible. I intend to raise that in Committee as well.

This is a consensual debate. When the Bill goes into Committee, we will be thrashing out items of detail, mainly on whether there should be an element of compulsion, how these plans are going to be delivered and whether there is enough capacity in the system. I welcome the Bill, with the caveat that I shall not support compulsion.

7.30 pm

Mr. Gordon Marsden (Blackpool, South) (Lab): It is a great pleasure to follow the hon. Member for Upminster (Angela Watkinson), who always speaks with good sense, based on good experience, on these matters. I want to associate myself with those who have said that this is an historic opportunity. The Government are legislating to change the education leaving age to 18, with clear benefits, both social and economic, for individuals and for the country. That is an important aspect of the Bill, but not by any means the whole of it. As the Leitch review highlighted, the need for skilled people is growing, and the Bill's provisions, which also focus on improving opportunities for young people and adults alike, will help to meet the needs of a high skill economy.

I should like to address three themes from the Bill: how we include the excluded; how we bridge the gap between the value that we place on vocational study and on academic study; and, perhaps most interestingly, how we create new architecture to promote dialogue and a greater sense of responsibility on the part of the private and public sectors of our schools and begin to bridge the historical gap between them.

As chair of the all-party group on skills and a member of two successive Education Committees, I have witnessed the development of Government policy on education and skills. It has been a long and significant journey over the past 10 years. Highlights included the Tomlinson review, which brought about the revolution in vocational learning that we are now extending. That revolution has progressed particularly under this new Government under two new Secretaries of State and a Prime Minister whose commitment to skills while in Government, for 10 years as Chancellor of the Exchequer and now as Prime Minister, has been unrelenting. The Bill enshrines in legislation much of what Governments have been working towards for some time. It sends a strong and positive message to young people as well as to adults and promotes excellence and educational progression in a supported and well-resourced environment.

Raising the age at which teenagers remain in education to 18 should not be about dragooning them to stay on in education regardless, or straitjacketing them, but it should embody a recognition that it is not a realistic, life-changing option to enter the world of work without skills of some kind or another. That is why the Bill's central commitment to 18 is book-ended by provisions that value vocational skills and promote social inclusion. I hope that it will prompt us to look at new structures in pre-16 and post-16 education—for example, the studio schools that are being suggested in my local authority in the context of the Building Schools for the Future project. As my right hon. Friend the Member for Birkenhead (Mr. Field) said, we must crack the problem of bright young people who feel isolated from the education process. There must be much more on-site learning, and we must raise those people's aspirations. A few years ago, I went on a visit with the Education Committee to North Carolina, where we saw how children as young as 13 or 14 who were traditionally isolated and alienated from academic learning did powerfully well in skills academies within schools. We should consider that option in future.

The Bill transfers responsibility for the Connexions service to local authorities. I hope that that will give us an opportunity to develop a step change in information, advice and guidance provision, and that the local link interacting between local authorities and mainstream educational services and children's trusts will enable Connexions to provide a better service that responds more flexibly to the local economy, career opportunities and the skills base.

Mr. Hayes: I know that the hon. Gentleman is a student of these matters. Does he agree that it is worth considering introducing an all-age careers service that sits alongside Connexions to give the sort of dedicated advice that will be necessary to bring the Bill to life?

Mr. Marsden: I thank the hon. Gentleman for making that point, with which I have an enormous amount of sympathy. The Skills Commission—of which I am a member, as is my hon. Friend the Member for Huddersfield (Mr. Sheerman)—is conducting an inquiry into that matter and considering precisely that point. It would fit well with the renewed and welcome emphasis that the Government have placed on adult education.

Historically, Blackpool has not had a good record in terms of skills and people staying on in education beyond 16. Because of the nature of the local economy, with the emphasis on leisure, tourism and the related strength of small and medium-sized enterprises, vocational courses are very important. They range from traditional tourism and leisure courses, which are delivered to an excellent standard by my local further education college, Blackpool and the Fylde, to innovative ones. I do not want to tempt providence, but Blackpool and the Fylde college, along with other colleges, now offers courses as a member of the national Gaming Academy, whereby trainees have been able to hone their skills in mock casinos—in future, I hope, in real ones.

Connexions services should now be more likely to collaborate with local employers and businesses, but the Bill puts a key responsibility on local authorities to develop those links. While localising services, national standards must be maintained. Defining how local authorities use the financial resources that they will be given will be crucial to their success. Even at the time of the Learning and Skills Act 2000, which set up the Connexions service and on whose Standing Committee I served, concerns were raised about inherent weaknesses in a system that was not mainstream enough and was focused semi-exclusively on NEETs—those not in education, employment or training. I hope that we will be able to move on from that under the new arrangements. In Blackpool, the Connexions service has had a striking impact on providing services for NEETs—I pay tribute to Mike Taplin and his colleagues—but there are other groups to consider. In the course of the Bill's passage, Ministers should explore mechanisms to ensure that local authorities ring-fence the money that is given to them for information, advice and guidance, because it is crucial that those authorities use those resources effectively. That was among the issues that the Skills Commission touched on in its interim report.

Apprenticeships have been mentioned a lot during the debate. The Government have championed work-based learning, especially apprenticeships, and the new

Department for Innovation, Universities and Skills is prioritising funding and resources to develop and strengthen those apprenticeships. Completion rates have significantly improved—in Blackpool, by some 50 per cent. in a recent 12-month period. However, we need carefully to consider the structure of apprenticeships, particularly for those who are reskilling. The target of 500,000 apprenticeships by 2010 is ambitious and we should be proud of it, but in that process it is important that adult apprenticeships are not ignored. That is why I welcome the explicit duty in the Bill to ensure that the Learning and Skills Council makes reasonable provision in that regard; it should make that a major feature of its work. This is an opportunity for the LSC to deliver a strategic target rather than just to micro-manage part of the process.

Reskilling older workers is a growing challenge. In some cases, a greater combination of in-work activity and a modular approach will increase completion rates. Apprenticeships must be flexible and modular, particularly in the context of small and medium-sized businesses, of which we have many in Blackpool. It is particularly important that adult apprenticeships work for women who are reskilling and who may need time out for caring and other duties. That is one of the reasons why I welcome the £90 million announced by the Secretary of State recently to encourage small and medium-sized businesses to take up apprenticeships and expand training.

Social mobility and social inclusion are key elements of the Bill because improving the prospects of, and career options for, young people has consequences for their health and well-being as well as for their financial stability. Other hon. Members have already referred to part 2, which has a strong focus on the needs of children with learning difficulties. One of the most at-risk groups, members of which often leave education at 16, is that of disabled children and those with special educational needs. The issue of carry-over between the pre and post-16 stage for special educational needs is also highly important. The Select Committee on Education and Skills, which I served on, produced a report on SEN in July 2006 that made particular reference to that issue, and to the fact that it has not been dealt with well in the past. The work that children's and adults' services do is vital to the improvement of information exchange, continuity, support and advice for young people with SEN.

In that context, it is right to praise the work done for children, schools and families by the Secretary of State—in his previous capacity—and his noble Friend Lord Adonis. The most recent fruit of their activity was the report "Aiming high for disabled children", which contained a funding package of £340 million, including a transition fund for young disabled people moving into adulthood. The Government need to consider whether there should be further advocacy and support for disabled young people.

The provisions in the Bill for 19 to 25-year-olds are welcome, but it will be useful to explore in Committee how we might increase that threshold. Although the needs of small and medium-sized enterprises have been addressed by the £90 million that the Secretary of State promised, we perhaps also need to look at how things will work in practice.

Finally, I turn to the issue of co-operation between the private and public sectors. The Bill, by rationalising the regulation and monitoring of independent schools, makes large strides towards increased co-operation between the independent and public school sectors. Appointing Ofsted as a regulator of independent schools will streamline the process, which shows the Government's resolve to share understanding and knowledge between the public and independent spheres of education. The proposals come at a time when we have an historic opportunity to bridge the divide that has stultified educational progress in our country during the past 30 years. I believe that the Government, in their funding, intentions and structures, are committed to bridging that divide. However, it is key that we do so at a time when social mobility is a real issue, as my right hon. Friend the Member for Sheffield, Brightside (Mr. Blunkett) made clear in his recent excellent pamphlet on social mobility.

The private sector must reach out to the communities it is embedded in. It must use its facilities to facilitate that contact and reach out with its techniques. But the public sector, too, must accept that it can learn things from the private sector. I would like to refer to two recent reports that illustrate some of the problems. The Sutton Trust produced a report that shows that a significant percentage of state school teachers would still not encourage their brightest pupils to apply to Oxbridge or other leading universities. Sir Peter Lampl, the chair of the Sutton Trust, said:

> "It is clear that much more needs to be done to dispel the myths about Oxbridge and other leading universities, and to ensure that young people's higher education decisions are based on fact not fiction."

Equally, the Charity Commission is about to publish guidance on what private schools must do to satisfy new laws requiring them to prove their public benefit. In today's edition of *The Times* there is a depressing litany of complacency and smugness on the part of the bursars of some of the leading private schools, who seem to be unaware of the need to build such a bridge.

We should build that bridge, not least because the general public want us to do so. A recent survey of public attitudes on the issue showed that half the respondents said that greater collaboration between private and maintained schools would improve state education. Nearly a fifth said that opening up those school facilities to the community was the key. I want to see such co-operation extended, and I believe that that will be to the benefit of all students in schools.

In conclusion, the narrative that the Government are taking forward for the 21st century through the Bill is that we are not here to fight the battles of the past. Although I welcome some of the things said by the Opposition, it is genuinely disappointing that some Opposition Members have been too slow to recognise that vocational qualifications are not an alternative to excellence, but part of it. In the fast moving 21st century, lifelong learning must combine skills and traditional methods of learning as seamlessly as possible—vocational and academic together. By 2020, we cannot afford to turn anyone down because they are stuck in one compartment.

For my constituents in Blackpool and its specialist schools, such as Highfurlong Park and Woodlands, which are beacons of excellence in the SEN field, for its

[Mr. Marsden]

secondary sector, which has just produced some excellent GCSE results, and most of all, for all the young people still not getting all the benefits and who are leaving without some skills, the Bill has a great chance of doing good.

7.46 pm

Paul Holmes (Chesterfield) (LD): Like many who have spoken, I begin by saying that I agree very much with most of the principles and the intent of the Bill. There are far too many young people in the NEET group—not in education, employment or training—and there are far too many pre-16 students truanting from mainstream education. A figure of 10 per cent. was suggested earlier. In comparison with just 20 years ago, jobs for unskilled, unqualified people of any age, let alone 16 to 19-year-olds or those in their 20s, barely exist. When Margaret Thatcher was presiding over the destruction of the British manufacturing industry, it was suggested, not least by her, that while basic mass manufacturing could be done in the developing world, which had cheaper wages and so on and could therefore compete far more effectively at that level, countries such as Britain, and elsewhere in Europe, could survive through internal service industries and high-skills industries that would sell to the rest of the world.

However, we cannot be complacent about those jobs either. Last year, the Select Committee on Education and Skills, as it then was, visited China; we went to Hong Kong, Shanghai and Beijing. We saw the phenomenal change and growth in that country—the massive expansion of university provision and the educational changes going through. As part of our investigation, we read about what was happening in countries such as India, which is competing with the west at every level, from universities to massive graphic design companies to massive call centres. No one in Britain or other western European countries can today assume that the sort of jobs that people could once get with no qualifications or low qualifications exist any more. They certainly will not exist in a few years' time. The intent of the Bill is welcome, therefore.

I speak as someone who spent 22 years working in education and six years on the Education and Skills Committee looking at education throughout this country and in many others. While I was a teacher, I spent three to four years as an assistant head of year 10 and year 11, and 12 years as a head of sixth form. During those 16 years, I spent an awful lot of time every year working to persuade pupils to stay on in post-16 education. I tried to encourage them to take A-levels and to go on to university, or to stay on and take a qualification known as the certificate of pre-vocational education, which was designed for those who had not achieved their five A to Cs and who wanted to up their basic skills. There was a year-long course in which they sampled different vocational outlets to see whether that would give them an idea of where they wanted to go once they had upped themselves to a level 2 qualification.

That course was scrapped and replaced by GNVQs. My school had one of the first sixth forms to introduce that in the whole country; it was one of the first 30 institutions, most of which were colleges, to introduce the courses. I worked hard to persuade pupils of a range of abilities—from intermediate GNVQ to advanced—to stay on. I also worked to encourage pupils to stay on and take part in a college-school partnership that existed for a number of years between one of the schools at which I worked—I was the head of the sixth form there—and the local further education college, so I have a long and wide experience of working with the client group referred to in the Bill about whom we are in part talking today.

I support a huge amount of the intention behind the Bill, but like so many others I query the compulsion element, as have a vast range of organisations of every kind, including the Institute of Directors, various teachers unions, the TUC, the British Youth Council, Barnardo's, the Local Government Association, and the National Bureau for Students with Disabilities, as well as the children's commissioner—the list just goes on and on. The Government should consider the weight of that evidence and what has been said today, and think again about the compulsion element.

The Government need to consider carefully why the problem that they are trying to deal with through compulsion exists. In part, the problem is to do with the situation in post-16 education traditionally, in particular the poor funding for post-16 students in further education compared with that for students in school-based sixth forms, and the poor funding for FE from 19 onwards compared with that for people in higher education, as well as the lack of flexibility in FE provision. For example, a huge problem is that people either complete an apprenticeship or they get nothing out of it—they cannot build up work in a credits-based system.

The situation is very much the same with college courses. Lots of college principals and teachers with whom I have talked over the years bemoan the fact that we do not have a system such as that which some years ago the Education and Skills Committee saw working incredibly well in California, the fifth largest economy in the world in its own right. Some 60 per cent. of the population in the relevant age group in California have university degrees, but the average age at which people complete them is 35, because a lot of students build up part-time accreditation over 15 to 18 years. Those students take a course, take a year off to work or take part-time courses, building up credits over a long period of time. We do not have that in this country, which affects the whole of FE and has an effect on those in the age group who might want to work and might also want to improve their skills, but who cannot take the mix-and-match approach that works so well in other countries.

We also have a lack of apprenticeship places, which the Government have been attempting to redress, albeit certainly not on the scale that the Education and Skills Committee saw some years ago in Denmark, where there is an incredibly wide network of apprenticeship places. Denmark also has an employers' levy, which all employers pay. All the employers there chip into the apprenticeship system, and since they have already paid the money they might as well get a free apprentice out of it, instead of regarding taking on an apprentice as a problem, which is how many employers in Britain unfortunately regard it.

There are a lot of problems in the post-16 system that need addressing. The major problem is not with the system itself but with what happens pre-16, as a number of Members have already mentioned. For example, in his response to the Green Paper that led to the Bill, Dr. John Dunford from the Association of School and College Leaders said:

"The young people impacted by this bill primarily will be those who have turned their back on education and training."

He said that we have to re-engage those young people, which will be a "huge challenge". Will compulsion really be the way to achieve that, when most of that group have already switched off, dropped out or even truanted before 16, let alone after? In his response to the Green Paper that led to the Bill, the children's commissioner said:

"Our support for a raised participation age is conditional on changes to the educational culture within schools. Meaningful participation must begin long before 18, and long before Key Stage 4. We look for greater evidence of progress towards giving students a more significant voice in their own education and the running of their own schools."

The problem arises before the NEET group appears, not just at age 16.

Why do so many fail to engage pre-16? A lot of what I say will be coloured by my experience working in schools for 22 years, the experience of my three children, who have been through the state system, and my experience of serving on the Education and Skills Committee for six years, looking at different education systems across the country and throughout the world. One of the problems is that we have had three landmark changes in education, all of which have worked against the interests of the sort of education that we want to see in schools. The shift that took place between the '50s and the '70s was from selective schools to comprehensives, in so far as we have ever had such schools—we have never had a system of well-funded and respected local community schools or comprehensives in this country, as can be seen Finland, which tops the programme for international student assessment studies, or PISA studies, for success.

Then there was the O-level system, which was designed to be attempted by only 40 per cent. of the population and failed by a chunk of them, with perhaps only 30 per cent. passing, after which the certificate of secondary education was added, to cover the other 60 per cent. Finally, the two were merged in the GCSE, the introduction of which I was involved in, as a head of department back in the 1980s. Then there was the raising of the school leaving age, or ROSLA, the last occasion being in 1972-73. My year group at school was the last that could leave at 15 with no qualifications whatever and go into unskilled work, as some of my friends did.

One of the problems with all those landmarks was that we tried to impose an academic, grammar school-style curriculum on everyone. Being a mini grammar school was seen as the only thing worth doing, because academia was all that counted in this country. That was worsened by the massive, over-detailed, over-prescriptive and over-academic national curriculum, and further worsened by the intense atmosphere of frequent high-stakes testing, league tables and the professional pay review process, all of which I experienced in my professional career before being elected to this place. Let us remind ourselves that, as has been said, truancy has increased in the past 10 years, as the Government introduced those measures. Perhaps we should look at what effect those measures had on increasing the rate of truancy.

The two big PISA studies show that our rate of success in literacy and numeracy has fallen, from one study to the next, as the children who went through the literacy and numeracy strategy in junior schools came through to the secondary level and into the PISA age range. I taught children who were already turned off the school process at the age of 11—between 1979 and 1997, under the previous Government, as well as between 1997 and 2001, under this Government. By the age of 14, that situation was much worse; by 16 it was a nightmare. Some of those children had been a problem in school at the age of 14, 15 or 16, but when I went to visit them on work experience in the summer of year 10, I met entirely different people, working in an adult environment and doing something that they were enthused by. We have to harness those two sides of school to the benefit of everyone, in order to pre-empt the creation of the NEET group.

We must allow schools pre-16 the funding, the class sizes and the curriculum flexibility to engage all our children, not just the academic. We must not turn off such a significant proportion of our children. However, we are told that innovation and freedom from the national curriculum can be exercised only by schools that are outside the state system—the tiny minority of academies, for example, or the trust schools in their original version, before the watered-down version introduced after a Government Back-Bench rebellion altered the previous education Bill. Schools have to be outside the system.

What folly is it that says that we need innovation in our schools, but that we cannot trust education professionals to deliver it? We are told that the vast majority must be regulated to within an inch of their lives in order to teach in our schools—and yet if a school is taken over or set up by an outside body such as a religious body, or by millionaire used-car salesmen, fashion designers, carpet kings, creationists or wealthy City slickers, all of a sudden the school can have curriculum innovation. I just do not understand the logic of that, and have said so repeatedly in the Chamber in the past six years.

The current situation is nonsense; it is the education policy of the madhouse. I have worked under five heads, four of whom—not who the first one he was a traditionalist ex-senior Army officer—wanted to innovate, but were increasingly frustrated as the years passed by the diktats from the Minister in Whitehall. We should allow that freedom to all our schools, not just the chosen few set up by random outside bodies or wealthy individuals.

I hope and trust that those in my party who are now talking about free schools, possibly in the same vein, will not go down the route that the Government and the Conservative party have followed. I was reassured in part by the conversation that I had with my Front-Bench colleague, my hon. Friend the Member for Yeovil (Mr. Laws), and will watch the policy developments carefully over the next year.

Finally, it seems that the same situation applies to post-16, too. I am glad that the Minister for Schools and Learners is back in his place, because although I

[Paul Holmes]

would not want to misquote him, he said in an earlier intervention—I wrote this down, because I was so shocked by it—that one of the values of compulsion post-16 would be the "galvanising effect" on those working with young people. It is almost as if the only way that those who work in FE post-16 can deliver a good education to their charges is to force an unwilling client group, which will then scare those FE tutors into doing their job properly.

I have visited lots of colleges, including Chesterfield college, North Nottinghamshire college, Chester college and colleges across London—I also visited many when I was a teacher—and I have never met an FE principal who did not want to innovate and experiment. They would tell me, however, that the major obstacles that they faced were Government policy, Government funding processes and the dead hand of central Government. We must free up our schools and colleges and not try to impose ever more intensive and detailed central Government control. We must trust the education professionals, not the random amateurs from outside who set up schools.

8 pm

Sir Peter Soulsby (Leicester, South) (Lab): Another teacher, I am afraid, Mr. Deputy Speaker. Newly qualified, I started teaching in the early 1970s at what was then the Crown Hills secondary modern school in Leicester. I quickly learned my place in the school hierarchy when I was given the ROSLA class, which contained those who were there as a result of the raising of the school leaving age. More experienced colleagues were given the opportunity to teach the CSE group, and the heads of department got the small number of students who were doing O-levels. I am not sure whether it was a case of me being dumped on the ROSLA class or it being dumped on me, but it was certainly a rough first year of teaching. I am convinced that I learned more in that year than the students ever did.

The reality was that a high proportion of those who were obliged to stay on for that extra year did not want to be there and resented the fact that they had to be. The situation was complicated by the fact that those who could leave at Easter did so, and those who could not left in the summer term as soon as they could get away with doing so. Indeed, there was often much relief for me and my colleagues when the most disaffected students decided that it was not worth turning up after Christmas.

That was a model for how not to do it, and a lot has changed dramatically since then, not least at what was the Crown Hills secondary modern school. It is now fully comprehensive and a very successful sports college. It is enormously grateful to the Government for what they have done to enable it to meet its full potential as a college, allowing it to meet the needs of the diverse range of students from different backgrounds who attend it. It now quite rightly receives much praise and many awards for its work.

The other thing that has changed dramatically is that the Government have learned the lessons from the raising of the school leaving age at that time. They are right to emphasise that the Bill is not about raising the school leaving age in that way; it is about enabling young people between the ages of 16 and 18 to have a range of opportunities to extend their education and training in a range of different environments, rather than leaving them stuck in a classroom with an inexperienced teacher who had little to offer them except attempting unsuccessfully to do his best to entertain them during the time that they were interred together. The Government have recognised that such an experience, although perhaps worth while in the longer term, was traumatic for those who were a part of it. They are right to stress that we need to offer a right not only to education beyond the age of 16 but to training, and a right for that education or training to be relevant to those who take part in it and, we hope, benefit from it.

The Opposition parties have, understandably, made much today of the compulsion involved in the proposals in the Bill. Whether it is necessary or not, we all hope that that power will not have to be relied on a great deal by those involved in making a success of the extension of education and training to the age of 18. None the less, I am convinced that it will be necessary. Although there were many failings in the way in which the raising of the school leaving age was introduced in the early 1970s, it would not have been possible to achieve it without the element of compulsion that underlay it.

It was interesting to listen to the hon. Member for Chesterfield (Paul Holmes) talking about the encouragement that he had given over the years to successive cohorts of young students to stay on beyond the age of 16. I think that he would acknowledge—as would other hon. Members who have been involved in education—that we were not always successful in encouraging those who ought to have stayed on to do so, and that that situation would be unlikely to change, for many of them at least, were there not to be a degree of compulsion involved in the extension of education and training to the age of 18, as the Government are proposing.

Paul Holmes: I recall one particular student, a very bright girl whom I taught, who would not stay on. Her mother was a single parent, and she had several younger siblings. She felt that it was her duty to go out and get a job, however low paid, rather than continue in education. Had we been in a world where we could mix and match a lot more and do part work, part qualification—which we are closer to achieving now than we were then—I think that she might have stayed on and continued her education. I do not think compulsion is the answer.

Sir Peter Soulsby: I entirely understand the point that the hon. Gentleman is making. I have experienced similar situations with young students, but I remain convinced that such students would not have been adequately susceptible to the persuasion that he or I—or those who now have these roles in education—could offer them. Only compulsion will make it possible for them to resist the pressures, whether from family or from society more generally, to leave and do something that they might perceive to be more exciting. I entirely take the hon. Gentleman's point, however, about the need to include in the Bill, as the Government have

done, the provision for this to be done on a mix-and-match basis, so that it will be possible to tailor what these young students will be compelled to do in order to meet their needs.

I listened with interest to my right hon. Friend the Member for Birkenhead (Mr. Field) when he spoke earlier of the need for those involved in education, both in the Government and more generally, to think outside the box. I am sure that other right hon. and hon. Members will have seen that much thinking outside the box is already taking place in education. A lot of groundwork has already been done to enable the realisation of the Government's vision of doing something other than just sitting 16 to 18-year-olds in a classroom for an extra couple of years and forcing them to suffer what many of them have already become disaffected with, even before reaching that age.

I want briefly to mention two examples of very good practice in my constituency. The first is Leicester college, in the higher education sector. It is one of the largest further education colleges in the United Kingdom, and it deals with total student numbers of 27,000-plus. It is a good example of the ability of the education sector generally to deal with the diverse needs of its students and with the needs of the community that it serves. It has won many awards, and tailors its courses to include subjects that are relevant to the students and to the local community, including print skills, retail, construction and enterprise. Increasingly, information technology and computing are among its successes. It is also doing an increasing amount with one of the local universities, De Montfort university, and providing a good example of taking forward existing opportunities to meet the challenges that will undoubtedly come from increasing the age of participation in education and training from 16 to 18.

I also want to mention Regent college in my constituency. It was set up as a sixth-form college on the premises of a former grammar school. It had a heavy academic bias at its inception, but it has now adapted to the needs of its community in a way that is really quite remarkable, under the impressive leadership of its principal, Eddie Playfair. The college now deals with a very diverse intake of students, including increasing numbers from the newly arrived Somali community in the city, and it is able to offer a varied curriculum—from A-levels and GCSEs to a whole range of vocational courses. It can also support students who would traditionally have looked only to the FE college for courses that interested them.

Regent college thrives because its students want to be there, which is the whole point of the proposals in the Bill. As I argued earlier, compulsion needs to be one element, but success will be judged overwhelmingly by whether students want to be in education. It is the case that many education institutions in my constituency and throughout the UK are already thinking outside the box and are already recognising that they need to offer courses that are relevant to the local economy, but relevant above all to their students, so that they will continue to want to be there.

I mentioned dealing with ROSLA in my earlier teaching career. Later in my career, I became a special needs teacher, so I am painfully aware that, despite my efforts and those of my colleagues, our successes were often somewhat limited. The UK figures on the number of people who are still functionally illiterate or innumerate present a major challenge to us all and reflect the fact that we were not as successful as we wanted to be when those people first came into education. The Government's targets for increasing literacy by 600,000 and numeracy by 400,000 by 2011 are very ambitious, but are absolutely essential and worthwhile.

I began by talking about my experience of ROSLA. During that year of teaching, I was often asked by those very reluctant students why on earth they were there. My response was that it was for their own good. I tried to explain in a little more detail than that, but that was the essence of it. It is also the answer given to young people in education generally—that they are there for their own good. I believe that the Government are right that we are entitled to say to 16 to 18-year-olds that it is for their own good that they remain in education or training, or in the very flexible range of alternatives offered in the Bill. We are also entitled to say that it is for society's good and for the good of the economy, but the Bill's extension of provision is most fundamentally of all for the good of those participating in 16 to 18 education and training. The Government and the whole education service face the challenge of demonstrating to young people that it is indeed for their own good and ensuring that, when we say that to them, it is really true.

I have no doubt that the Government are showing the necessary determination to deliver the quality of education and training that young people of that age deserve. Equally, I have no doubt that the Government and their partners in education more generally are determined to deliver for the benefit of those young people.

8.13 pm

Mr. Douglas Carswell (Harwich) (Con): I believe that the Bill is another piece of legislation designed primarily to make the Government appear effective. It will do little to improve education and skills. If passing laws were enough to tackle social problems, Britain would be a utopia. If education Bills alone raised levels of education and skills, we would be the wisest, most skilled and best educated people on earth.

Education and skills are desirable. We need to see people participating in education not just to 18 but throughout their lifespan. Higher levels of education and skills are good not only for the individual but for wider society. In view of the many economic changes and competitive pressures from the far east, it could be that improved education and skills are not just a good thing but a prerequisite for our country. On a recent Select Committee visit to China, I was struck by the appetite of the students I met there for education. In deciding what course to take or what university to attend, not only the student but the entire family—often several generations—participated in the decision. In the light of the challenge from China and other countries, we do not face competition simply in the manufacturing industry sector; we also face it in the sphere of intellectual value-added capital.

All that means that we need to enhance this country's education and skills. The question remains, though, whether this particular piece of legislation will

[Mr. Douglas Carswell]

enhance education and skills. Like so much else done by the Executive in recent years, this law is built on an assumption that top-down Government action through Acts of Parliament best achieves the ends sought. I believe, however, that that is a flawed assumption.

In my own area of Harwich and Clacton, the number of young people who are not in education, employment or training is very high. Indeed, I believe it to be one of the highest in the country. It is not simply a case of statistics; these are real people whose life chances are being ruined. Does the Minister really think that an Act of Parliament is going to change that? Surely, all the Bill will do is raise the costs and, for want of a better word, the hassle of hiring a young person while reducing their chances of employment.

Kelvin Hopkins: Many Conservative Members have said that the Government should not be doing this and that there should not be top-down attempts to deal with these problems. Without Government action, however, the system would be left to itself and things would get no better.

Mr. Carswell: With great respect to the hon. Gentleman—I agree with his views on many things, not least Europe—I profoundly disagree with him on that issue. I believe that many things around us are the product of individuals pursuing their own interests rather than of officialdom and central Government planning. Many great, innovative things have come into existence in my short lifetime without any involvement of the Government. Indeed, I would say that most of the great things around us in the world are usually the product of individual action, not of Government.

Mention has already been made of the Government's Building Schools for the Future programme, which I shall briefly touch on. The Government have not only made many laws on education, but spent a great deal of money on it, which no one can really dispute. In the Clacton area of my constituency, for example, they have spent £14 million on a brand new school, Bishop's Park college. The problem is not spending that money on education, which is excellent, but the fact that after just two years, they are trying to close the school down. It was opened formally by the previous Prime Minister two and a half years ago, yet it now faces closure.

Jim Knight: The hon. Gentleman said that "they" are trying to close the school, implying that the Government were trying to close it, but is it not the case that we do not have that power? It is a decision for Essex county council, which is controlled by the party that the hon. Gentleman represents.

Mr. Carswell: The Minister well knows—I have written to his Department—that the decision to build Bishop's Park college was taken by central Government. Indeed, I have asked for the correspondence between the local authority and the Department to be released, so that we can resolve whether the decision was made centrally or locally. Thus far, the Minister has refused to release the correspondence. If he released it, I am pretty sure it would show that the decision to build the school was made in Whitehall, not the town hall. I would be happy to discuss the matter further here or elsewhere subsequently. Bishop's Park college shows that despite a great deal of money being spent, little regard for local need was shown. The fate of the college shows in microcosm what happens when education decisions are taken centrally and on high. It bodes ill for the Building Schools for the Future initiative.

The Education and Skills Bill graciously permits—I say that with a sense of irony—young people to remain in work provided that they are engaged in part-time training. That is a further extension of the "Government knows best" philosophy, and is wrong because it means that officialdom needs to approve before young people can do what they wish to do. It will make hiring young people more costly and bureaucratic, which is a bad thing.

It is a conceit of politicians that they can run things efficiently and better. All the evidence suggests to me that they cannot, and that is also the case with raising standards in education and schools. I venture to suggest that any improvements will take place despite, not because of, the Bill. People will gain skills and education because they want to do so, and choose to do so, not because Government decree it. It would be good if more young people remained in education and training. Rather than extend officialdom, however, Government should empower young people; instead of placing an obligation on young people, Government need to give them more freedom.

The Bill will entrench the power of officialdom in LEAs, the Qualifications and Curriculum Authority and the Learning and Skills Council to determine what skills are taught. As a member of what was the Education and Skills Committee, I have been deeply uninspired by some of the officials who have appeared before the Committee from time to time. Using officialdom to determine what skills are taught is a form of central planning. Economic change makes it likely that the country will need new skills, yet it is almost impossible to know accurately what those skills will be. Twenty years ago, who could have known what software design skills were needed? Five years ago, who could be certain what know-how was required? Economic change requires innovative skills. I very much doubt that officials at the LEAs or the QCA are best placed to know what innovations are around the corner. It was not those people but a university drop-out who gave us Microsoft.

To conclude, let me put two questions to the Minister. Truancy today is at its highest for a decade.

Jim Knight: Wrong.

Mr. Carswell: From a sedentary position, the Minister says that that is wrong. I am happy to dispute the statistics with him. The statistics to which I have access clearly show that truancy today is at its highest level for a decade. No amount of spin can deny that.

Jim Knight: I am grateful to the hon. Gentleman for giving way to me a second time. The mistake that he makes, which is made by most Conservative Members—and by most newspapers, it is true—is to conflate unauthorised absence with truancy. The two

are not the same. If we were to ask any head teacher in the country whether unauthorised absence is truancy, they would say no. Much of the unauthorised absence is due, for example, to parents wanting to take their children on holiday during term-time and head teachers refusing to authorise that. I do not equate that precisely with truancy. I do not condone it—I think parents should ensure that their children attend school—but I do not think it is the same as truancy.

Mr. Carswell: I am flattered that the Minister should intervene on me twice—and I say yes in a sort of Jeremy Paxman-esque way, with due cynicism. I have statistics in front of me on pupil absences in England; I am quoting a document produced on 25 October 2007, and I would be happy to share it with him afterwards. I stand by what I say: truancy today is at its highest level for a decade. If the Government cannot get all those truants to remain at school at age 16, how on earth will the Bill keep them at school until 18?

The second point that I make to the Minister—again, I would be happy for him to intervene—is that rather than focus on the time spent in education and on the quantity of education, why do the Government not focus on the quality of education until age 16? Surely it is a failure of the Government to provide good education up to age 16 that explains why so many choose to leave school at 16.

8.24 pm

Kelvin Hopkins (Luton, North) (Lab): It is a pleasure to speak on this Bill and to welcome it. I am one of those old-fashioned socialists who still believe in government and the role of the state in improving human life. If there was not a state, and if there was not government, I believe that we would live a pretty nasty, brutish and short life. It would also be a very unequal life, because were the kind of libertarian approach that many Conservative Members advocate given free rein, we would see more inequality, and more of the problems that we are trying to deal with today.

The Bill is a serious attempt to address a problem that has been with us for decades. As another former teacher in further education, I remember well the alienated young people who used to come on compulsory day-release. I had a nice mixture of well-motivated A-level students and day-release students, who sat there brooding and resentful. I saw the difference, and even with talents such as those in this Chamber, inspiring some of those people would have been difficult.

One point that has been made many times—particularly by those on the Opposition Benches, but I agree with it—is that the real problem lies further down in schools. Rather than saying, "Let's just focus on schools," we need to do two things—we cannot just leave to one side and forget those people who missed out in school and therefore finished up at 16 with insufficient numeracy, literacy and other skills. We must look after those people as well, and that is why the Bill is important.

I shall dwell on some points that have not been mentioned in the debate. I welcome the slightly expanded role for local authorities that is provided by the Bill. That looks to me like the beginning of building up and back from the fragmentation of public services in recent decades and over quite a long period before that, and of co-ordinating services again, with even an element of democratic control, which would be good.

Another point about local authorities is that they had a large role in providing apprenticeships in the past—a role that ought to be massively expanded now. In the construction sector in particular, local authorities took on apprentices in direct works organisations and provided a source of skilled workers for the private construction sector. It was understood that getting people into industry with skills, through apprenticeships, was part of government-subsidised training. I hope that direct labour organisations will be given their head, and that local authorities will again soon be given a much bigger role in doing their own construction work, and therefore have a basis for providing many more apprenticeships in that sector in particular.

Another issue is the variety of education provision on offer. Anybody looking at Britain from the outside must think that we have had some kind of mad Maoist revolution, with a thousand flowers blooming, because almost no local authority's pattern of provision is similar to that of the next-door local authority. There must be 20, 30 or 40 different patterns in every local authority. If we were to compare how they function, we might find that one was better than the others, and we ought perhaps to adopt it. I do not suggest another wholesale revolution to impose a system of education, but I do think that some systems of education, or patterns of provision, are better than others and would help with the problem that we now face. I would say this, would I not, but I think that Luton has the right system. We have a system of 11-to-16 high schools, and the best further education college in the country. I say that advisedly: it was the first FE college to be given beacon status, and has repeatedly been given a grade 1 in inspections. We also have one of the best sixth-form colleges in the country, if not the best. It too has beacon status, and has repeatedly been given a grade 1. As I happen to be vice-chair of the governors of that college I might be expected to boast about it, but I bask in reflected glory. The fact that the college is so good is not to do with my input; it is to do with the wonderful staff and management, and indeed the fine students.

That kind of provision seems to me ideal in the context of the problem that we currently face—alienated 16-year-olds who do not want to stay at school, especially if they are in a sixth form in which all the high-fliers are doing their A-levels and going to university, and they themselves are not doing very well. If they have the opportunity of going to a very good further education college which is large and has an enormous variety of provision, they will be more inclined to consider education or training after the age of 16.

I hope that my hon. Friend the Minister will take a positive approach to sixth-form and further education colleges and 11-to-16 high schools, because I think that they work. I also hope that we can start to bring the elements of our education system together, rather than letting them continue to fly apart as they have done for a long time.

In Luton we have had problems with provision for 14-to-19s. Three or four years ago we were given a poor report, but it was not to do with the colleges; it was to

[Kelvin Hopkins]

do with certain schools. Those problems have now been addressed by good head teachers who were brought in to solve them. Schools in my constituency that were in special measures have now come out of them. We have a collaborative approach, Campus Luton, which covers schools and colleges. One thing that I have discovered from my experience of our sixth-form college is that such colleges learn from other sixth-form colleges. There is cross-pollination, which I think would also be a good thing in schools.

The problems in schools have been mentioned many times today. They are serious, and they have not yet been rectified. I am now going to be controversial. I think that many of those problems derive from a deeply misguided revolution in teaching methods which started some 40 years ago. I believe that informal methods—kindly described as child-centred education—were a profound mistake. Generations of young people have missed the chance of being taught mathematics and English properly. Now we are struggling gradually towards where we should have been all those years ago, and starting to reconsider phonics and a more rigorous approach to the teaching of mathematics to ensure that people have those skills when they are very young. For children who miss out on mathematics in particular—although the same can perhaps be said of literacy—starting at the age of 10 is much more difficult than learning at seven. The longer it is left, the harder it is.

I remember that 25 years ago, at the height of the mad "informal methods" revolution, the head teacher at William Tyndale school in London—I do not know whether anyone remembers that famous school—said, "If half the children in my school can read when they leave at the age of 11, I shall be very pleased." He thought that that was success; I think that it was appalling. Fortunately the head teacher was sacked, but it was a turning point. People thought that the revolution had gone so far that it had become completely insane.

The problem was that tens of thousands of teachers had been told that that was the way in which to teach, and it was hard for them to be told in mid-career, "I am sorry, but the methods that we told you about when you were at teacher training college are actually rather mistaken, and we ought to start returning to some of the more rigorous approaches to the teaching of mathematics, reading and writing"—methods that I experienced in the 1940s and 1950s. Many teachers did not like being told that, and were very defensive.

Several of my relatives were teachers. At dinner I would occasionally mention the suggestion that children should sit in rows, be quiet and listen to what the teacher was trying to tell them. The hostility of those teachers was such that I was almost booed out of the room. I could understand their not liking what I said, but I did not retract it because I happened to think it was right, and I think we are now starting to recognise again that it is right.

I also believe that there is something different about Britain, in comparison with other European Union countries. Statistics from the Organisation for Economic Co-operation and Development show that five years ago the top 10 per cent. of our academic achievers were among the best in the world, while the bottom 10 per cent. were among the worst in the world, or at least in the OECD areas. The disparity between the two was enormous, which shows that something was profoundly wrong.

There are other factors in Britain—other social phenomena—which make us very different from other countries. It was revealed recently that the teenage pregnancy rate in Britain is six times higher than that in Holland. In other respects Britain and Holland are very similar countries, with similar populations, a fairly large proportion of minorities and diverse communities, but there is something different about Britain. We have not really got to the bottom of what the problems are, and we ought to start doing some deep research comparing ourselves with similar countries in Europe to find out what they are.

In the 1980s and 1990s, I read a lot about the comparisons between educational achievement in other European countries and in Britain. Some research was done by the National Institute of Economic and Social Research under Professor Sig Prais; Lord Moser was also involved. Even the abilities of those who were apparently doing well were compared. When apprentice plumbers in France and England were given a simple mathematics test, it was found that all the French plumbers could do all the sums quickly—in five minutes—and none of the British plumbers could do any of the sums at all. There was something profoundly wrong with what was happening.

We have talked about functional illiteracy and functional innumeracy, and contrasted the UK with other countries. The Moser report, published only seven years ago, suggested that 50 per cent. of people here were functionally innumerate, whereas the Leitch report suggests a much lower number. If half the population cannot compute properly, there is a serious problem. We are not just talking about 10 per cent.; it is broader than that.

I may have mentioned before the fact that I worked as a researcher in a trade union before I came into this House. Occasionally, some of the negotiators would sneak into my office and ask me to tell them precisely how one calculates a percentage. These people were negotiating percentages for thousands of members, but they were asking me to tell them how to calculate a percentage. These people were graduates, yet they could not calculate a percentage—something was wrong.

We are not facing up to the difficulties. We do very well with the top 10 per cent. and very badly with the bottom 10 per cent, but many problems lie in the middle group. I hope that when we examine apprenticeships and extending education and training from 16 to 18—it is right to do that—we will look rather more widely than just at the people with obvious and glaring problems, and get to the bottom of what our real educational problems are.

Mr. Nick Gibb (Bognor Regis and Littlehampton) (Con): The hon. Gentleman is making an interesting speech and I agree with most of it. How would he address the problem that many people in the educational establishment are very resistant to the return of synthetic phonics in the teaching of reading in our primary schools? How would he advise a Government to resist that backlash against the synthetics phonics movement?

Kelvin Hopkins: I hope that in this Chamber we can persuade Ministers to say to civil servants, "We are going to go for synthetics phonics now." *[Interruption.]* I am glad to say that the Minister for Schools and Learners seems to be in agreement.

Jim Knight: We commissioned Jim Rose to carry out the review, and he came out firmly in favour of synthetic phonics. We then produced "Letters and Sounds". I was in a primary school in west Bristol this morning, where I saw children using that extremely effectively. We are using our national strategies teams to ensure that it is being used effectively up and down the country. Jim Rose is now doing a review of the primary curriculum, and we chose him specifically to ensure that synthetic phonics and the effect on literacy is built into the new primary curriculum.

Kelvin Hopkins: I say hooray to that. I am pleased that the Minister has made a great stride in the right direction and that we are making progress, although resistance still exists. I have heard too many anecdotes—there is not time to tell them all now—of head teachers who would threaten teachers with the sack if they showed any signs of using traditional teaching methods. We hope that that has now passed, but many teachers still feel uncomfortable with those methods, which were thought to be tried and tested before they were kicked out 45 years ago.

I shall finish by again making an uncomfortable comparison with other countries in Europe. I am talking about another Sig Prais bit of research, which was shown on television about 15 years ago and which compared kitchen manufacturers in Germany and in Britain. The shop floor workers in Germany would take an order in English and translate it without difficulty into a custom-made kitchen arrangement for an order for Britain, including all the calculating and measuring. They contrasted that with the situation in Britain, where not only did the workers not have a clue about any foreign language, but they did not even do their own calculations. People in the office did the calculations and the workers did the routine cutting. There was a sharp contrast, even among skilled workers, between Germany and Britain. I have spent some time travelling around Europe with the Industry and Parliament Trust to look at industry, and there are marked differences. Things are improving in Britain, but we have some way to go.

I may incur the wrath of all primary school teachers if I say that 35 years ago 60 per cent. of primary school teachers in Britain had failed O-level maths, but they were still responsible for teaching the elements of mathematics to all our children. That was very worrying. O-level maths may not be necessary in junior schools, but if teachers are so uncomfortable with mathematics that they cannot pass O-level, they will not be very confident communicating the subject to children in school. I know that we have moved on from there, but this country still has a serious problem with mathematics and basic literacy, and I hope that the Government will address that in future.

Jim Knight: By way of further reassurance for my hon. Friend, I can confirm that not only do people have to have GCSE or O-level maths to teach, but they have to have passed functional skills tests in both maths and literacy. That is for all subjects, not just maths or English, because we accept the point that it is vital that all teachers should have that basic competence.

Kelvin Hopkins: I am grateful to my hon. Friend for that information and I have now finished my remarks.

8.41 pm

Mr. Charles Walker (Broxbourne) (Con): I am grateful for the chance to speak in this important debate. I have no idea whether the Bill will be a success or a failure. It would be churlish to hope that it will fail and I sincerely hope that it is a success. Whatever the outcome, it provides us with a fantastic opportunity to debate the important issue of education and skills. One of my regrets is that there are not more Members here today to listen to the debate, because I have listened to many colleagues, on both sides of the House, make some fabulous contributions. Another regret is that there are so few members of the press here to report on the debate, but their minds are probably on other things.

When I was at school I was no academic hero. I am pretty sure that my parents cried themselves to sleep night after night, worrying what they would do with me. It was only because they were extremely generous, very patient and had some financial means that I managed to become a Conservative Member of Parliament and not a drop-out—although sometimes I wonder whether they would have preferred me to be a drop-out.

When the press talk about education, they talk about bright and gifted children. That is fantastic, but they also talk about dull and thick children, and that is very sad. All children have aptitudes and strengths, but they come to learning at a different time in their life. We are not all the same, and that goes for children, too. I was only comfortable around a textbook at the age of 18 or 19, but many of my peer group were comfortable around textbooks from the ages of five or six. It is dangerous to pigeonhole children at a young age.

I managed to go to a very good university in America, but I was amazed by the approach to education of many of the young men and women I met from India and China. While I was off drinking beer, fishing and chasing beautiful American girls, those people were often in the library when it opened at 7 o'clock in the morning, working studiously, and were the last to leave when it closed at 11 pm. They really valued education and the opportunities that it would give them, often to escape from their very poor backgrounds.

I am concerned that in this country some sections of society are complacent about education. The world does not owe this country a living. The world is becoming an increasingly competitive place and only those with the most up-to-date skills and the best knowledge of the workplace will be able to compete in the future and get the best jobs. It is incumbent on politicians, decision makers and opinion formers to make it clear to parents that if their children do not go to school and are not supported through school they will simply not be in a position to compete in the

[Mr. Charles Walker]

future. Tonight we are talking about legislative changes, but we also need to talk about cultural changes in how we approach education.

I represent a constituency just north of London, which is served by some fabulous schools, but, again, sections of the community have traditionally undervalued education. Far too many young people in my constituency decide to leave school at 16. They are able and bright, but school has not worked for them and they want to get a job to earn some money. They end up in low-skilled jobs, such as working at a till in a supermarket. I shall not name any particular supermarkets, but a number of those young people go to work in the retail sector. For a short time in their life, they do better than their peer group. They earn £200 to £300 a week and have all the luxuries that those left behind at school do not have. They have a car, status, a job and money to go out with, but they have no long-term skills and no future. By the time they reach the age of 19 or 20, they begin to be left behind.

Kelvin Hopkins: The hon. Gentleman is making a strong point about those who have no skills. However, there was a time not so long ago when people could have almost no literacy or numeracy skills, work in a factory or the mines all their lives, earn good money in that time and then retire. Those jobs have gone; is that the point that the hon. Gentleman is making?

Mr. Walker: The hon. Gentleman makes an excellent point: 20, 30 or 40 years ago, people could leave school unable to read and write or add up and could hold down a job that would provide for them and their family. I do not believe that that is the case any more. I do not believe that working on the checkout of a supermarket, in the long term, will allow people to provide for themselves and their families. That is why skills are so important and why it is incumbent on us to ensure through counselling and education that young people are aware that the life choices that they make at 14, 15 or 16 will have a long-term impact on their future.

I want to use the second half of my speech to talk about the troublemakers in our classrooms. One or two troublemakers can make learning for the majority almost impossible or at least very difficult. Those who want to learn find it hard to get the quiet time that they need, as well as the focus and attention that they need from teachers, while those who are on the periphery of learning are drawn away to those who cause problems. I do not want to stand here and attack people who are struggling in school. Often, the brightest young people are failed by the education system.

Like all my colleagues in this House, I spend time talking to young people—often those who have left formal education young. They struggle to make their way in their community, and have often spent time in trouble with the police or even in detention. Almost overwhelmingly I find them to be bright, switched-on youngsters, but somewhere along the line they lost touch with education. They might have a learning difficulty that was undiagnosed, dyslexia or problems with their attention span. Unfortunately, even now, the education system is not yet geared to meeting their needs. We lose them too young.

I hope that as part of the Bill we can consider how we approach young people in school. This country has traditionally placed academic success over vocational and industrial success. We need to start redressing that imbalance. There is an urge to send hundreds of thousands of people to university, almost to the exclusion of vocational careers. I stress to the hon. Member for Luton, North (Kelvin Hopkins) that a vocational career with a skill can be rewarding and allow people to earn the money to have what we would call a middle-class lifestyle and provide for their families.

I hope that we can identify children who are struggling at the age of 11, 12 or 13, and put the infrastructure in place to take the time to work with them, manage their expectations and show them how learning can help achieve their aspiration, whether it is to be a qualified bricklayer or a mechanic—something that engages them. We could present the argument to young people that those who want to be mechanics or around engineering projects need to have a good understanding of English to read the manuals and of science and maths to do the equations. If we can persuade them that they can apply what they learn in school to a career that enables them to achieve their potential afterwards, perhaps we can engage them in the learning process for that much longer. We should be in a position when young people are 13 or 14 to identify those youngsters who are better off in a vocational framework and help them get the education and experience that will allow them to be productive members of society.

When talking to bright and able children in my constituency, I have often noticed a lack of self-awareness and confidence, which acts as a barrier to their ability to communicate with adults and sell themselves. Too often, I have talked to youngsters who are telling me about some fabulous work or project that they have done at school, and they are talking to their feet, not to me. That will place them at a huge disadvantage when they are interviewed for jobs and universities. We need to develop those soft skills in all our youngsters. One method of achieving that is through drama. My hon. Friend the Member for North-East Hertfordshire (Mr. Heald) said that drama was a fabulous way in which to allow people to come out of their shells, express themselves and develop the self-confidence that would enable them to prosper at the interview stage.

The Bill is important. If I have the pleasure of serving in Committee, I look forward to bringing my moderate intellect to bear on proceedings.

8.52 pm

Dr. Roberta Blackman-Woods (City of Durham) (Lab): I apologise for not being in the House earlier; constituency matters kept me away. I am therefore grateful for the opportunity to speak in the debate and strongly welcome the Bill.

I want to begin by outlining the context that informs the measure. It is vital to continue to upskill our population so that we can compete in a global economy. We want to do that not at the bottom end but at the top. That means concentrating on developing higher level skills and improving skills overall. As the

Prime Minister has pointed out, we have 6 million unskilled workers today but, by 2020, we will need only approximately 500,000. There should be increasing demand for skilled employees as well as improvement in the skills and qualifications of those leaving school to equip them for the future work force.

I applaud the Government for taking the bold step of guaranteeing training or education for every young person up to the age of 18. Much has been said about the great sadness of the fact that so many of our young people leave education and training without qualifications. That undoubtedly reduces their life chances. Labour Members hold the view, which should be welcomed, that if we want young people to leave school with qualifications, we must will the means as well as the end. It is simply not enough to stand up in the Chamber and wish that more of our young people stayed on at school. We must not only encourage them to do so; I feel strongly that we must insist.

The policy is not simply to ensure that young people stay on in education until the age of 18; it is to ensure a whole range of measures and opportunities for young people and to encourage them to stay on in education or training as well as insisting that they do so. They will be given a range of ways to acquire skills, from work-based learning to apprenticeships. They will be able to combine training and volunteering and participate in part-time education as well as being employed.

Having that range of measures is a critical part of the Bill. They reflect what already takes place in a great many communities throughout this country. As a result of previous legislation by this Government, 14-to-19 partnerships exist in lots of areas. They are critical to skills development, because they bring together people at the local level who understand education, particularly the educational requirements of that age group, and marry those requirements with employers' needs in the new diplomas.

We want to encourage as many young people as possible to take up the new vocational diplomas. It is clearly important for us to do so, for a number of reasons. I shall start with the young people themselves. Although I must stress that the number of those leaving school without any qualifications has decreased drastically under this Government, we all recognise that there is a group of young people who are disengaged from education—it usually happens between the ages of 12 and 14. That suggests that we do not have enough measures in place to engage them.

The Bill's measures to strengthen local partnerships for 14-to-19 diplomas should encourage a great many more young people to take a vocational route through education—a route that will meet their needs. I encourage the Government, when putting in place the element of compulsion, to consider the quality of the 14-to-19 diplomas and work-based training available, so that young people get support and encouragement to stay on in education. We must ensure a degree of personalised support so that they can map out at the age of 11 or 12 what they would like to achieve and receive support to attain it, as well as a degree of flexibility and choice at the local level so that they can start to participate in a diploma and, if they like it, enhance their learning by progressing from apprenticeship to advanced apprenticeship. Progress should be led by the young person depending on how they want their skills to develop, but they should also get the support that they need from local professionals. Where it is essential, they should also be given support through their families, or their families should be encouraged to support them.

I support the Bill. The measures in it will help us to engage that group of young people who are leaving without qualifications.

I want to give a few examples from my constituency, which is in a former coalfield, to show how the proposals in the Bill may develop. In the 1980s, the mines closed and there was very little investment in the community or its schools. We must therefore do what we can to change the culture of such communities so that young people can improve their aspirations. Such initiatives have been under way for a number of years, and staying-on rates in County Durham have increased drastically in recent years. I pay tribute to local head teachers and teachers who have embraced the need to raise standards, and do a great deal of excellent work with young people to encourage as many of them as possible to stay on.

Today, however, we are concentrating on that group who have not grasped the many opportunities provided by the Government. We need to engage with those young people who have not yet seen a way forward in the education system. From talking to them, particularly the young men, I know that they think that in the past their communities were forgotten. They have begun to see that a range of opportunities are available to them, and apprenticeships are the way forward. Many of their fathers and grandfathers undertook apprenticeships, so they know that they were a route to employment in the past. They recognise the language, and they are keen to take them up.

I am pleased that the Bill sets out the way forward to provide an increased number of apprenticeships. It pays attention, too, to the quality of apprenticeships on offer, so that young people who take them up gain experience of employment and receive support from employers and local colleges. We must ensure that apprenticeships are a positive experience. Young people should be encouraged to stick with them, and they should lead to employment. That is very much the Leitch agenda, and that is why I support the Bill.

While it is important to upskill young people and ensure that they leave education and training with the right qualifications to equip them for the labour market of the future, we must recognise that a great many people in employment do not have the necessary skills for an improving economy. It is right that the Government have encouraged people without level 2 or level 3 qualifications to take up the opportunity to gain them, and have given them the support to do so while they are in employment. I applaud the Government for providing adults with opportunities to take level 3 qualifications that do not require payment. A great many of my constituents did not have the opportunity to gain qualifications early in their lives, and they very much welcome the opportunity to upskill offered by the Bill.

In many workplaces across my constituency and elsewhere, many of our trade union partners have put in place training schemes to encourage workers to upskill, to improve their skills, and to think through

[Dr. Roberta Blackman-Woods]

their career development. Those opportunities were not available to those workers in the past, and I am sure that they all welcome the excellent measures in the Bill that encourage them to develop their skills, enhance their employment level and move into new careers, if that is what they wish to do.

Therefore, I applaud the Government for setting their sights high. It is not good enough that we are currently not one of the top 10 OECD countries for skills development. The measures in the Bill and the targets that the Government have set should enable us to get into that top 10 by 2020. We absolutely have to support that ambition. We absolutely want to be a country that invests not only in the skills development of our young people, but in the skills development of adults who are in work, so that, as I said, we can compete effectively in the global economy.

I am at a loss to understand why the Opposition parties are not supporting these measures. Much of the Bill is about changing the culture that exists in some of our communities and giving opportunities for young people. There is much more about that than there is about compulsion. The Government want compulsion as a measure of last resort. The Bill is about providing more opportunities not only for young people but for all adults who are in employment. There is a set of goals and ambitions here that all parties in the Chamber should get behind. I will be interested to hear what Opposition Front Benchers say in response to the debate.

9.6 pm

Mr. Tobias Ellwood (Bournemouth, East) (Con): It is a pleasure to follow the hon. Member for City of Durham (Dr. Blackman-Woods), who is passionate about getting us back into the OECD top 10. It is a disgrace that we are out of that bracket. Across the House, it is a target that we can all head towards. She also spoke with passion about diplomas. That allows me to declare an interest in the sense that I am the product of the international baccalaureate. I did not do A-levels. If there is any form of education that arms individuals, no matter what their background and what they want to do with their lives, the international baccalaureate and its diploma is it. We should allow more of that. It does not demand that individual pupils limit themselves to three subjects. They learn a wide variety of skills, which they need for the life that they must pursue.

It has been said that music is the food of love. I would say that education is the fuel of life and, if it is properly administered, it can not only power social mobility but ignite appetites to learn. It can give children the skills that they need not only to survive but to succeed.

The greater competition that we now face is part of the background that we are discussing today. It has been mentioned a number of times by hon. Members on both sides of the House. We have heard about the growth in skill sets that we are seeing across Europe, whether it be Poland or elsewhere, the influx of graduates, non-graduates and those armed with the skills in places such as China, India and South Korea. We are no longer simply the United Kingdom. We are competing with our colleagues from across the globe. That leads us on to the economic case. Unless we arm the next generation with the relevant skills, as the Leitch report said in December 2005, we will miss out on the importance of investment in education, which leads to a more prosperous labour market. The report said that an increased pool of highly skilled school leavers leads to an increase in economic productivity.

It is worth taking stock of where things stand after 10 years of this Labour Government. Unfortunately, we are lagging behind several European countries; only 27 per cent. of Britons are qualified to apprenticeship, skilled craft or technical level, compared with 51 per cent. in France or 65 per cent. in Germany. The Government claim that the number of apprenticeships is up from 75,000 in 1997 to an astonishing 250,000 at present, but as the House of Lords Economic Affairs Committee noted in June 2007, the increase was due to

"converting government-supported programmes...into apprenticeship",

which means that the number has jumped dramatically.

Mr. Denham: The figure we give for apprenticeships is entirely people who are working for employers while they follow their apprenticeship, which is a requirement of that part of the apprenticeship programme. Other apprenticeships are programme apprenticeships, but the figure we usually use is people who must have an employer to complete their apprenticeship.

Mr. Ellwood: I am grateful to the Secretary of State for that reply, but it does not explain the concern of the House of Lords Committee. This is smoke and mirrors: numbers are being included to up the statistics.

Mr. Willetts: My hon. Friend makes an entirely accurate and well-argued point. The only reason why the Secretary of State appeared to be able to disagree was because in his statistics he included training providers as employers. It is only because they are counted as employers that the Secretary of State appears to achieve the effect he was claiming, but it is my hon. Friend who is right.

Mr. Ellwood: I am grateful to my hon. Friend, whose intervention shows that we must have honesty in the statistics we consider. I am sure those details will be probed in Committee, although I make it clear that I have no desire to serve on the Committee—should I actually be asked.

The Secretary of State may also want to challenge the statistics showing that we are enduring the highest level of truancy of the last 10 years. So bad are the figures that I understand that the Government have dropped their truancy target, because they are so worried about what the real figures would show. That suggests that things are not going well and that after 10 years more must be done.

I turn to the detail of the Bill. As has been said many times from the Opposition Benches, the Bill is full of good ideas, but unfortunately it is spoilt by the common denominator of obligation. Sixteen to 18-year olds must participate in full-time education, work-based training such as apprenticeships, or part-time education and training. That seems an honourable

proposal, but how will we deliver it in practice? Where are the resources to run those programmes and how will they be policed?

The details will be scrutinised in Committee, but the burden will actually fall on local authorities. Where will the money come from and how will local authorities meet the costs? I am reminded of John F. Kennedy's statement in the early '60s that he wanted to put a man on the moon. He knew full well that it probably would not be his Administration who would pay for putting a man on the moon. The Bill puts us in a similar situation; it promotes an idea that will not come into effect until 2013—conveniently beyond the budgetary requirements we shall be dealing with over the next few years.

We do not know what the costs will be, but we know that they will fall on local authorities. Authorities such as Bournemouth already carry a hefty burden; they have to pay for extra police and fire duties. In Bournemouth, six fire stations will shut unless our local authority coughs up the money because the national grant from the Government has been sliced. Likewise, many honourable targets, such as those for recycling, have been proposed. Of course we should have such targets, but there is no extra funding from the Government to support local authorities in meeting them. I suspect that the same thing will happen with the Bill; local authorities will have to cough up the funding themselves.

Under the proposals, young people in work will be obliged to undertake education or training one day a week. Their attendance will be monitored and the local authority will even have power to issue warning orders to inform parents that their son or daughter has not been attending the course, but who will judge whether they pass it? If people simply have to attend—rather than pass—the courses, what good will be done for the economy in the long run? The attendance notices need to be looked at.

The Learning and Skills Council is mentioned in the Bill. It will have to offer more courses for those aged 19 and over. I am sure that Members across the House are familiar with the fact that last year the local learning and skills councils' budgets were cut—not only in Bournemouth, but across the board.

Mr. Denham *indicated dissent.*

Mr. Ellwood: The Secretary of State looks puzzled. I invite him to come to Bournemouth. He should meet representatives of the learning and skills council there, who will show him that adult learning courses have been sliced simply because of the changes in budget and the direction that the council is receiving from the centre.

Mr. Denham *indicated dissent.*

Mr. Ellwood: If the Secretary of State wishes to object, he should please either intervene or take up my offer and meet representatives of the Bournemouth learning and skills council. They will show him that they do not have the same amount of money to run all the courses that they want to.

I am reminded of what my hon. Friend the Member for Surrey Heath (Michael Gove) said, which sums up the Bill—we require more carrot and less stick. Why are not more children enthused into taking advantage of our education system today? We must look at what is available for 16-year-olds as things stand. I am afraid that if truancy is on the increase, we are clearly not engaging enough with the pupils to be able to say, "Please stay in school. See the benefits of education and how you can move forward from there."

I acknowledge that the Government have made inroads, but they have clearly not done enough. Now we are putting obligations on children who may want to get out and work, rather than stay in education—*[Interruption.]* If Government Front Benchers do not wish to listen to me, they should please listen to those other voices—*[Interruption.]*

Madam Deputy Speaker (Sylvia Heal): Order.

Mr. Ellwood: I was moving on to mention comments made by organisations with which Labour Members will be well familiar. The National Union of Teachers gave guarded support for the Bill, but went on to say:

"The NUT is concerned, however, that the focus in the Bill on sanctions and criminalisation for failing to participate may be counter-productive."

The Professional Association of Teachers said:

"Raising the school leaving age is a potential minefield that could be disastrous. We could end up with married, voting parents being disciplined or criminalised for not attending school or college."

I would be grateful for the Secretary of State's response to that. The comment that really struck me came from the right hon. Member for Birkenhead (Mr. Field), who talked of children to whom we are serving a diet of education by which they are deeply bored and quickly failed. That is his indictment of our education system today. If so many children are failing before they reach 16, what is the point of obliging them to stay in education after they are 16?

I very much support the thinking behind the Bill, but as far as educational reform is concerned, it is the wrong Bill. The Government are obsessed with the cart when they should be looking at the horse. Let us have the education Bill that we genuinely need; it should address the worrying trends of truancy and increase the desire to learn. Let us have a Bill that promotes education rather than enforces it, and one that inspires learning rather than obligates it.

9.18 pm

Mr. David Chaytor (Bury, North) (Lab): I speak in support of the Bill. I congratulate the Government on taking this courageous step, which I believe will, in time, be seen as almost as important as—if not more important than—the decision taken by the 1966 to 1970 Labour Government to raise the school leaving age from 15 to 16.

I do not underestimate the practical difficulties in implementing the Bill's requirements—particularly those related to raising the participation rate. However, the hon. Member for Bournemouth, East (Mr. Ellwood) put the argument that somehow the Bill would incur enormous costs that a future Government would have to take on board. That does not deal with the central issue. Investment in education and training

[Mr. David Chaytor]

is an investment in future GDP; it is an investment in the GDP of future generations. Either way, the taxpayer will pick up the tab: if we do nothing, the taxpayer will pick up the bill through the criminal justice system or through the national health service; if we want to do something, and create a more cohesive, economically successful and egalitarian society in which opportunities are more equally spread, investing in education now will pay dividends for the taxpayer in years to come. Raising the participation rate is an important step forward. I congratulate the Government on their courage and welcome the fact that the Opposition have finally agreed not to oppose it, even if they are not yet completely convinced of all aspects of the Bill.

It is interesting that last week the Opposition made a great deal of noise about another aspect of education and skills policy: the change to the ELQ—equivalent or lower qualification—arrangements in higher education. Now that they seem to have understood the principle behind the raising of the participation rate, I hope that as time goes by they will make the link between the two. Last week, they were defending the status quo and the current distribution of public spending to a particular privileged group; this week, the Government are trying to extend opportunities to the majority. We have to make the connections between the two—unless the hon. Member for Havant (Mr. Willetts) believes that there is an infinite amount of public investment available, and I do not see a Government of his party coming up with increased investment that would pay for both policies.

Mr. Willetts: What we were doing last week was defending the principle of lifelong learning, which involves reskilling as well as upskilling. That is a debate that we want out in the world of higher education.

Mr. Chaytor: I think that the hon. Gentleman is deceiving himself. He was defending the status quo and defending lifelong learning for a tiny minority; the Bill is about extending lifelong learning to a large majority.

In addition to raising the participation age, there are hugely important questions about the introduction of the level 2 and level 3 entitlements and providing for the extension of apprenticeships. I hope that as the Bill goes through Committee the Government will carefully consider the implementation of level 2 and level 3 entitlements. The Bill refers to entitlements for a full level 2 or full level 3 qualification, but the difficulty is that many people between the ages of 19 and 25 are not in a position to acquire a full level 3 entitlement all at one go. I hope that as the debate progresses we might consider extending that policy so that the entitlement applies to individual components of level 3 qualifications for people who do not already have one. It is important that we rethink the concept of a full level 3 entitlement.

In respect of the extension of apprenticeships, there has been a huge improvement not only in completion rates but in the total number of young people participating in them. We now have 250,000 successful apprenticeships—almost a threefold increase since the Conservatives were last in power. In a country where the work force are increasingly encouraged and required to be mobile, the portability of apprenticeships will become increasingly important. One of the reasons why, in the past, take-up and completion rates of apprenticeships have not been as good as we might wish is that many young people had difficulty in transferring their apprenticeships to new employers. Just as we need to deal with the components of full level 3 qualifications if the level 3 entitlement is to be implemented successfully, we need to look seriously at how the apprenticeship system can be made more portable.

I welcome the fact that local authorities have been given a more strategic planning role over the 14-to-19 sector. That will involve great responsibilities, and it will link in with the Building Schools for the Future programme. We need to think carefully about where students attend their studies—not only those who are currently inclined to stay on beyond the age of 16 but those who will be encouraged and required to do so in future. I sense that deep in the bowels of the Department for Children, Schools and Families, or in the former Department for Education and Skills, someone came up with the idea that it was possible for young people to carry out their studies at a range of different institutions. To accept that that idea is inevitable does not match the reality of young people's behaviour. It is entirely possible for young people to split their week between more than one institution—a college or an employer, a school or a college, or possibly between a school, college and an employer. However, let us be realistic. We are talking about some of the least well motivated young people in the country and it is utterly naive to assume that they can be expected to have the responsibility and discipline to criss-cross their town or city on a number of different bus routes to attend different institutions.

I want to strike a note of caution: perhaps we should rethink the pattern of provision for young people. It is a little theoretical to assume that the future pattern of all 14-to-19 studies will be for young people to move among a variety of institutions. I welcome the fact that local authorities are given new powers on school transport, and that they are now required to consider travel times as well as distance when planning transport arrangements.

I come to my final point, which is to refer to early-day motion 245. It stands in my name, and is entitled "Climate change and concessionary travel schemes for young people". My right hon. Friend the Secretary of State will know that in London, free travel is already available for all young people up to the age of 18. It seems to me an entirely logical extension of the Government's policy of raising the participation age to 17, and then to 18, to make concessionary travel part of their package of measures. The Opposition have made great play of their concern about compulsion and put emphasis on the importance of incentives, and I hope that they can be persuaded that one of the biggest incentives for young people to continue participation in education and training is the provision of free travel.

Such a measure would reduce the likelihood of young people learning to drive too soon, and of their driving dangerously. It would reduce the incidence of young people becoming problem drivers. Without question, it would reduce levels of congestion and

pollution in our cites. It would give a major boost to public transport. It would set the habits of travel for a lifetime if young people found it was much easier and cheaper to get around on public transport than it was to use private vehicles. If they use public transport at that age, they are more likely to continue to do so as they grew older. I understand that that matter is not the responsibility of the Bill, but I wanted to take the opportunity to urge my hon. and right hon. Friends to discuss it with the Secretary of State for Transport. One of the Government's great successes in this Parliament has been the introduction of a concessionary travel scheme for retired people, and the logical extension of the policies in the Bill is a nationwide concessionary travel scheme for young people.

9.27 pm

Mr. David Willetts (Havant) (Con): We have had a long and thoughtful debate with valuable contributions from all parties, but I would like to identify the contribution of my hon. Friend the Member for North-East Hertfordshire (Mr. Heald), who made some telling points about the need for valuable apprenticeships that really assist people who are going down the vocational route. I also appreciated the contribution of my hon. Friend the Member for Broxbourne (Mr. Walker), who spoke with real humanity about the plight facing many young people who are let down by inadequate education. Of course, we were all excited by the invitation to visit Bournemouth from my hon. Friend the Member for Bournemouth, East (Mr. Ellwood).

However, I enjoyed a lot of the speech by the Secretary of State. He set out an aspiration, which we in my party share, that many more young people should stay on at school or get valuable education and training in other ways. I also enjoyed his references to the historical origins of the debate. He referred to the 1918 Act—passed by a Liberal-Conservative coalition—which he said introduced the proposal to require compulsory schooling up to 14 and 16. He then said, slightly airily, that because of public expenditure pressures, the Act could not be implemented.

Ed Balls: The Geddes axe.

Mr. Willetts: I am familiar with the Geddes axe, but although there may have been public expenditure pressures, the story of why that Act was not fully implemented is more complicated and still relevant. The then Government decided, partly because of public expenditure pressures, that they could not afford to make the scheme a national, compulsory one. They instead gave local authorities, which then as now had a lot of responsibility for education, the ability to decide whether to oblige employers to provide their employees with some day release education.

Some local authorities implemented the provisions of the Fisher Act. For example, London decided that pupils should be required to receive some kind of continuing education, even after they had left school, for 320 hours a year. However, the boundaries of London extended only as far north as the Edgware road. North of that was Middlesex, which made no such requirement of employers, the result of which was a significant problem—namely, that employers found that they would much rather recruit young people who lived north of the Edgware road than those who lived south of it. I do not know whether that is a warning about the perils of localism or a warning about the perils of compulsion, but we can learn lessons from the attempt to implement that legislation.

Helen Jones: The hon. Gentleman is making a carefully researched speech and has been helpful to the House by declaring the funding for all the research that has gone into it. Does he think that his hon. Friends should have done the same?

Mr. Willetts: My hon. Friend the Member for Tatton (Mr. Osborne) has explained himself fully and answered every question that was put to him on the "Today" programme this morning, which contrasts with the behaviour of the Secretary of State for Work and Pensions. However, let me stick to the subject that we are supposed to be debating.

I thought that we were trying to make common cause, with the Secretary of State for Children, Schools and Families referring to the Fisher Act of 1918 and the Butler Act of 1944, both of which were introduced by Governments with a significant Conservative presence. He reminded us that we share the same aspirations in all parts of the House. The puzzle for the Secretary of State must surely be why, despite his aspirations, this Labour Government have fallen so far short of the promises that were made before the 1997 election. If he believed half of what was promised about the new deal, surely he would not have believed that, 10 years on, 16 to 18-year-olds would be facing the problems that the Government themselves honestly acknowledged when they tried to defend their policy.

For example, when he was in opposition in 1995, the Prime Minister said:

> "Our plan is nothing less than to abolish youth unemployment. I will not make promises I cannot keep".

Let us look at what has actually happened to the figures for 16 and 17-year-olds since then. There has been a modest increase in the percentage of 16 to 18-year-olds in education and training. According to the Government, the figures show an increase from 76.8 per cent. in 1997 to 77.3 per cent. in 2006. In other words, if I rounded the figures, the Government would appear to have got nowhere at all, but I am trying to give them the benefit of the doubt, so there seems to have been a 0.5 per cent. improvement in participation in education and training.

If we look at how that has been achieved, we find a slightly greater increase in full-time education, which is a component of total education and training—it has risen from 56.4 per cent. of 16 to 18-year-olds to 61.1 per cent. However, the other components of education and training—work-based learning and employer-provided training—have seen a decline in the number of 16 to 18-year-olds enjoying those opportunities. What has happened is an increase in the numbers staying on at school, a decline in work-based learning and virtually no change in the overall proportion.

Dr. Blackman-Woods: Will the hon. Gentleman give way?

Mr. Willetts: I shall, but we are up against time constraints.

Dr. Blackman-Woods: In the interest of making common cause, will the hon. Gentleman accept that the measures in the Bill to encourage more young people of 16, 17 and 18 to stay on in education and training will not only raise their aspirations but help them to find employment and reduce deprivation?

Mr. Willetts: I understand the hon. Lady's genuine commitment to that, but after 10 years of a Labour Government and all the promises that were made about the new deal, it would be helpful if we could have a rather more honest assessment of why the new deal has completely failed to deliver any of the things that were promised.

I was making my way through the statistics, but I realise that what we really need is a learned article in the *Financial Times* by an economic expert analysing these data in the way that the Secretary of State for Children, Schools and Families used to do so skilfully in his previous employment. I am trying to make sense of what has been happening. There has been virtually no change in the number of 16 to 18-year-olds having some education in employment and; within that, there has been a modest increase in the number staying on at school and a decline in the number having training. If anything, there has been an increase in the number of young people not in education, employment or training—NEETs. The number of 16 to 18-year-old NEETs has gone up since 1997 from 173,000 to 197,000, and there has been a decline in the number of young people in work.

The pattern shows a decline in the number of young people working, a slight increase in the number of young people staying on at school, a decline in the number of young people in training in employment, and an increase in the number of young NEETs. We need the Government to explain why the proposals in the Bill will not simply reinforce those trends, but they have not done so today. Will the Secretary of State tell us whether the way in which the measures take effect will lead to a further decline in the number of young people in employment, perhaps a further decline in the number in employment who are getting a contribution towards training from their employer, and an increase in the number staying on at school? He kept saying, "Don't worry, this is not really an increase in the school leaving age. This is something much more mature and sophisticated than that. It's an increase in the number of young people who will have an entitlement to education or training in some form."

I hope that the Minister who responds to the debate will be able to tell us why, given the trends that have been established over the past 10 years under this Government, these measures will not result in a further decline in job opportunities for under-18s, a further decline in work-based training and an increase in the number of young people who have to stay on at school. That is what the trends established under this Government suggest will happen. Why should it be any different in the future? We have not yet heard any explanation from the Secretary of State as to why that will not happen. The Secretary of State's own advisers have issued a warning about this in their excellent and useful report on raising the participation age in education and training. They specifically warn about these dangers.

The Secretary of State says, "It's all right, there are going to be more apprenticeships," but what does he mean by "apprenticeships"? We are worried that some of the things that the Government call apprenticeships look awfully like the job training schemes of our day that they used to denounce. The more the Secretary of State or the Secretary of State for Innovation, Universities and Skills guarantees an increase in the number of apprenticeships—and the more they both say that they can deliver such an increase—the greater the risk that the only apprenticeships they deliver will involve people sitting behind desks in FE colleges. The more real an apprenticeship is, and the more genuinely it involves real employers, and not just training providers, the less likely it is that the Government will stand here and announce some notional target for them. The whole point about real apprenticeships is that their numbers are not determined by Ministers. So every time Ministers come here to announce some ambitious target for apprenticeships, the more sceptical we become about whether they will be real apprenticeships, or whether the Government will have to deliver their target through schemes that are not apprenticeships in the commonly accepted sense of the word at all.

If young people stay on at school, we want them to get valuable qualifications. That is an objective shared by all of us on both sides of the House. However, as we know from the evaluations by the Institute for Fiscal Studies, another real source of concern is that some national vocational qualifications are of negligible value. It would be a cruel trick to play on our young people to require them to stay on at school to get vocational qualifications, some of which even—shockingly—have a negative value. We have not heard anything from Ministers about why national vocational qualifications are going to be better.

Of course it is good if people stay on at school, but they must not simply be warehoused in education, becoming, in reality, even more disengaged from it. Will the Secretary of State confirm, for example, that when areas in which education maintenance allowances were piloted were compared with those where there were no such allowances, there was a higher number of 19-year-old NEETs in the former? People stayed on at school for an extra two years on account of the incentive, but it left them even more disenchanted than they were before.

Let me come on to some other questions. My hon. Friend the Member for Surrey Heath (Michael Gove) eloquently raised the issue of coercion and how the proposals would work out. In some extremely valuable exchanges, we tried to pin Ministers down as to exactly what coercion would mean. By the end of it, it seemed to mean a fine, but I have to say to the Secretary of State, who I know is wrestling with the problems of the quality of childhood and the opportunities facing our children in Britain today, that youngsters whose lives are going off the rails gradually discover that everything the authorities tell them is a bluff and can be ignored. They find that no threat from the authorities needs to be taken seriously, so ultimately they can carry on playing truant and carry on skiving.

As a result of my hon. Friend's extremely valuable questioning, it became increasingly clear that 16 to 18-year-olds were going to have something else from the authorities to cock a snook at and ignore.

We also need to know more about the effects on other learners. There could be losers from the policy, especially if it involves greater disruption to the education of other children. What are the arrangements for enforcing it? Are the Government going to track every 16 to 18-year-old to ensure that they are indeed complying with the legislation?

As I said, Conservative Members share the aspiration of having more young people stay on to gain worthwhile education and training. For us, the key elements of that are common sense. First, it means getting the educational basics right and ensuring that young people master the basics. My hon. Friend the Member for Bognor Regis and Littlehampton (Mr. Gibb) has always been eloquent in the cause of synthetic phonics, and it was good to hear Members on all sides of the House speaking up in favour of them. We know that reaching level 4 at the age of 11 is crucial to avoid being a NEET later on, and crucial to ensuring that people stay on in secondary school. Sadly, if young people do not reach level 4 by 11, the educational opportunities later in their youth will be much reduced.

I believe that managing the transitions for young people—from primary to secondary school and from secondary out into college or training—is also very important, but we heard very little about how this new legislation would change that. Providing proper advice for young people is also crucial so that they know what is going to be worth while for them. We welcome that and look forward to debating it further in Committee. It can be frustrating to attend, as I did, one of the excellent summer schools run by Sir Peter Lampl and the Sutton Trust. One sees youngsters suddenly excited by the prospect of going to university and realising that it could indeed be for them, but when one starts talking about the GCSEs or A-levels they have studied, one has to wonder who on earth in their schools ever thought that such a mix of GCSEs or A-levels could remotely help them to meet the aspirations that they obviously have. Someone failed to give them the careers advice that they were entitled to expect. We therefore very much hope that the Bill will help to tackle that shocking problem. We also hope that it will lead to more real apprenticeships with proper employer involvement—an issue that my hon. Friend the Member for South Holland and The Deepings (Mr. Hayes) cares passionately about. They must be real apprenticeships, but the more real they are, as I said, the less likely it is that Ministers will be able to deliver their glib targets.

Finally, we have heard no mention by Ministers of the extraordinary vitality and success of voluntary initiatives that do not need to use the compulsory power of legislation. This morning I visited a charity, Into University, based in north Kensington and elsewhere in London. It tries to learn some of the lessons from the rather disappointing record of Aimhigher, which has not yet succeeded in spreading university opportunities on the scale that we might have hoped for. It said that of course it is necessary to excite youngsters with the prospect of going to university by introducing them to the university experience, but it is necessary to do other things as well: offer practical assistance with homework, enabling them to get work done, perhaps away from a disruptive home environment; provide them with mentoring; and provide them with extra courses to ensure that they can get the A-levels and GCSEs that they need. That was a voluntary initiative and a genuine attempt to improve opportunities for young people in danger of becoming NEETs. There is a lot that the voluntary sector can do—so it is good to see the Secretary of State who has responsibility for the voluntary sector on the Front Bench. I very much hope that the Bill is not a case of lazy policy making turning to compulsion when, in reality, smarter policies could achieve the aspirations shared on both sides of the House.

9.45 pm

The Secretary of State for Innovation, Universities and Skills (Mr. John Denham): This has been a good debate, although in the past quarter of an hour or more the hon. Member for Havant (Mr. Willetts) was so overwhelmingly negative and had so little that was positive to say about the future of our young people that it is not surprising that it is the Government who have led with confidence about what we can deliver for young people in our society.

Inevitably, there is insufficient time available to do real justice to all the excellent and thoughtful contributions made on both sides of the House. My hon. Friend the Member for Huddersfield (Mr. Sheerman) said rightly that there would surely be something wrong if we had a society in which an employer could object to a young person being in training.

The hon. Member for Yeovil (Mr. Laws) asked me to deal seriously with the issues in the debate, but he is the one who should deal seriously with the issue. Willing the ends without willing the means—as we heard so often tonight—will result in us failing the young people in our society.

Mr. Laws: The Secretary of State says that the Liberal Democrats are not willing the means. Does he agree that we raised a number of proposals today that would tackle disadvantage further down the system, including a pupil premium to target disadvantage when it matters most—in the earlier years and in primary education?

Mr. Denham: I apologise if replying to this point means that I cannot refer to all Members' speeches, but the reality is that we do not have an either/or policy: this Government are already concentrating resources in those areas of greatest disadvantage: intervening early through Sure Start to give young people the best start in life; introducing extra resources for one-to-one support for pupils; and making sure that there is extra provision for those who fall behind so that they are brought up to standard. Right through the education system, the Government are investing the resources necessary to do what Members on both sides of the House have said that we need to do. No one has come here tonight to suggest that we need to concentrate only on raising the participation age. The Government have said that even with all the measures in the system to raise standards, tackle disadvantage and undercut

[Mr. Denham]

educational disadvantage, we still need to raise the participation age if we are to ensure that all our young people get the best chances in life. I will come back to those arguments in just a moment.

My hon. Friend the Member for Coventry, North-West (Mr. Robinson) spoke about apprenticeships. I agree with his call for a stronger lead for the apprenticeship system, and I believe that when the apprenticeship review is published in the not-too-distant future, he will be pleased with some of its proposals. We can be more optimistic about what we have achieved on apprenticeships than he perhaps suggested. There has been an increase not only in the overall number of young people taking part in apprenticeships, but in the number of starts, and particularly, as I said during the debate, in the number of completions successfully undertaken.

The hon. Member for Bexleyheath and Crayford (Mr. Evennett) made a number of points about the quality and relevance of education. If I understood him rightly, he said that his area received lower-than-average funding per pupil; in fact, according to the figures that I have, his constituents receive higher-than-average funding per pupil, and are looking forward to a higher-than-average per pupil increase in funding.

My right hon. Friend the Member for Birkenhead (Mr. Field) talked about the poorest young people, and he was right to do so. As I said, however, the Government already recognise the need to concentrate resources and activity on those young people. I do not think that that detracts from the argument that we should do all we can to ensure that those young people stay in education or training until the age of 18.

The hon. Member for North-East Hertfordshire (Mr. Heald) spoke of support needed by those who lack the necessary literacy and numeracy skills. One reason for raising the participation age, and indeed for allowing an element of compulsion, is to enable us to support those who might otherwise drop out of the system altogether. There is a whole set of young people who will need additional support in relation to literacy or numeracy, the problems with caring that have been raised today, or abuse of drugs or other substances. The Bill makes it much more likely that those who currently disappear from the system will receive the help that they need to remain in it.

My hon. Friend the Member for Sedgefield (Phil Wilson) spoke of his personal history, and his ambitions for his family and his community. He was right to stress the importance of our raising aspirations throughout society. That was in marked contrast to what was said in last week's debate about higher education, when the Conservatives showed so little interest in opening up opportunities for those who have never had the chance to receive such education.

The hon. Member for Blaenau Gwent (Mr. Davies) was in favour of increased participation, but against compulsion. My right hon. Friend the Member for Enfield, North (Joan Ryan) spoke of the achievements of the modern apprenticeship system. Let me say something about tackling the needs of those under 16, and about reforms that are already taking place in the education system. Only last week, my right hon. Friend the Prime Minister hosted a reception at No. 10 Downing street for the British team in the WorldSkills "olympics" which took place recently in Japan. A number of people were there, including the gold medal winner Gary Tuddenham. The food provided was cooked by chefs from Westminster Kingsway college, all of whom were in pre-16 apprenticeships. They were spending three days a week at school, one day undergoing work experience, and one day receiving college-based training. That type of redesign of the curriculum is already happening throughout the education system to give relevant, interesting and exciting education opportunities to young people who might have found traditional education uninteresting. Too much of today's debate seemed to assume that no such curriculum changes were being made, but they are being made, and the Bill's proposals build on a system that is already much more relevant to the young people about whom we are all concerned.

The hon. Member for Upminster (Angela Watkinson) made some comments about the way in which her constituents speak English. I think that those comments deserve a wider circulation, not least among her constituents. She also quoted the views of the Professional Association of Teachers. I mention that to clarify an issue that has caused some confusion in the debate. We are not expecting the Bill to lead to young people studying full-time in schools and colleges; the emphasis is on work-based or day-release training, which I do not expect to lead to the disruption in colleges to which Members have referred.

My hon. Friend the Member for Blackpool, South (Mr. Marsden) rightly said that it was not a realistic option for young people to enter the world of work without skills or qualifications of some sort, and talked of the Bill's social inclusion aims. The hon. Member for Chesterfield (Paul Holmes), like many others, spoke of pre-16 experience. I hope that I have acknowledged the strength of his point, and also made clear what the Government are doing about it.

The hon. Member for Harwich (Mr. Carswell) argued—surprisingly, and in contradiction of the stance of those on his Front Bench—that central Government had no role in raising standards or in participation. My hon. Friend the Member for Leicester, South (Sir Peter Soulsby) said that colleges in his area were already considering innovative solutions and new approaches to keeping young people in education.

The hon. Member for Broxbourne (Mr. Walker) spoke of the importance of raising skills among young people, and my hon. Friend the Member for Luton, North (Kelvin Hopkins) was another who wanted us to engage, as we are doing, with those pre-16 as well as post-16 to increase participation.

My hon. Friend the Member for City of Durham (Dr. Blackman-Woods) spoke of the importance of diplomas in meeting the needs of young people. It will not have passed the House by that although the hon. Member for Surrey Heath (Michael Gove), who speaks for the Conservatives and who opened the debate for them, talked about what needs to be done to increase young people's participation, he is perhaps the leading opponent of diplomas. They are one of the key educational reforms that make it much more likely that a relevant education will be on offer for young people.

Michael Gove: Can the Secretary of State refer to any occasion on which I have been in any way critical of the existing diploma line, other than in respect of the three new diplomas introduced by him? Every word that I have said about the existing diploma line has been favourable, has it not?

Mr. Denham: The hon. Gentleman has stated:

"Diplomas were supposed to be about improving vocational education not undermining academic excellence."

He has also said that the new diplomas that my right hon. Friend the Secretary of State for Children, Schools and Families

"announced...are designed to subvert existing GCSEs and A-levels."

The hon. Gentleman's mood music on this matter is fairly clear, and I was pleased that I was able to lay my hands on those quotes. *[Interruption.]* I have missed one. He has also accused us of wanting

"to replace that with the sort of mush which I fear Ed Balls has surrendered to."

Michael Gove: Will the Secretary of State give way?

Mr. Denham: No, I have given way to the hon. Gentleman, I have quoted him enough and I should make some progress.

The reality is that this debate has highlighted a stark difference between the parties. It is extraordinary, given everything that has been said, that the Conservatives neither moved a reasoned amendment nor are apparently prepared to vote against this legislation. What they have shown tonight is that they are simply not willing to face up to the reality of the challenge that we face as a country. The group of young people about whom we all are most concerned—those who, despite the efforts we are making, are most likely to reach 16 without the qualifications they need for the rest of their lives—are those who are most likely to end up in crime or doing low-income jobs. Such people may end up thinking that trying to work the benefits system is better than trying to get a job, and they are more likely to have low aspirations for their own children.

What we seek to do through the Bill, which comes on top of all the changes already being made in pre-school education, and in schools and to the schools curriculum, is to ensure that we take the right measures in order not to waste the opportunities and lives of those young people. I find a stark contrast tonight between the positive enthusiasm with which the Conservatives last week talked of how harsh they wish to be to those who find themselves on benefit for a long period of time—they positively throbbed with enthusiasm at the thought of what they would do to such people, without recognising that the young people who they are talking about are the same young people who we want to keep in education and training—and the Bill's modest, mild bit of compulsion, which is necessary to bring about a change in participation, and is what we need.

Question put and agreed to.

Bill accordingly read a Second Time.

EDUCATION AND SKILLS BILL (PROGRAMME)

Motion made, and Question put forthwith, pursuant to Standing Order No. 83A(7) (Programme motions).

That the following provisions shall apply to the Education and Skills Bill:

Committal

1. The Bill shall be committed to a Public Bill Committee.

Proceedings in Public Bill Committee

2. Proceedings in the Public Bill Committee shall (so far as not previously concluded) be brought to a conclusion on 28th February 2008.

3. The Public Bill Committee shall have leave to sit twice on the first day on which it meets.

Consideration and Third Reading

4. Proceedings on consideration shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which those proceedings are commenced.

5. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.

6. Standing Order No. 83B (Programming committees) shall not apply to proceedings on consideration and Third Reading.

Other proceedings

7. Any other proceedings on the Bill (including any proceedings on consideration of Lords Amendments or on any further messages from the Lords) may be programmed.—*[Steve McCabe.]*

Question agreed to.

EDUCATION AND SKILLS BILL [MONEY]

Queen's recommendation having been signified—

Motion made, and Question put forthwith, pursuant to Standing Order No. 52 (1) (a) (Money resolutions and ways and means resolutions in connection with bills).

That, for the purposes of any Act resulting from the Education and Skills Bill, it is expedient to authorise—

(1) the payment out of money provided by Parliament of—

(a) any expenditure incurred by virtue of the Act by the Secretary of State or the Office for Standards in Education, Children's Services and Skills, and

(b) any increase attributable to the Act in the sums which by virtue of any other Act are payable out of money so provided, and

(2) the payment of sums into the Consolidated Fund.—*[Steve McCabe.]*

Question agreed to.

ENVIRONMENTAL AUDIT

Ordered,

That Ian Pearson be discharged from the Environmental Audit Committee and Mr Phil Woolas be added.—*[Rosemary McKenna, on behalf of the Committee of Selection.]*

PETITION

Post Office Closures (Harrogate and Knaresborough)

10.1 pm

Mr. Phil Willis (Harrogate and Knaresborough) (LD): I have pleasure in presenting a petition signed by more than 4,000 local residents in Harrogate who are dismayed and angered that their local sub-post offices in High Harrogate, Leeds road in Harrogate and Stockwell in Knaresborough are faced with closure when they are well used by a wide section of the local community and provide vital services, especially to the elderly and less mobile.

The petition states:

The Petition of residents, employees in and visitors to the Borough of Harrogate and Knaresborough and all those seriously concerned about the decision of the Post Office to review the future of High Harrogate Sub Post Office - 19 Devonshire Place, Harrogate; Leeds Road Sub Post Office - 11 Leeds Road, Harrogate; and Stockwell Sub Post Office - 2 Chain Lane, Knaresborough.,

Declares the importance of these Sub Post Offices to thousands of people living, working in and visiting Harrogate and Knaresborough and surrounding areas, including the more elderly and disabled; and reminds Members of Parliament of the number of closures of Local Sub Post Offices in the Harrogate and Knaresborough area over recent years.

The Petitioners therefore request that the House of Commons urges the Secretary of State for Business, Enterprise and Regulatory Reform to make clear to the Post Office the importance of these Offices continuing as a Sub Post Office and the benefit of withdrawing as soon as possible any proposals which put at risk any of the existing services provided from this Office.

And the Petitioners remain, etc.

[P000105]

Student Transport (Cornwall)

Motion made, and Question proposed, That this House do now adjourn.—*[Ms Diana R. Johnson.]*

10.1 pm

Mr. Colin Breed (South-East Cornwall) (LD): I am delighted to have secured this debate this evening on transport for teenage learners in Cornwall, especially as it immediately follows the Second Reading of the Education and Skills Bill. The main problem for many students in Cornwall is that while there will, I hope, be many new opportunities, their ability to access them will be severely limited by the lack of transport. Living in rural areas with poor transport links makes it difficult for many young people to travel to schools and colleges. That will lead to rural learners being severely disadvantaged in comparison with those who enjoy—if that is the word—living in urban areas. That difference is one of the principal problems for young people in Cornwall if they are to have any chance of enjoying the new opportunities in the Bill.

In July 2007, the rural local authorities transport group undertook a case study—helpfully, it was of Cornwall. It discovered, without too much effort, that Cornwall is a long peninsula surrounded by water and that most transport links run along the spine of the county. The weather is not always as good as it seems in the summer, and we have rain, wind and snow, which make waiting around for public transport more difficult.

Journey times vary enormously, especially from the far east, west and north of the county. Some journeys involve multiple use of buses, and it can take some students as much as two hours at the beginning of the day and two hours at the end of the day. The other problems of low wages and high house prices, not to mention the general cost of living in Cornwall, have made the cost of transport a heavy burden for many people. Indeed, some families simply cannot afford the cost of local buses at current prices.

The council transport budget is now some £11 million, of which £1.2 million is for post-16 requirements. Only £400,000 of that is recouped through charges. The figure is low, but it represents about as much as can be recouped. The local authority offers a bus pass at £225 a year. That might well be below the national average but, for Cornwall, it is extremely expensive. It does not cover the true cost even of providing the transport, which is estimated at nearly £800. The whole system is being squeezed to keep costs down—the cheapest buses, the longest routes and little that is direct and point to point.

Train travel is not helpful either. In my constituency, students who want to access the good educational facilities in Truro can get on a train at Lostwithiel in the morning to get there at a reasonable time but, of course, the train coming back does not stop at Lostwithiel and goes on to Bodmin. It goes past Lostwithiel, where they would like to get off, down to Bodmin where they have to wait for three quarters of an hour to get a train back.

The arrangements do not appear to be sustainable. They will certainly not be sustainable if the provisions in the Education and Skills Bill come into being—certainly not with existing budgets and charges. An

increasing number of students are taking transport that has been arranged by colleges, and without those services the council could not retain current levels of support and contributions. The system is beginning to creak—it has been creaking for some while—but we want to enable our teenage students in Cornwall to access the educational facilities that are provided for them.

As I said, the Government are increasingly allowing the burden of transport delivery to fall on local authorities and colleges. That might be all right in the short term, but the approach has not been a short-term one and the problem is getting worse. Additional funding is needed because, without that, the moneys that are spent on transport will be taken from the education budget. Education will therefore be the loser in order to provide for the additional transport costs.

The main source of Government funding used to be the learner support funds, but they have now been replaced, by and large, by the education maintenance allowance, which is welcome. However, where are the funds for transport subsidies? Is it fair that our students in Cornwall—the rural learners—have to spend a substantial part of their education maintenance allowance getting to and from school or college? In London, students get their transport free, and can spend their EMA on whatever they like.

Waiting for buses is often seen as an act of faith, and we need to redress that so that bus transport is seen as the quick and easy alternative to the car. Far too many times, students wait around only to find that the service has been cancelled. Many learners use the council travel scheme merely as a stepping stone to buying a car. The problem is not so much the fact that buying a car can be very expensive, with all the problems that running it can cause. If the 25,000 16 to 19-year-olds in Cornish colleges were thinking of using their own vehicles, there would be not only major environmental implications but increased accident rates. Inexperienced 17 and 18-year-olds who learned to drive at the first opportunity would be on very narrow roads, sometimes in slippery conditions. I am sure that I do not have to paint any more of a picture.

The whole bus pricing structure needs overhauling. How can we have free travel for young people in London, whereas in Cornwall they sometimes have to pay as much as £5 or £6 a day? Our local bus companies simply do not compete with each other. They stick to their own routes and have no incentive to buy better buses. They need to get more buses on the road to increase that flexibility, reliability and comfort.

The report on the case study made some good recommendations, and not merely for Cornwall. In fact, the recommendations were for all rural areas. I was pleased to note that the Minister's area was included, too, as he no doubt knows.

The Minister for Schools and Learners (Jim Knight): It is on the front of the report.

Mr. Breed: There is a delightful picture on the front of a young lady waiting for a bus. It is interesting to note the report's conclusion for what is needed in Dorset. It states that more affordable services in rural areas, Government understanding of the shire county transport position and recognition of the differential expense in supporting transport in rural and urban areas are needed there. That could equally apply to Cornwall.

The report makes several recommendations, which are worth repeating because they were made after a considered report. The first recommendation suggests

"Providing free transport for all young people in learning up to the age of 19...

If free fares are not possible, concessionary fares should be considered...

Government should support the development of the necessary infrastructure using new technology to support cost effective management of free or concessionary transport."

The recommendations continue by saying that we need to

"Agree responsibilities for planning and funding home to school transport in rural areas, particularly journeys necessary to access different courses under the proposed 14-19 Diploma arrangements."

As was said on Second Reading of the Education and Skills Bill, it is not simply a matter of getting to school or college but to work experience places.

A further recommendation is to

"Review and rationalise the existing funding levels and streams that flow from central government, to the authorities, providers and students in the light of the numbers and journeys required."

Another recommendations is that

"National government should recognise the time that it takes to plan and contract for new transport services."

Even if we make decisions today, the opportunities to effect them will be sometime in the future.

Other recommendations are to

"Take proper account of the need for regional and sub regional coordination of provision of services and support...

Develop and implement national standards supported by findings and legislation to ensure cost effective coverage, flexibility, equity and access to young people in rural and urban areas...

Set up, fund and evaluate appropriate 14-19 and concessionary fare pilots in rural areas."

I am sure that Cornwall would be only too pleased to host such a fair pilot, if it were proposed.

The last recommendation is to

"Give the rural authorities a real say on the way that responsibility for funding 16-19 education and training it manages when it passes from the Learning and Skills Council to local authorities in 2010."

Those are all excellent recommendations, and I am sure that the Minister has read the report, which, as I said, includes his local authority.

I want to end by citing the result of the Cornwall study and the words of the chair of the rural transport steering group after examining the case for Cornwall. He stated:

"We are a long way from having 'a level playing field' of accessible opportunities. Young people living in rural areas do not enjoy the same access to learning and other services that their peers have in the cities and urban conurbations. The ideal would be to provide them all with free transport services similar to those provided for young people in London. Failing this we need to provide a substantial improvement in local transport services and support in rural areas, if we are to reduce the numbers of young people not in education, employment or training. If we do nothing, rural transport support and services will continue to decline and the costs of journeys for young people and their

[Mr. Breed]

families will increase. At some point young people and their families will no longer be able to access services or to afford the costs associated with travel to learning."

That paints a bleak picture. If we cannot tackle the problem, all the opportunities that we want young people to have through the Education and Skills Bill, which has just received a Second Reading, will be denied to thousands of people living in rural areas, especially Cornwall.

10.13 pm

The Minister for Schools and Learners (Jim Knight): I congratulate the hon. Member for South-East Cornwall (Mr. Breed) on securing the debate. I have enjoyed debating matters rural with him in my previous capacity as a Minister in the Department for Environment, Food and Rural Affairs. As he knows, I also represent a rural constituency, so I, too, have been looking forward to the debate. I therefore take a keen interest in the needs and aspirations of those who live in rural communities, not least the young people whom I now have the pleasure of serving as Minister for Schools and Learners.

As the hon. Gentleman said, today we debated and gave a Second Reading to the Education and Skills Bill. Everything about that Bill demonstrates the Government's commitment to ensuring that all young people are given the maximum opportunity to succeed. Economic and social background should never be a barrier to achievement, and neither should geographical location. From the urban heart of our big cities to the fields and farms of our shire counties, all young people, regardless of where in England they live, should have an equal chance to take advantage of the learning options that are right for them. That might mean a diploma, an apprenticeship or more traditional, familiar qualifications.

Access to timely and affordable transport is of course crucial to helping young people access the range of current and future opportunities open to them. We are certainly alive to the challenges that rural areas will face, and I want to explain the considerable efforts that we are making to meet them. When we discuss teenage travel, we are generally referring to post-16 learners. The home-to-school arrangements for pre-16 travel are well understood and were improved in the Education and Inspections Act 2006. However, we know that post-16 learners, including those in Cornwall, are more likely to have to contribute to their travel costs, and it is not uncommon for young people who are affected by the issue to use their own car to get to lessons, if they are old enough.

Clearly, it is essential that young people who are not lucky enough or old enough to have their own car can access the facilities and instruction that they need to pursue their chosen path. The issue is partly about developing good public transport. Local authorities already have a duty to draw up a transport policy statement for young people, and the Education and Skills Bill may create further demand for services, as the hon. Gentleman said. It also includes a clause that will require all local authorities to pay attention to travel time, distance and cost when setting out their plans. I hope that that will start to address the issues highlighted in the examples that he gave of individuals having to travel for two hours each way to access education.

Mr. Breed: After I had given notice of the fact that I was holding this debate, I received a communication on Cornwall from the Association of Colleges. It says:

"Clause 68 of the Education and Skills Bill amends"

current legislation

"to ensure LAs have regard to journey times in preparing their policy statement in addition to distance, cost etc",

as the Minister says. The body goes on to say:

"We are disappointed that the Clause does not strengthen the obligation on local authorities to ensure that affordable transport is available as colleges are subsidising transport to the cost of approximately"

in the case of Cornwall

"£305,000 per year."

Jim Knight: Obviously we will discuss the clause in detail in Committee, but in the meantime, just to whet the hon. Gentleman's appetite, I will say that clauses in part 1 of the Bill that refer to local authorities' obligations will help to address the concerns of the organisation that he mentions.

Andrew George (St. Ives) (LD): The Minister rightly refers to the issue of local authority obligations. Only one of the eight state secondary schools in my constituency has a sixth form, so there is a great deal of travel from villages and towns to get to post-16 provision. On the Isles of Scilly, transport is provided in a different way. In fact, the Government have been very helpful in ensuring that Scillonians can get to post-16 provision. Does the Minister not accept that there are specific needs and circumstances that the Government need to allow for in the budget provided to local education authorities, so that those LEAs can meet their statutory obligations?

Jim Knight: I accept that we need to have regard to the circumstances that local authorities face in delivering their obligations. That is why the Isles of Scilly are relative well funded, per pupil—to try to take account of circumstances there. When we enact the legislation, subject to parliamentary approval, we do not propose to implement an increase in participation in education overnight. We propose to wait until 2013 for 17-year-olds, and 2015 for 18-year-olds. That is necessary, as a range of reforms must be introduced if the policy is to work and if we are not to criminalise a legion of young people. Equally, it allows us time to look at local circumstances and difficulties in areas facing special challenges such as the Isles of Scilly—I represent some islands in my constituency—to determine how they can fulfil their obligations so that every young person has the opportunity to fulfil their duty in the proposed legislation to participate in education until the age of 18.

As I said, local authorities already have a duty to draw up a transport policy statement for young people, and I have referred to the relevant clause in the Education and Skills Bill. When it comes to transport, however, we must understand and respect the local context, as we have discussed. All areas need the freedom and flexibility to develop solutions that meet

their individual needs, and that is exactly what is happening around the country. Some people have called for free or subsidised transport for all post-16 learners—perhaps a 24/7 scheme so that they could access the public transport network for free—all the time. I was interested in the rural transport steering group paper entitled, "Rural transport—long distance learners? Transport for teenage learners in rural areas". The picture on the front grabbed my attention, because it showed a young woman waiting for a bus to Weymouth. It was a well chosen picture—I assume that it was taken in my constituency—and I had a useful meeting with the report's authors to discuss their proposals.

I am mindful, too, of the priority that the Youth Parliament places on the need to secure free transport for young people. I have some sympathy with the proposal, which is simple and clear and, I am confident, would probably improve access to education for some young people. The Government need to keep it under review, but at least two significant obstacles would have to be overcome before I could give it serious consideration. The first, and slightly lesser consideration is cost. There would be a considerable outlay, and there could be a deadweight cost in areas such as London, Cumbria and other authorities that already offer such a service at no charge to young people. However, we might consider it worth paying that cost if it safeguarded access. Secondly, I am concerned that the proposal might not fulfil its purpose for enough young people, and it would not necessarily help those who need it most.

Free public transport is helpful only if it is convenient and timely. There is no point in having such a subsidy if someone lives miles away from a bus that comes along only once a day. The hon. Member for South-East Cornwall gave a similar example regarding train services. The scheme would have to be administratively robust, help those who most need it and keep people engaged in learning.

Dan Rogerson (North Cornwall) (LD): The Minister focused on the issues of convenience and the appropriateness of routes. However, does he not concede that if a subsidy led to the greater use of services, some of those routes might make a lot more sense economically?

Jim Knight: It is certainly possible to design a scheme that would create a tipping point that would make certain routes more viable or make the available subsidy go further. Equally, it is possible to develop subsidy schemes that are hugely bureaucratic and would not necessarily have the effect sought by the hon. Gentleman. I therefore remain open-minded.

Such a scheme might work for certain areas, but I have yet to be convinced that it would achieve a universal impact. I wish to stress the fact that many "non-transport" solutions have been successfully introduced across the country. Effective e-learning, for instance, can open up new opportunities for young people to study at their base school or even at home. Shared timetables across an area can reduce the need for transport between institutions during the day, while block timetabling can reduce the number of times a young person has to make a longer journey, particularly as we develop diplomas through 14-to-19 partnerships.

Mobile teachers or facilities for some courses can help more young people to access subjects at their own school. I see the hon. Member for Teignbridge (Richard Younger-Ross) looking slightly perplexed but there are examples of mobile science labs and mobile facilities that some in the rural pathfinder areas for diplomas have been using and which have been successful. What is crucial in every instance is that we develop a strong collaborative culture within local authorities, with the 14-to-19 team, the transport team and the capital team working together to build a coherent long-term strategy for guaranteeing access to learning.

We are committed to finding the solutions for different areas, and we are using the experience and knowledge that we have built up. From the beginning of the 14-to-19 reform programme, we established a number of pathfinders to test out the logistics in pilot areas. Those included rural areas: first Cumbria and Shropshire, and later areas such as Norfolk and Somerset, which is still a distance from Cornwall but is not quite as far away as Cumbria. We have learned a great deal about rural needs from those pathfinders and from those rural areas that subsequently passed through the first diploma gateway. Even more rural consortiums will be delivering from September 2009 after the results of the second diploma gateway are announced in April this year.

The Cornwall collegiate is one of those that is set to deliver diplomas from this September. To do so, it has had to demonstrate a robust transport solution that ensures fair access to those courses. Of course, that remains a work in progress and we will need to go further before we reach a situation where we can offer the full range of options in Cornwall and similar areas. Therefore, there is intensive work under way to support the roll-out.

In Cornwall specifically, we have awarded the consortium £1 million to develop a virtual learning environment to allow distance learning. That will form the basis of the 14-to-19 Cornwall virtual diploma college, which will eventually support all diploma lines.

More broadly, we have an internal project under way that will give us a wealth of information about how to address the access question in different parts of the country, taking into account the different circumstances in which areas find themselves. It will map the character and challenges faced by rural areas around the country and then identify areas with common characteristics. That will mean that we can share best practice and find solutions that really work for such areas.

Alongside that, we have asked York Consulting to undertake a research project into 14-to-19 transport. That is not looking exclusively at rural transport issues but clearly that will be a significant issue to be investigated. I will ensure that it is taken seriously because it is a subject in which I am extremely interested. Therefore, we are building considerable knowledge and expertise for dealing with the challenge of rural transport, and local authorities will benefit from that as they build their capabilities for delivering the reforms.

[Jim Knight]

That said, however much knowledge we build in the centre, I do not want to pretend that we will have a monopoly on wisdom in that area. I will continue to want to work with colleagues in local government, following the excellent work that the rural transport group has carried out, to explore the options and priorities that have been set out.

Richard Younger-Ross (Teignbridge) (LD): The Minister has outlined a futuristic view of how education can be delivered. However, colleges and local authorities will be concerned that previous practice by Government has been to say that all these things can be delivered, but then not to deliver the grant needed for those authorities to deliver them. Devon, for example, had £15 million-worth of school transport, but only £5 million was identified by Government—a £10 million shortfall.

Jim Knight: There is certainly an important role for local authorities in setting their priorities. The hon. Member for South-East Cornwall mentioned the advantage for young people in London, because they do not have to spend their education maintenance allowance on transport, as those in Dorset and Cornwall might have to do. However, it is for London local authorities to decide how to allocate their resources. That is not to say that there are not circumstances in which I would look seriously at whether we have adequate resources for the challenges in rural areas, but I reserve judgment. We have to continue with our work and investigations to ensure that the system works for every young person, wherever they are in the country.

We are actively aware of the transport concerns raised in the debate and we are working intensively with local authorities and consortium partners to develop appropriate solutions. In the early pathfinders and in the work of the consortiums already gearing up to deliver the first diplomas, we can see that local areas are best placed to come up with the appropriate solutions for their young people. Through the right blend of technology, investment in transport, sensible timetabling and flexible or mobile teaching facilities, we can arrive at effective solutions for all young people in Cornwall and elsewhere.

Question put and agreed to.

Adjourned accordingly at half-past Ten o'clock.

House of Commons

Tuesday 15 January 2008

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

PRIVATE BUSINESS

BOURNEMOUTH BOROUGH COUNCIL BILL [*LORDS*]
(BY ORDER)

MANCHESTER CITY COUNCIL BILL [*LORDS*]
(BY ORDER)

Orders for Second Reading read.

To be read a Second time on Tuesday 22 January.

Oral Answers to Questions

COMMUNITIES AND LOCAL GOVERNMENT

The Secretary of State was asked—

Violent Extremism

1. **David T.C. Davies** (Monmouth) (Con): What recent assessment she has made of the effectiveness of the preventing violent extremism programme; and if she will make a statement. [178383]

The Secretary of State for Communities and Local Government (Hazel Blears): Over the past nine months, through the pathfinder fund, we have supported more than 200 projects in 70 local authorities. During the course of this year we will carry out a formal evaluation of these projects, but so far it is already clear that more women and young people are involved in helping to build stronger and more resilient communities.

David T.C. Davies: The Home Office has estimated that thousands of British Muslims in this country support both the means and the ends of various Islamic terror groups. Can the Minister give a solemn assurance to this House that not one single penny of the money that she has allocated under this scheme has gone to any individual or organisation with any links whatsoever to Islamic terrorism?

Hazel Blears: Let me first make it absolutely clear that the vast, overwhelming majority of Muslims in this country abhor violence, abhor terrorism and do not support the tiny minority of people involved in violent extremism. The work that my Department is funding, and will be funding in a substantially greater way over the next three years, is directed at building the resilience and strength of local communities to resist that extremism. We will monitor very carefully indeed the groups to which this money is allocated, and I will certainly ensure that we fund groups who absolutely stand up and condemn terrorism and want to participate in tackling it.

Mr. Jim McGovern (Dundee, West) (Lab): When I go to the mosques in my constituency, the red carpet is rolled out, so to speak, and I am sure that the same applies to many other hon. Members. What happens there is that I meet imams and elders of the Muslim community, and perhaps that means that we are not engaging enough with younger members of the Muslim community. Does the Minister agree that it is vital that we open a dialogue with young men and young women from the Muslim community in order to ensure the success of the Government's programme?

Hazel Blears: Yes, I entirely agree with my hon. Friend. I am very grateful to hon. Members in all parts of the House who take this responsibility seriously in their constituencies and are involved in that dialogue. Part of the work of the Mosques and Imams National Advisory Board, which is the national organisation from the community itself that is looking at governance in mosques, concerns how we get more young people and women involved in the mosques; that will take us a considerable way forward.

Paul Rowen (Rochdale) (LD): May I associate myself with the Secretary of State's remarks? I entirely agree that that is what is happening in Rochdale. Does she agree that a key priority needs to be ensuring that we have more imams who are trained and brought up in Rochdale—*[Interruption]* I mean brought up in Britain; in Rochdale would be even better—and what steps is she taking to assist in that development?

Hazel Blears: I am grateful for the hon. Gentleman's kind offer, but I know that there are some extremely good imams in Rochdale. Irfan Chisti works very closely with our Department and makes a great contribution. I agree that we need to have more imams who are trained in this country and who have not only English language skills but community leadership skills. That is why we are funding a programme for imams. In Dudley in the west midlands, 23 imams are currently involved in a leadership development programme that will help them to really engage with Islam in the modern context of living in the 21st century in Britain.

Mr. Paul Goodman (Wycombe) (Con): The preventing violent extremism programme is clearly important, and I have seen some of the good work myself, including the work in Dudley to which the Secretary of State referred. However, she really must clear up the point that was raised by my hon. Friend the Member for Monmouth (David T.C. Davies). In November, the Under-Secretary of State for Communities and Local Government, the hon. Member for Gloucester (Mr. Dhanda), wrote to me about the programme, saying:

"The details we hold"—

that is, the Department—

"are…no longer a completely accurate reflection of all the work taking place at a local level."

If the Department does not have fully accurate details, how can it be sure that none of the money—not a penny, as my hon. Friend said—is falling into the hands of separatists and extremists?

Hazel Blears: It is important that we monitor very carefully the way in which these funds are being used. At the same time, however, it is essential that local authorities see this as part of their core business and integrate it into their mainstream activities, because local authorities, whether they are in Luton, Leeds or Birmingham, know the situation on the ground and what can work. As the hon. Gentleman knows from our correspondence, we are currently considering all 200 projects. I am ensuring that information about all those projects and the work that is going on will be placed in the Library next week. Monitoring is absolutely essential. We must also allow local authorities to do the things that work in their local neighbourhoods.

London Development Agency/Mayor of London

2. **Mr. John Randall** (Uxbridge) (Con): If she will initiate a review of the governance of the London Development Agency and the arrangements for scrutiny of the activities of the Mayor of London's advisers. [178385]

The Minister for Local Government (John Healey): The Government have no plans to review the governance of the London Development Agency or the legal basis for the scrutiny of the Mayor's political advisers.

Mr. Randall: I am rather surprised by that answer. Will the Minister confirm that there is a code of conduct for the Mayor, assembly members, and assembly staff, but no code at all for the Mayor's political advisers? In light of the controversy over the role of Lee Jasper, who pressurised the LDA into giving grants to his pet organisations, will the Minister think about looking again at the legislation relating to this matter?

John Healey: I am surprised at the hon. Gentleman's surprise. The Greater London authority and the LDA are subject to the same local government finance and audit framework, with the Audit Commission and the district auditor having external inspection and audit powers. He knows that the district auditor has been sent the LDA and GLA internal reviews and will be reviewing whether any further action is necessary.

The Mayor's advisers report directly to the Mayor. The assembly can hold the Mayor to account for their actions, and it is also able to require their presence at meetings. Indeed, it has done so a number of times in public since 2000.

Kate Hoey (Vauxhall) (Lab): The Minister will know that I asked for the police to be brought in to investigate a number of projects in my area, and he will obviously not want to comment on those, but does he accept that there is growing concern about the cosiness of the relationship between the LDA, the GLA, the Mayor and the Mayor's office? That could have led to the sort of problems, to put it mildly, that we have seen—the huge abuse of how money is spent. If it is found that there is a serious link between how the LDA has worked and the money that has been misspent, does he agree that the whole way in which the LDA operates will have to be looked at? We may have to go back to renewing legislation and changing the law.

John Healey: My hon. Friend is right that it would not be right for me to comment on specific allegations, but I do not accept her description of what has gone on. As I have said, the district auditor will be reviewing whether any further action is required as a result of receiving the two internal reviews from the GLA and the LDA.

Mr. Boris Johnson (Henley) (Con): May I draw the Minister's attention to a letter from MPs of all three parties, calling for an urgent investigation by the local district auditor? In their words:

"The LDA can no longer be a credible investigator of these allegations."

Will he confirm that he will take absolutely no further steps to protect the taxpayer in London and the United Kingdom from the wastefulness and cronyism that characterise the expenditure of the LDA?

John Healey: The hon. Gentleman does not need to tell me because I read the *Evening Standard* last Friday, as he did. I also read the press release that he put out on that day. It is interesting that he was not on his feet talking about the LDA back in the summer when it delivered the land required for the Olympic park on time—the most complex and largest compulsory purchase order project for the past 20 years. That may have something to do with the elections in May. The fact is that the Mayor we have has been an outstanding leader for London. He has led part of the success of London in recent years, and only today London has won a prestigious international award for the congestion charge—something which the hon. Gentleman opposes.

Robert Neill (Bromley and Chislehurst) (Con): I hope that the Minister will take time to read the LDA's report, because the truth is that his washing of his hands is wholly unsatisfactory. Even that report, despite its clear inadequacies, acknowledges the need to review the role of mayoral advisers, based on the limited evidence that resulted in half the instances it investigated being referred to the police. The LDA was criticised in November over some 61 wholly separate grants. It was found that it had not demonstrated that it would get what it expected in return for the funding given, that it had not adequately monitored outcomes, and that it was unable to explain the criteria on which it had based some of its decisions. Government action is needed because the LDA is a serial offender in such matters; it has more form than the Kray brothers.

John Healey: If the hon. Gentleman says that the scrutiny and holding to account of the LDA have been insufficient, he therefore also says that the operation and conduct of the Greater London assembly has fallen far short of what is required. He remains, of course, a member of that assembly.

Housing (Stoke-on-Trent)

3. **Joan Walley** (Stoke-on-Trent, North) (Lab): What recent assessment she has made of the demand for council housing in Stoke-on-Trent. [178386]

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright): The Department does not make assessments of the demand for council housing. However, we encourage local authorities to assess the housing needs of their area as part of their strategic housing role. Stoke-on-Trent city council is working on such an assessment with neighbouring authorities in the west midlands region's north housing market area. I understand that it will be published in the spring.

Joan Walley: I thank my hon. Friend for that reply. However, in Stoke-on-Trent, the numbers on the council housing waiting list have increased from 2,000 in 2003 to 8,000 today. I welcome the Government's investment in affordable housing, shared ownership and social housing, but will my hon. Friend reconsider what he can do to help local authorities build new council houses, including through access to the social housing grant?

Mr. Wright: I agree that local authorities have a vital role to play in delivering more social housing. On my hon. Friend's point about social housing grant, she may be interested to hear that we have changed the process for awarding the grant to make it easier for high-performing councils, through local authority companies or special venture vehicles, to qualify and compete for it. We are also examining the potential to increase the number of new council houses by allowing councils to operate outside the housing revenue account subsidy system. I hope that she will be encouraged by that answer.

Housing Revenue Account Subsidies

4. **Tom Brake** (Carshalton and Wallington) (LD): Whether she plans to change the system of negative housing revenue account subsidies; and if she will make a statement. [178388]

The Minister for Housing (Yvette Cooper): There is redistribution within the housing revenue account and I believe that that is right. However, reforms are needed to the housing revenue account and we are already piloting some major changes, which will be supported by the Housing and Regeneration Bill, but we are also conducting a wider, long-term review of the housing revenue account.

Tom Brake: I thank the Minister for her reply. She may know that I had a meeting with the Under-Secretary of State for Communities and Local Government, the hon. Member for Gloucester (Mr. Dhanda), during which I highlighted the impact of the housing revenue account on Sutton's tenants. Thirty-seven per cent. of the rental income there is a negative subsidy. I asked the Under-Secretary a question, which I should now like to repeat to the Minister. Is she willing to freeze those subsidies at the 2007-08 level until her review of HRA is complete so that Sutton's tenants do not pay a heavy price?

Yvette Cooper: As the hon. Gentleman knows, there is a long tradition of acknowledging that some areas have been better funded in the past than others. Some areas have had their council housing funded through different mechanisms, which has put them at an advantage or a disadvantage, and there is different need in different areas. I believe that it is right that there should be some redistribution in the system.

I do not like the housing revenue account. There is a series of problems with it in enabling councils to manage their assets properly for the long term. However, it is a complex framework and, to reform it, one has to ensure that one is not disadvantaging unfairly other areas and other councils. We have set out the determination for 2008-09, which councils should have received. We will work fast on the housing revenue account review to inform next year's determination.

Mr. Clive Betts (Sheffield, Attercliffe) (Lab): I greatly welcome my right hon. Friend's comments and the review to which she has committed the Department. The housing revenue account is not merely a problem for authorities in negative subsidy. The housing revenue account system is a problem in that an authority can get penalised for building new homes and, if tenants want to opt for improvements, they cannot pay extra rent to cover the cost. There is a fundamental dislocation between the service provided and the rents that are charged. For all those reasons, I am sure that my right hon. Friend agrees that a fundamental change in the system would benefit landlords and tenants.

Yvette Cooper: My hon. Friend is right. Part of the problem with the housing revenue account is that one has to wrap one's head in a wet towel every time one tries to work out the details. Such a complex system is not in the interests of people who run housing revenue accounts throughout the country. A system that better rewarded long-term planning and long-term decision making by local councils would be preferable. The pilots that we have established are already trying to find one way in which to approach reform, but the review will be wider and examine a range of options.

Local Government Funding

5. **Simon Hughes** (North Southwark and Bermondsey) (LD): What representations she has received on the statistics used for the calculation of grants to local authorities. [178389]

The Secretary of State for Communities and Local Government (Hazel Blears): We have received more than 300 representations on the provisional local government settlement. As we expected, many of those asked us to check the data used or made other statistical points.

Simon Hughes: The Secretary of State will know that colleagues from Southwark on a cross-party basis had a constructive meeting with the Minister for Local Government last week. One of the matters raised in that discussion, but of concern widely, was out-of-date population figures on the basis of which local government settlements are given. I know the difficulties, but would the Secretary of State be willing to give an undertaking that, if not now—that is, before

the final vote is taken, before the settlement comes into force in April—then later this year, when the up-to-date figures are available, there will be a chance to review the settlement on the basis of accurate population information? We cannot give out grant on the basis of figures that are fundamentally out of date.

Hazel Blears: I appreciate the way in which the hon. Gentleman has put his case, and I know that he had a productive meeting. He will know that, in addition to the distribution on the basis of population statistics, we have another mechanism that seeks to protect councils, which is the floor damping mechanism. Southwark will benefit from that over the next three years to the tune of just over £63 million.

Local government itself wanted a three-year settlement, for the stability, certainty and predictability of its expenditure. The figures that we have used are therefore the best and latest available, and are consistent across local government. It would be wrong to disturb the stability and certainty of the three-year settlement. I therefore cannot give the hon. Gentleman the reassurance that he is looking for—that is, that we will reopen the settlement—because that would inevitably have a huge impact on the stability and certainty that local government has welcomed.

Anne Snelgrove (South Swindon) (Lab): Swindon borough council was disappointed with the award that it received for its growth point grant. Will my right hon. Friend or one of her colleagues meet me to discuss the council's disappointment and what else it can do? The council did not initially consult Swindon's MPs, but has done so since, which has been very valuable.

Hazel Blears: Clearly my hon. Friend is, in her usual way, a champion and advocate for her constituents. She will be pleased to know that there are further moneys to be allocated. I should be delighted to ensure that my hon. Friend the Minister for Local Government meets her to discuss the position in Swindon, and no doubt she will use her usual articulacy to make the case.

Sir Peter Tapsell (Louth and Horncastle) (Con): Will the right hon. Lady please take action to increase the weighting of the sparsity factor in the calculation of Government grants to rural areas such as Lincolnshire, where, in a very large county, the police grant is the second smallest in the whole of England, and as a result many of my constituents continually complain of under-policing?

Hazel Blears: Sparsity is one of a number of factors, and is important in reflecting the particular pressures in rural areas. Sparsity is taken into account when we draw up the formula, which is subject to consultation and is regularly reviewed and examined. Clearly it is important that the formula should take into account a wide range of needs and differences, and the truth is that different communities have different needs. That is why my Department is absolutely committed to devolution to local authorities, so that they can tailor their services to meet the kind of pressures that the hon. Gentleman has outlined.

Fiona Mactaggart (Slough) (Lab): I am grateful for the patience that my right hon. Friend and my hon. Friend the Minister for Local Government have shown in listening to representations on behalf of Slough, whose population has grown massively, but which is not having that change reflected, because of failures in the way that Office for National Statistics figures are calculated. Although I recognise the demands of a three-year settlement, is there any prospect at all of some resources being directed to those places that have coped with sudden, urgent growth and which are very diverse, such as Slough? Extra resources, when our—

Mr. Speaker: Order. The Secretary of State will be able to answer.

Hazel Blears: Like my hon. Friend the Member for South Swindon (Anne Snelgrove), my hon. Friend is a real champion. I can tell her two things. First, I have agreed to meet the leader of her local authority to look specifically at those pressures. Secondly, and more generally, hon. Members will know that there is £50 million of extra provision for looking at community cohesion. I anticipate that some of those areas will use some of those funds to look at the pressures and impacts of the rapidly changing communities that can now be found throughout Britain.

Sir Nicholas Winterton (Macclesfield) (Con): Is the Secretary of State not aware that there is not only growing concern but growing evidence that Labour-controlled authorities get much more generous grants than those authorities controlled by either the Conservatives or the Liberal Democrats? Is it not about time that the formula for the granting of resources to local government became not only genuinely fairer but a lot more transparent?

Hazel Blears: What is true is that, under Labour Governments, all local authorities get better settlements than they did under Tory Governments. In fact, by the time we get to the end of this spending period—

Mr. Speaker: Order. I must put it on the record that an hon. Member has left the Chamber after asking a question before we have moved on to the next question. That is a practice that I will not tolerate, and I suggest that the Whip have a word with the hon. Lady concerned.

Hazel Blears: Thank you, Mr. Speaker.

I was about to remind the hon. Member for Macclesfield (Sir Nicholas Winterton) that it is Labour Governments who are the most generous to local authorities of whatever political persuasion. Under this Government, we will have had a 45 per cent. real-terms increase in local government spending by the end of this spending review period. None of us will forget that, in the last four years of the last Conservative Government, there was a 7 per cent. real-terms cut in spending for local government.

Mr. Speaker: Order. The hon. Lady has returned, and I am pleased about that, but she should not leave the Chamber until the question on which she has asked a supplementary has finished.

John Bercow (Buckingham) (Con): Aylesbury vale is a designated growth area earmarked for substantial additional housing over the next two decades, and I had a very reasonable and constructive exchange on that subject with the Under-Secretary of State for Communities and Local Government, the hon. Member for Hartlepool (Mr. Wright), on 4 December. Will the right hon. Lady tell the House what discussions she has had with her right hon. Friends the Secretary of State for Health and the Secretary of State for Children, Schools and Families to ensure that additional resources are made available on time—that is, concurrently with the housing development—so that health provision and educational facilities are of the standard that my constituents are entitled to expect?

Hazel Blears: The hon. Gentleman raises an important point about ensuring that the new housing developments are part of thriving, vibrant communities that have schools and health facilities that make them the kind of places in which people want to live. There is a great deal of cross-government working going on as a result of the Green Paper to ensure that we provide exactly that kind of infrastructure, and the community infrastructure levy will help local authorities to ensure that developers and landowners make their contribution to making these communities excellent, high-quality places to live.

David Taylor (North-West Leicestershire) (Lab/Co-op): My own county of Leicestershire is generally a sea of prosperity surrounding an archipelago of islands of difficulty. The Conservative-controlled county council has said that it believes it has had a reasonable settlement this year. Is the Minister satisfied that, following that decent grant settlement, the extra funds for those islands of disadvantage are actually being spent within those towns and villages in Leicestershire and not on pet projects for the council's own Conservative areas?

Hazel Blears: My hon. Friend knows that we are undertaking negotiations on the local area agreements in every local authority area. It is vital that, within those agreements, funds are targeted at the areas where we need to make the greatest progress. In addition, we have the working neighbourhoods fund, and I am absolutely determined that that will enable us to tackle worklessness in the poorest and most deprived communities, where people need extra help to get back into work.

Home Information Packs

6. **Philip Davies** (Shipley) (Con): What recent assessment she has made of the effect of home information packs on the housing market. [178390]

The Minister for Housing (Yvette Cooper): HIPs are already cutting costs and delays in delivering searches, as well as providing energy information across the market. The Government also commissioned an independent report by Europe Economics on the impact of HIPs on the housing market, including the impact of the first phase. The report found no evidence of any impact on transactions or prices, and concluded that the predicted impact on listings was short term and marginal compared with the wider factors affecting the market.

Philip Davies: Everybody knows that anyone who takes decisions can make mistakes. One of the things that the public do not like about politicians is that they never seem to admit to having made a mistake. A local estate agent told me this morning that the downturn in the housing market was at least partly caused by the introduction of HIPs, and there are many other experts in the field who will line up to criticise them. Will the Minister do her bit to restore people's trust in politicians by admitting that she got this wrong, scrapping HIPs and stopping defending the indefensible?

Yvette Cooper: May I say to the hon. Gentleman that his local estate agent is out of line with all major commentators on that? That is exactly why we commissioned Europe Economics to do an independent analysis and to seek the additional advice of Peter Williams, a former member of the Council of Mortgage Lenders and also a member of the National Housing and Planning Advice Unit, in order to do a full assessment of the overall impact on the market and of the particular impact of the first phase of introduction. It was very clear about there being no impact on transactions or prices and emphasised that the market was being affected by a much wider range of important factors, including the global credit crunch, which is of course having an impact on the market.

Dr. Phyllis Starkey (Milton Keynes, South-West) (Lab): After the initial delays in commencing the home information pack programme, it seems to have rolled out now relatively trouble-free. National Energy Services, which is based in my constituency, has reported that it has registered 85,000 energy performance certificates since 1 August. Home condition surveys are not a mandatory part of HIPs, so what work is the Department doing to secure the views of those who have had those surveys done, perhaps with a view to rolling out the home condition surveys as a mandatory part of HIPs in future?

Yvette Cooper: My hon. Friend may be aware that the area trials looked into home condition reports, conducting detailed interviews with buyers as well as sellers. We await the final report, which will be published for further discussion about the way forward.

Lembit Öpik (Montgomeryshire) (LD): Will the Minister provide us with specific examples of actual house purchases that have been materially influenced by the content of home information packs? Will she arrange for any such case study examples to be placed in the Library so that we can make an objective analysis of whether they are doing any good?

Yvette Cooper: We have certainly been given anecdotal evidence from particular estate agents. In one case, for example, early information about land title had highlighted a problem with the sale at an early stage; without it, such information might not have emerged until much later in the process. Detailed assessments have been going on in area trials, as I mentioned, and we are also

conducting ongoing monitoring. It will be important to link the energy performance certificates with the new green homes service, starting in the spring, which can target people with F and G-rated homes to provide serious financial support as well as clear advice on how to cut carbon emissions and fuel bills.

Grant Shapps (Welwyn Hatfield) (Con): The Minister has already referred to the Europe Economics study that was conducted prior to rolling out HIPs for one and two-bedroomed homes. However, that study was carried out because the earlier area trials, to which the Minister has also referred, had never been published. Those were £4 million trials, whose results were promised to the House by the end of the year in June and July by the Minister herself and to the other place in October. Yet notwithstanding the £4 million cost, those results have never been published. Perhaps the Minister will tell us when those results will actually be published and how much—in addition to that £4 million—the research by Europe Economics, which told the Minister what she wanted to hear, cost to commission?

Yvette Cooper: The two reports looked into completely different things. The Europe Economics report looked into the wider impact on the housing market and, in particular, at the roll-out to three and four-bedroomed properties. The area trials were conducted by Ipsos MORI in an independent assessment and have been looking into and following through individual cases, including those where a home condition report was involved. That is obviously not part of the three and four-bedroom roll-out, which was assessed by Europe Economics, as I said. We have not yet received a final report from Ipsos MORI. As soon as we do, we will, of course, publish it for scrutiny by the House.

Council Tax

7. **Mr. Andrew Mackay** (Bracknell) (Con): What estimate she has made of the average cash rise in band D council tax from April 2008. [178391]

12. **Mr. Greg Hands** (Hammersmith and Fulham) (Con): What estimate she has made of the average cash rise in band D council tax from April 2008. [178396]

The Minister for Local Government (John Healey): With permission, Mr. Speaker, I will answer questions 7 and 12 together. It is councils that decide the level of council tax. The Department publishes the actual figures each year after all authorities have made their budget returns in March. We will do so again, as usual, this year.

Mr. Mackay: Does the Minister not understand that people are not fools and they know perfectly well that it is not just councils that set council tax? They know that the Prime Minister is introducing another stealth tax here by imposing statutory regulations on local authorities without adequately funding them to carry out their responsibilities.

John Healey: We have an established system that recognises the net increase in any extra burdens and responsibilities that we place on local authorities, and that is reflected in the settlement. There is no reason why anyone should experience excessive council tax rises this year. The increase that we have made continues the real-terms increase for local government that we have seen over the last 10 years under this Government. It gives all local authorities the certainty of knowing for three years what they will receive, it gives them the greater flexibility and freedoms for which they have asked, and it makes clear that their ability to manage lies, in many ways, in their own hands—in the efficiencies that they should be able to achieve for their council tax payers over the next three years.

Mr. Hands: The Minister will know that Conservative-controlled Hammersmith and Fulham council is proposing a 3 per cent. cut in council tax for the second successive year. That compares with an average annual increase of 7.7 per cent. under Labour over the previous 12 years. Remarkably, although band D council tax will now be £863 a year rather than the £1,064 that it would be if Labour were still in charge, the Audit Commission's independent rating for the council's services has increased from three stars to four. Surely the Minister must join me in congratulating the council on its excellent performance.

John Healey: Of course it had a very good basis—a Labour basis—on which to build. Residents of Hammersmith and Fulham may well be looking at council tax cuts, as they did in the current year, but they are also looking at library cuts, law centre cuts and cuts in vital voluntary sector groups.

The hon. Gentleman refers to band D council tax figures, but fewer than one in six dwellings across the country are in band D. If he wants to swap figures according to political control, I must tell him that the average council tax level for all dwellings is £260 higher under Conservative authorities than under Labour authorities this year, and rose by more this year than last year.

Mr. Mark Field (Cities of London and Westminster) (Con): The Minister's last statement cannot go unchallenged. As he well knows, that difference is simply because there are more properties in higher bands in Conservative authority areas. I hope he will apologise for misleading the House in such a way.

Mr. Speaker: Order. "Inadvertently misleading the House" would be better.

Mr. Field: Inadvertently, naturally, Mr. Speaker.

John Healey: As the hon. Gentleman represents the City, one would expect him to be good with figures. I repeat that the problem with band D figures is that fewer than one in six properties are in band D. The right figures to use are those for the average council tax on all dwellings. Let me give them to the hon. Gentleman. The average council tax under Labour authorities this year was £938, the average under Conservative authorities was £1,200, and the average under Liberal Democrat authorities was £1,039. There have been higher rates and higher rises under the Tories than under Labour.

Agencies (Appointments)

8. **Tony Baldry** (Banbury) (Con): Whether Parliament and local authorities will have a role in the appointment of members of the restructured regional development agencies, the Homes and Communities Agency and the Infrastructure Planning Commission. [178392]

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Parmjit Dhanda): Appointment of members to the boards of those bodies and proposed bodies would be made by Ministers, on merit, in accordance with the Commissioner for Public Appointments' code and guidance. There are no current plans for either Parliament or local authorities to play a direct role in those appointments processes.

Tony Baldry: The Infrastructure Planning Commission will be unaccountable. It will be judge and jury in its own cause, and it will even decide the process by which local people can make representations on contentious planning issues. How can that conceivably be fair?

Mr. Dhanda: I think the hon. Gentleman may have missed the boat. We had a good discussion about that during our deliberations on the Planning Bill. It is a shame that he is not a member of the Bill Committee. The purpose of the Infrastructure Planning Commission will be to streamline and speed up the planning process, and strong safeguards are built into it to ensure that consultation with local communities will be enhanced.

What I have said is not directly related to the hon. Gentleman's question, but I hope it is helpful to the House.

Mr. Edward Garnier (Harborough) (Con): Further to the question of my hon. Friend the Member for Banbury (Tony Baldry) about the bodies he listed, will the Minister say when the Secretary of State will reply to my letter dated 21 December setting out concerns in my constituency about the proposal to build a new town of up to 50,000 inhabitants on the Co-operative Society's almost 5,000-acre farming estate in the Harborough district? May I tell the Minister that that massive development, which might well come before the bodies my hon. Friend referred to—

Mr. Speaker: Order. That is a wide supplementary question. Perhaps the hon. and learned Gentleman should bring up the matter in an Adjournment debate; that might be the best thing to do.

Mr. Henry Bellingham (North-West Norfolk) (Con): When does the Minister next plan to meet representatives of the East of England Development Agency, my local regional development agency, and can he tell the House of one positive measure or initiative that it has carried out that would not otherwise have taken place?

Mr. Dhanda: That has a slightly tenuous relationship with the main question about public appointments. However, I am always happy to meet members of any RDA, and I know from work I have done on the Migration Impacts Forum that they have done some good work in the hon. Gentleman's region. With regard to the initial question on public appointments, the hon. Gentleman will know that the Department for Business, Enterprise and Regulatory Reform is responsible for the body concerned, in terms of its representation and who is on it, and I think it has a good mix.

Energy-efficient Homes

9. **Mr. Andrew Love** (Edmonton) (Lab/Co-op): What assistance is available for people buying houses with energy ratings F or G to improve their homes. [178393]

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright): We announced the green homes service on 19 November last year. As my right hon. Friend the Minister for Housing said in an earlier answer, the green homes service will offer every householder who gets an energy performance certificate of an F or G rating for their home discounted or free help with energy-efficient measures. That help will come from a range of grants from both Government and industry under the energy efficiency commitment.

Mr. Love: Ratings F and G are the poorest, and therefore the most in need of the free help the Minister has outlined, but I understand that one in five of all homes in the country are rated F or G. How many homes does my hon. Friend think this scheme will be able to help over the next few years?

Mr. Wright: I am grateful to my hon. Friend for that question. We anticipate that over the next three years 5 million more homes will benefit from discounted or free loft and cavity-wall insulation, and another 3 million homes from discounted or free low-energy light bulbs and energy-efficient appliances. The next phase of the energy efficiency commitment, running from 2008 to 2011, is expected to cut carbon emissions by 1.1 million tonnes and will save consumers about £10 billion in energy savings. That is good for home owners, and it is good for the environment.

Miss Anne McIntosh (Vale of York) (Con): Being very careful how I pronounce "F and G", may I ask the Minister what energy efficiency schemes exist to replace single-glazed windows with double-glazed windows in constituencies such as his and my own, where that can make a huge difference both to the comfort and, more especially, the energy efficiency of each individual home?

Mr. Wright: A range of grants is available. The assistance available under the decent homes programme has meant that, since 2001, the number of non-decent homes in the social housing sector has been reduced. The replacement of single-glazed windows has been an important part of that effort. Warm Front, which has been a success in my constituency, is also a key tool in tackling fuel poverty. I am happy to write to the hon. Lady to provide further information.

New-build Social Housing

10. **Dr. Alan Whitehead** (Southampton, Test) (Lab): What plans she has to encourage registered social landlords to build sustainable homes. [178394]

The Minister for Housing (Yvette Cooper): We want to make homes more sustainable as well as more affordable. Homes built under the £8 billion affordable housing programme will now have to be built to code level 3 two years earlier than the rest of the market. We think it is important that where Government investment is involved, we lead the way in the work towards zero-carbon homes.

Dr. Whitehead: I thank my right hon. Friend for that reply. Does she consider that the EcoHomes certification arrangements, which are set out by the Housing Corporation as a precondition for the funding of new-build by housing associations, will match the anticipated progress of the sustainable buildings code, and will she look into ways that the Housing Corporation might further incentivise more sustainable housing developments by housing associations?

Yvette Cooper: That is certainly something that we are continuing to look at, because we have said that we want all new homes to be zero-carbon rated by 2016. That obviously requires substantial changes to the way we design and build homes, and we want public sector investment to lead the way. The Housing Corporation is now using the code for sustainable homes; it has switched to that from using the EcoHomes certification, and that means that there is an opportunity to look not simply at energy efficiency, but at wider aspects of sustainability.

11. **Mark Fisher** (Stoke-on-Trent, Central) (Lab): What plans she has for new-build social housing; and if she will make a statement. [178395]

The Minister for Housing (Yvette Cooper): We expect to build 30,000 new social homes this year—the figure will rise to 45,000 by 2010—as part of an £8 billion programme of investment in more affordable housing over the next three years.

Mark Fisher: Although I welcome that, the Minister will have heard my hon. Friend the Member for Stoke-on-Trent, North (Joan Walley) saying that the number of people on the council house waiting list in our city has risen to 8,000 and is rising fast—by several thousand a year. Although I accept the interest in the market and in housing associations, and the better management of council assets that was mentioned in response to an earlier question, does my right hon. Friend understand that those measures are not meeting the need and that we are storing up problems for the future? Bad and unjust housing will lead to social problems and will undermine all the other Government policies in education and social justice unless we can find—

Mr. Speaker: Order. I think that the Minister gets the point.

Yvette Cooper: Two significant issues need to be addressed; we need to increase both the amount and the quality of affordable housing in Stoke and in other areas across the country. That is why we introduced the multi-billion pound decent homes programme, which has already lifted 1.8 million children out of poor, cold and damp housing—that is hugely important—and why we are investing £679 million over the next three years in affordable housing for the west midlands, which is a 40 per cent. increase over three years in the amount of such investment. I believe that it will make a significant difference to meeting housing needs across the country.

Topical Questions

T1. [178373] **Peter Luff** (Mid-Worcestershire) (Con): If she will make a statement on her departmental responsibilities.

The Secretary of State for Communities and Local Government (Hazel Blears): My Department is dedicated to devolving power to councils, communities and citizens, to building strong, cohesive communities, to delivering the Government's targets on building new homes and to preventing violent extremism.

Peter Luff: Last week, the Secretary of State's Department announced that it would impose more houses on the west midlands than local councils say they can cope with. It is also deciding the location of eco-towns entirely outside the planning process and, through the Planning Bill, it is removing the role of local communities almost completely from important decisions on major infrastructure projects. Does she understand that, as a result, people are feeling powerless and dangerously cynical about local democracy?

The Minister for Housing (Yvette Cooper): I have to say to the hon. Gentleman that I simply do not agree with his characterisation of the way in which either the housing process or the planning process works. It is important that local communities are involved in deciding what kinds of homes need to be built, and where homes need to be built, in their areas. That is why we have made changes to the planning policy statement for housing. Councils should be using those new powers to support development in their communities, but they also must recognise that we badly need more homes in this country to meet the needs of families in overcrowded accommodation, families on council waiting lists and future first-time buyers. It is irresponsible for Conservative Members to campaign against more affordable housing when it is desperately needed across the country.

T5. [178377] **Mr. David Kidney** (Stafford) (Lab): Do Ministers agree that the local authority business growth initiative—LABGI—has been phenomenally successful in supporting local authorities such as Stafford borough council and Staffordshire county council in encouraging new business start-ups and in rewarding them for success? This is currently a three-year scheme, but what discussions are Ministers having with their colleagues in the Treasury to mainstream the scheme and to keep it as generous as it is to those who have successfully bid for assistance?

The Minister for Local Government (John Healey): My hon. Friend is right about the importance of the scheme. He is also right to say that we should be doing more to recognise and reward local authorities that play a part in expanding the business base, and therefore the jobs and prosperity, of their areas. The short answer to his question is that detailed discussions have taken place for some time with the Treasury. They led to confirmation in the comprehensive spending review that money would be set aside in the second year of this CSR period to incorporate LABGI into the design of the business rate system. It is clear that the trial with the stand-alone scheme has demonstrated its importance. We must make it an integral part of the system for the future. We will then increase, and have provision to increase, the amount of money going through LABGI in the third year of this CSR period. I encourage hon. Members on both sides who support the principle of the scheme to work with us to design a scheme that can last for the long term.

T2. [178374] **Mr. Paul Burstow** (Sutton and Cheam) (LD): Earlier in Question Time my hon. Friend the Member for Carshalton and Wallington (Tom Brake) raised the issue of housing subsidy. Will the ministerial team give serious consideration to how they will explain to my constituents who are council tenants that, on average, every one of those council tenant households is paying £1,473 a year in negative subsidy back to the Government? How can it be fair for some of the poorest in our society to contribute in that way to other poor people in other parts of the country?

Yvette Cooper: I am sorry that the hon. Gentleman missed what was a sensible discussion of the housing revenue account system and how it works. There is an element of redistribution in the account, and that is important because council housing has been funded in different ways historically and there are huge variations. There are also huge variations in need, so it is right that the system has an element of redistribution. However, there are problems with the system as it stands, and that is why we are conducting a serious long-term review and piloting different approaches. For example, we are piloting ways for councils to opt out of the housing revenue system so that they can better manage their assets in the long term.

T8. [178380] **Dr. Roberta Blackman-Woods** (City of Durham) (Lab): Will my hon. Friend ensure that the implementation teams that are moving local authorities, such as those in County Durham, towards unitary status are required to produce a proper information strategy for local residents so that they are kept fully informed of the implications of change, the time scales and the significant milestones that the Government require local authorities to meet on the way?

Hazel Blears: I thank my hon. Friend for raising the important issue of the process that will need to be undertaken to implement the proposals. It is important that local people are kept fully informed about the proposals as they are developed and that there is complete openness and transparency in that process. My experience of any big change process is that it is important to get on with it. The sooner it is done the better, but it has to be done rigorously and properly. I have no doubt that my hon. Friend will continue to monitor it, as will I.

Mr. Eric Pickles (Brentwood and Ongar) (Con): I am sure that the Secretary of State will have been saddened by the evidence presented at last week's inquest into the death of baby Rhianna Hardie, who was scalded in a tragic accident caused by a faulty thermostat. The coroner noted that the Health and Safety Executive thought a similar fatality in 2002 sufficiently serious to bring it to the attention of the predecessor Department, the Office of the Deputy Prime Minister. However, the Department did not pass on that warning to local authorities. Has the Secretary of State been able to ascertain why the ODPM did not pass that information on to local authorities?

Hazel Blears: This matter is of the utmost concern. It was a terrible tragedy, although thankfully rare, and our sympathies are very much with Rhianna Hardie's family. The hon. Gentleman is right that there was a similar case in 2002, and consideration was given then to whether a new British standard should be introduced for immersion heaters to ensure that it did not happen again. All new installations now have to have a secondary thermostat to prevent overheating. There is also a full review of building regulations to look at the issue, which started last summer and is an ongoing process. We will consider the comments made by the coroner in the latest case very carefully, because it is important to have clarity between my Department and the Health and Safety Executive on responsibilities and lines of communication. I will personally ensure that we consider the comments and, if there is action to be taken, that we ensure that the right authority takes it.

Mr. Pickles: That is very helpful. It might also be helpful if the Secretary of State would consider placing in the Library the correspondence between the HSE and the ODPM on the issue. In the course of the review, it might be helpful to look at the protocols for her Department on how information from the HSE is treated. I appreciate the point that she makes about the building regulations, but given that we are talking about 3.5 million boilers, can she tell me whether she intends to issue guidance to housing authorities on what checks should be made on those thermostats? Finally, what assessment has been made of the risk of a reoccurrence of such an accident?

Hazel Blears: I do not want to pre-empt the review of the building regulations that is being undertaken to consider that matter, which will be comprehensive and thorough. One reason why I want to get to the bottom of the relative roles of the HSE and my Department is that it has traditionally been the role of the HSE to communicate directly with housing providers rather than that of the ODPM or, now, of the Department for Communities and Local Government. Housing providers are under a duty of care to their tenants but, as I understand it, they are also under a duty to report to the HSE rather than the Department. I want to have a thorough look at that and am happy to confirm that I will put as much information about the issue as I

possibly can into the House of Commons Library. As I said, the coroner said that such tragedies were, thankfully, extremely rare. Obviously, such things are an absolute tragedy for any family to which they happen and we must make every effort to ensure that such an occurrence does not recur.

Alan Simpson (Nottingham, South) (Lab): What success has the Minister had in persuading her ministerial colleagues to look at the introduction of feed-in tariff legislation such as that which is being applied elsewhere in Europe? In Germany, in particular, such legislation has been successful in putting citizens at the heart of driving their sustainable cities agenda and providing sustainable and affordable energy in their own homes.

Hazel Blears: My hon. Friend has pursued this issue with assiduity—that is probably the best word. [HON. MEMBERS: "Perspicacity."] Or perhaps perspicacity is—I think I shall say that he has done so with a great deal of energy and commitment. He has raised an important issue that appears to be technical but is quite substantial. An interesting matter to pursue is not simply the feed-in tariff system but the way in which local people, local neighbourhoods and local communities can contribute to that important agenda. If he looks at the recent planning policy statement on climate change, he will see some welcome statements about the role of communities in terms of combined heat and power and on some of the other issues that he has pursued.

T3. [178375] **Mr. Laurence Robertson** (Tewkesbury) (Con): The Government will be aware of the sustained rainfall experienced by many parts of the country, including my own, which was devastated by floods last year. Although the situation is not that bad yet, more rain is predicted. People's homes are being flooded, as are roads and fields. Given that fact, is it not rather insensitive for the regional assembly to submit its draft regional spatial strategy to the Government suggesting that thousands of extra houses should be built in my constituency? People need houses, but do they want them where they cannot get insurance, where they will flood or where they will cause other people's property to flood? The regional spatial strategy document needs to be thrown straight back at the assembly and rejected outright.

John Healey: The regional spatial strategy will be studied, examined and dealt with in the usual way. The hon. Gentleman will be aware that we have recently tightened up the planning rules on flooding, something that Sir Michael Pitt looked at and reported on just before Christmas. Like the hon. Gentleman, I am conscious of the worries that were felt overnight and have continued this afternoon in Tewkesbury and some other areas, particularly in the west country. He and the House might like to know that as at 14.16 today, 63 flood warnings and no severe flood warnings were in place, while nine all-clears had been given.

The risk of flooding is high in some areas, but, by and large, water levels are generally at about the levels that are considered normal for this time of year. Nevertheless, the hon. Gentleman's council has rightly been on high alert and has been active overnight, as have a number of other councils. Central Government and the Department stand ready to help if and when they are required.

Julia Goldsworthy (Falmouth and Camborne) (LD): Can the Secretary of State explain why the nine regional fire control centres are being built on such a huge scale? Is the embarrassing truth that her Department failed to take into account shift working when determining the national requirements that it set for building them?

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Parmjit Dhanda): No, not at all. The reason that we are building these centres—the hon. Lady will be aware of this, because of her experience in her region—is that the current control centres have nothing like the capacity of the new ones. Surely, like me, she would like to see—*[Interruption.]* If she would listen to me for a moment, I shall explain. Surely she would like to see a system in place whereby the closest fire engine is directed to the scene of the incident, regardless of where it is from, and whereby new technology is available through satellite navigation to get the engine there as quickly as possible.

I accept that the centres are big—I recently visited the ones in the south-west and the east midlands—but they are large because they have to be able to cope with emergencies, and extra capacity and more staff are sometimes needed. I had a meeting with the firm EADS Defence and Security Systems today—

Mr. Speaker: Order. I call Adam Holloway.

T4. [178376] **Mr. Adam Holloway** (Gravesham) (Con): The leader of Gravesham council has told me that the council was not consulted at all about the Thames Gateway project's move into the new Homes and Communities Agency. When Ministers spoke about local community involvement in the process, is that what they had in mind?

Yvette Cooper: We have had extensive consultation with local councils and other organisations across the Thames Gateway, as part of the overall delivery programme. The HCA is taking over all the Department's functions on housing and regeneration across the country, including the major growth areas such as the Thames Gateway. The Department will continue to support the cross-departmental work in respect of transport and other functions but, as we have always said, local councils must take the lead in local areas and communities. That will enable us to get the best results in delivering the jobs and homes that are already coming into the Thames Gateway.

T6. [178378] **Mr. James Gray** (North Wiltshire) (Con): The Secretary of State will know about the illegal Gypsy encampment at Minety in my constituency. It was recently given 18 months leave to remain while Wiltshire county council assessed the need for such encampments across the area. However, how can the council reasonably make such an assessment, given that very large numbers of Gypsies in Ireland and Romania are reportedly waiting to come to England as soon as

places are available? The more Gypsy places that Wiltshire county council provides, the more quickly they are filled.

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright): The hon. Gentleman said that Gypsy and Traveller accommodation needs were being assessed in his area. That is the right way forward, and the vast majority of local authorities have completed their assessments. The independent task group on site provision and enforcement published its final report to Ministers last month, and it concluded that the Government's policy on provision of sites for Gypsies and Travellers was sound. The key is that such provision must be enforced properly, and we need more authorised sites to avoid the risk of antisocial behaviour and disruption throughout the larger community.

Planning (Location of Hazardous Sites)

3.32 pm

Bob Spink (Castle Point) (Con): I beg to move,

That leave be given to bring in a Bill to require the introduction of binding guidance regarding minimum distances between developments classified as Control of Major Accident Hazard sites and other specified types of building, and for connected purposes.

This Bill seeks to improve protection for communities across Britain from the new development of potentially dangerous industrial sites. It will ensure increased safety by giving the Health and Safety Executive a framework for COMAH plant siting decisions, thereby improving the consistency of such decisions and affording a predetermined level of protection for communities.

As if we in Castle Point had not had enough, Oikos registered on 21 December a new application for biodiesel and glycerine plants. The plants, which are expected to produce 163,500 tonnes a year, are sited very close to houses. Feed stocks would be imported from ships in the Thames and there would be massive on-site storage of oils, fats, reacting agents and end products. The local council and the HSE will be working closely with me and with the organisation People Against Methane to protect our community, and residents will be fully consulted about the Oikos proposals.

I have fought to defend my constituents from the massive risk posed by Calor's proposals for a liquefied natural gas facility next door to the Oikos site. Calor wants to import around 5 per cent. of the UK's total LNG needs and to store about 100,000 tonnes on site. The LNG would be offloaded from ships by means of a boom arm on a jetty on a waterway where activity is increasing massively, thanks to the new Thames Gateway port development just downstream and the Oikos proposal.

Calor's plans were withdrawn as a result of a strong campaign in this House, inputs from the HSE and the Environment Agency, and local efforts by People Against Methane. The Canvey Island Independent party's huge petition, which I presented in this House, was also most helpful. We have put politics aside in Castle Point and worked together to defeat the Calor proposals, and we shall do so again, but Calor says that it will reapply this year. I shall continue my fight to protect my constituents.

We were told that the Buncefield depot was totally safe, but it turned into the biggest fire in western Europe since world war two, as my right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley) explained to the House last week. A similar fire, but involving LNG rather than petrol, would make Buncefield look like a village bonfire night party. I congratulate my hon. Friend the Member for Hemel Hempstead (Mike Penning) on his excellent debate last week—he is doing a superb job of fighting for his constituents. He described one of his constituents' homes after the explosion as:

"blown to smithereens. It looked like someone had dropped a 1,000 lb bomb next to his house. I have visited the site. The house is gone—it does not exist".

He went on to say:

"May I also praise him"—

that is, me—

"for his quick response before Christmas when the hydrocracker at the Coryton refinery exploded?...I know the fears that exist, and I am conscious that my hon. Friend did not go in the opposite direction; he went straight down to see the firefighters to ensure that they, too, were looked after.

To answer my hon. Friend's question, when the first explosion took place at Buncefield, the damage occurred several kilometres away...he will find that because there was nothing structurally to prevent the explosion spreading outwards, or the subsequent suction inwards after the oxygen had been used up, properties...several kilometres away, were subject to serious structural damage. One school in St. Albans had its central heating boiler sucked up through the flue, which blew up boilers throughout the school...That is the sort of damage that occurs in such explosions." [*Official Report, Westminster Hall*, 9 January 2008; Vol. 470, c. 75WH.]

Thus, we see graphically the destruction caused even several kilometres away from such an incident.

George Whatley of PAM, who originally suggested my Bill, used a satellite navigation system to measure the distance separating the Calor site and homes on Canvey. It is precisely 200 yd. That is totally unacceptable, but there are no official separation limits for COMAH plants; hence the Bill that I am introducing today. An escape of LNG would vaporise and form an unstable, unconfined, highly combustible cloud which, on ignition, would explode and burn at extremely high temperatures, destroying everything in its path. According to the fire service, whereas the Buncefield petrol fire was easily contained, there is no way to contain or control an LNG fire; the fire service would just clear up the carnage afterwards.

International evidence on LNG explosions is legion. Tim Riley's documentary film, "The Risks and Dangers of LNG", and the 2003 Californian study predicting up to 70,000 casualties from an LNG accident or terrorist attack, graphically set out the implications. The Buncefield inquiry led to an HSE investigation, which concludes:

"Clearly we have a poor scientific understanding of the mechanisms which led to the vapour cloud explosion at Buncefield, and we accept that installations storing other substances could present this type of hazard, for example bulk LPG storage, and other flammable liquid storage."

The investigation also reveals a fifteenfold increase in unconfined vapour cloud explosions over the past decade, and it challenges the current orthodoxy on the scale of risk to local communities that are adjacent to large petrol, liquid petroleum gas and LNG sites. The HSE is therefore reviewing its safety and planning advice on the siting of such plants.

United States federal regulations for LNG facilities—CFR 193—federal safety standards and the US National Fire Protection Association lay down that vapour gas dispersion distances must be calculated to determine how far downwind natural gas vapours could travel from an onshore LNG facility and still remain flammable. They show that a fire would burn with intense heat, so LNG plants must have thermal exclusion zones.

The Canvey island site involves additional risk, with LNG transfer from tankers on the Thames—on the water. Distinguished professor Jerry Havens and others have serious concerns about the vulnerability of massive LNG tankers, which could be engulfed in a fire

and would be unable to fight that fire. The risks of spills on to water are spelled out in the US publication, "Business Briefing: LNG review 2005":

"there would be little or no control over the extent of liquid spreading and the consequent rapid burning or vaporisation of the gas."

A 2004 report by Sandia National Laboratories in the United States concluded that

"cascading failure of LNG vessel containments by this mechanism cannot be ruled out",

which would result in "total loss" of the tankers.

A US fact sheet "Liquified Natural Gas (LNG) Energy Justice.net/natural gas" states that an accident or terrorist attack on an LNG tanker could cause

"major injuries and significant damage to structures a third of a mile away and could cause second-degree burns on people a mile away."

A congressional panel expressed similar concerns in 2004; Rear-Admiral Gilmour was reported in Factiva as saying that the minimum distance for an offshore LNG terminal ought to be about 10 miles. Castle Point does not have the luxury of 10 miles, several kilometres or even one mile. The distance separating our homes, schools and workplaces from the Calor site is precisely 200 yd. Canvey faces significant additional risks from terrorism—it suffered a terrorist bomb attack in the 1980s. The site is also well below sea level, creating major flood risks and increasing existing ones.

My Bill would increase and formalise the protection afforded to communities and give clarity and certainty to applicants, the HSE and planning authorities, saving time, expense and much community anguish. If the Government listen, they will amend the Planning Bill to accommodate the sensible and necessary provisions in my Bill. As it stands, the Planning Bill will cause more difficulties; under it, the location of a dangerous plant will be decided by an unelected quango, the infrastructure planning commission. The IPC will operate behind closed doors, removing democratic legitimacy as well as involvement by local councils or even the Secretary of State.

The Planning Bill fails conspicuously to give the necessary procedural rigour for the IPC to deal with the location of hazardous sites. That causes great concern to the Campaign to Protect Rural England and other excellent environmental organisations seeking, like me, to defend the public interest. I commend my Bill to the House.

Question put and agreed to.

Bill ordered to be brought in by Bob Spink, Mr. Peter Lilley, Dan Rogerson, Patrick Mercer, Mr. Christopher Chope, Mr. Dai Davies, Dr. Evan Harris, Mr. Andrew Love, Mr. David Gauke, James Duddridge and Mr. James Clappison.

PLANNING (LOCATION OF HAZARDOUS SITES)

Bob Spink accordingly presented a Bill to require the introduction of binding guidance regarding minimum distances between developments classified as Control of Major Accident Hazard sites and other specified types of building; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Friday 6 June, and to be printed [Bill 55].

Health and Social Care Bill *[Ways and Means]*

3.42 pm

The Minister of State, Department of Health (Mr. Ben Bradshaw): I beg to move,

That, for the purposes of any Act resulting from the Health and Social Care Bill, it is expedient to authorise the charging of *certain fees by the Office of the Health Professions Adjudicator.*

The motion is in the name of my right hon. Friend the Financial Secretary to the Treasury. A Ways and Means resolution has been deemed necessary by the House authorities to allow the office of the health professions adjudicator, the new independent adjudicator created by the Health and Social Care Bill, which is currently in Committee, to charge fees to the regulatory bodies whose fitness to practise cases are to be referred to the office for adjudication. The motion is being moved now because the Bill as introduced did not require a Ways and Means resolution.

The office of the health professions adjudicator will adjudicate on fitness to practise cases involving doctors, those in professions regulated by the Opticians Act 1989 and any other professionals whose regulatory body decides to use its services. At present, the General Medical Council and General Optical Council must meet the costs of the adjudication functions exercisable by their respective committees. The Health and Social Care Bill will transfer those functions to the office of the health professions adjudicator, so those two bodies will no longer have to meet those costs. We have therefore tabled a Government amendment to allow the office of the health professions adjudicator to charge fees to the General Medical Council and General Optical Council. We omitted such a clause from the Bill on its introduction so that we could complete detailed discussions with the General Medical Council about how the new adjudication body should be funded.

John Bercow (Buckingham) (Con): I am not unduly perturbed by what sounds so far like a wonderfully "Sir Humphrey" statement, but I must say—I suspect that other Members entertain similar concerns—that we do not want an entirely open-ended provision. Can the Minister offer the House any indication of the likely scale of the costs that will be incurred, and in what period they will be incurred?

Mr. Bradshaw: I certainly can; I had intended to say something about that in a little while. The hon. Gentleman may like to speak to his spokespeople on the Front Bench, who argued loudly in Committee that the independent adjudicator should be even more independent, and freer to do whatever he or she likes, which caused great concern to the GMC and others in relation to the ability of the House or the Secretary of State to ensure that the fee levels are reasonable.

There are two ways in which the aim will be achieved. First, the new adjudicator will have to consult on the level of any fee that he or she wants to levy. Secondly, those fee levels will have to be approved by regulation and in consultation with the Secretary of State. Given those safeguards, I hope the hon. Gentleman is reassured that the costs of the new adjudicator will be broadly similar to the current costs incurred by the GMC and the GOC.

John Bercow: I am partly reassured by what the Minister has said. I am grateful to him for his clarification, but as he refers to a prospective order-making power, may I ask the obvious supplementary question—whether the order-making power will be subject to the negative procedure or to its affirmative counterpart? It is rather important to know which.

Mr. Bradshaw: My understanding is that it will be the negative procedure. I will write to correct that if I am wrong.

Mr. Humfrey Malins (Woking) (Con): I declare an interest as a part-time panellist for the General Medical Council, appointed by the House some time ago. The question of fees troubles me slightly. Can the Minister confirm specifically that the House will have an opportunity to discuss the level of those fees? Can he say who is to set them, roughly how much they will be—the scale involved—and who, ultimately, will pay? It sounds a little like a stealth tax. Will doctors pay? Will the General Medical Council pay? Where does the bill end up?

Mr. Bradshaw: The regulatory bodies such as the GMC, the GOC and possibly others that come under the independent adjudicator's remit will pay the fees, based on the work load of the independent adjudicator in any one year. Individual doctors now pay a levy or a membership fee to the GMC. They will continue to do so, and out of the funds that that raises, the GMC—or the GOC, or other appropriate body—will pay a fee that will be set after consultation with everybody, including Members of Parliament, and approval by the Secretary of State in laid regulations.

We are doing some independent research with the GMC into its current costs. It is rather difficult to disaggregate the cost of the adjudication process from the overall costs that the GMC incurs, but our estimate is about £11.5 million a year. That is the figure that we are working on. That is the current cost, which is met by medical doctors and others who are members of those organisations and pay their annual subscription to those organisations.

The new clause about fees must be authorised by a Ways and Means resolution. The House authorities, I understand, reached this conclusion because the new office of the health professions adjudicator will be for the benefit of the general public, rather than just for the benefit of the professions regulated by the GMC and the GOC. In addition, the fees charged by the OHPA will cover all of the body's costs, rather than costs incurred before a day to be specified in regulations or costs incurred for a purpose specified in regulations. That is the difference between the fee-charging powers of the Healthcare Commission and the future care quality commission. In other words, the fees will be calculated by reference to the total expenditure of the OHPA, rather then to the individual service that it is providing to an individual organisation.

It has always been our intention that the regulatory bodies in receipt of OHPA's adjudication services should pay for the adjudication of their cases. As I said, at present the costs are borne by the health care professional regulators, and we see no reason why that should change. The fee will be charged on an annual basis rather than on a case-by-case basis. As I also said, regulations will be made by the Secretary of State, setting out the process through which the level of the fee is to be determined. I am confident that the funding arrangements set out in the new clause are fair and appropriate.

3.49 pm

Mr. Stephen O'Brien (Eddisbury) (Con): In speaking to this Ways and Means resolution, I am mindful of the words of my late, great colleague on the Conservative Benches and champion of the rights and duties of this House, the former Member for Bromley and Chislehurst, Mr. Eric Forth. He noted:

> "It is always a great pity that these apparently innocuous Ways and Means resolutions attract such relatively little attention from colleagues in the House, because they are, of course, a very important part of what remains of the House's influence on the sort of measures that flow from legislation. I should like to think that in some ways Members would be more interested in Ways and Means resolutions than in many other aspects of the Bills themselves." [*Official Report*, 15 November 2004; Vol. 426, c. 1064.]

I pay tribute to the fact that the Conservative Members who sit on the Committee considering this Bill are present for this Ways and Means resolution debate; apart from the Minister, only the Parliamentary Private Secretary and the Whip are on the Government Benches. That is a shame. Furthermore, it is notable that the Minister chose not to answer the direct questions put to him, quite properly, by my hon. Friends the Members for Buckingham (John Bercow) and for Woking (Mr. Malins); my hon. Friend the Member for Woking brings expertise to this subject from his past.

The Minister has just said that the House authorities deemed it necessary to bring this stand-alone, separate Ways and Means resolution to the Floor of the House today. I remind the House, however, that that would not have been necessary had the Government got their act together sufficiently in advance of publication and the commencement of the Bill's proceeding through the House. They should not have left outstanding a series of open-ended negotiations so that the resolution could not be recognised in the Bill when it was first published.

According to House rules, when the Government table a new clause a Ways and Means resolution is necessary if the new clause would raise a new fee structure or a tax—and I shall argue that new clause 7 does. The Government are responsible for taking up the time of the House on this matter, which is important, given that we are already in Committee and considering the very issues to which it relates.

This debate arises from Government new clause 7. The Committee has not yet debated or voted to amend the Bill through the new clause. It is therefore valid to ask whether we should take up the House's valuable time at this point of the Committee's proceedings.

Mr. Malins: Is my hon. Friend saying that the issue has not yet been fully debated in Committee? That comes as a great surprise, particularly as I understand that many Labour members of the Committee are not here today. Have not Labour and Conservative Committee members already had a full opportunity to debate the new clause and its financial implications? If they have not or are not going to, that is astonishing.

Mr. O'Brien: I am sorry to have to confirm to my hon. Friend that he has to be astonished. We have started the Committee's proceedings and taken the new form of oral evidence, but new clause 7 was tabled at a such a point that it does not even come up for consideration by the Committee for some time.

John Bercow: Irrespective of whether the programme motion will allow for a debate on that new clause, may I raise with my hon. Friend and, through him, the Minister a wider concern that has been a consistent hobby-horse of mine in recent years? If the matter is to be effectively implemented by regulation—and I do not cavil at that—is it not a good idea, and should not Parliament demand, that we as a House have sight of a draft version of the regulations before the final passage of the Bill? Otherwise, we are voting for a pig in a poke.

Mr. O'Brien: With his usual clarity and unique way with words, my hon. Friend puts his finger right on a point that I shall come to. I hope to confirm that he is spot on.

Notwithstanding the fact that we have not reached the point in Committee where we even know whether new clause 7 will be voted on and passed, I note that had the Government managed to complete their negotiations with the regulatory bodies before Second Reading, so bringing to the House a Bill in much better order—they have already tabled 53 amendments—this matter could have been dealt with on Second Reading. Given the absence of the clause on Second Reading, we are now in the impossible position of being called to vote on fee-charging powers that we have not had the opportunity to discuss. That is somewhat contemptuous and not in line with the Prime Minister's assertion, just a few months ago, that he would hold this place in much higher regard than the Prime Minister whom he succeeded. By the Government's own admission, they found themselves still in late negotiations with the General Medical Council long after the Bill had found its way into the House's calendar. The resolution has either been proposed too early or proposed too late, but it certainly should not be taking up the House's time as it is. However, that is what we are faced with, so we must deal with the facts as we find them.

To understand the context in which the resolution is being considered, I remind the House that the office of the health professions adjudicator is a new body that is being set up under the Bill to take over the adjudication of fitness to practise panels from the GMC and the General Optical Council. It is being established in response to Lady Justice Smith's recommendations in the Shipman inquiry. Under the new procedure, we had the benefit of her being able to give us direct oral evidence, and it was incredibly persuasive and powerful. I dare say that the whole House will join me in agreeing that we, as a legislature, never want a repeat of the appalling Dr. Shipman's atrocities. There is a question mark over the creation of the OHPA. The GMC noted in its written evidence that, by any objective measure, its adjudication track record is extremely good, and that over the past two years, 2006-07, there had been 2,480 hearings regarding doctors' fitness to practise, with all decisions challengeable by reference to the High Court.

Mr. Speaker: Order. The matter before us is the charging of fees, not the matters he is speaking about just now.

Mr. O'Brien: I am grateful to you, Mr. Speaker. Of course, I will do my very best to ensure that I stay within your ruling. I was simply trying to demonstrate that the current body is not doing a bad job at the moment—indeed, only 0.4 per cent. of its rulings have been challenged in the courts. The successor body, with the functions that the Government are seeking to put in place and for which they want a new form of fee charging, is absolutely dependent on the resolution being passed.

Mr. Malins: The more I listen to my hon. Friend, the more I feel we should take the view that the proposal to charge fees through this new body should be scrutinised much more carefully before we proceed any further. I can confirm that the performance of the GMC, in terms of its hearings and so on, has been much more efficient recently. Where, therefore, is the argument that we should be giving the Government carte blanche to charge a whole lot of fees through this new body without the matter having been properly debated—

Mr. Speaker: Order. Once again, let me say that the bodies concerned can be discussed in Committee, but we have a rather tighter matter before us and we should be debating that.

Mr. O'Brien: I am grateful to you, Mr. Speaker. The fact that we have to vote on this now means that we must raise the issues about where fee charging is dealt with. I recognise that that is the definition of your ruling. Absolutely germane to what my hon. Friend the Member for Woking (Mr. Malins), with all his experience, rightly says, is the question of whether what two bodies carry out, through two distinct functions, in relation to a matter that was previously dealt with under one body, has a significant bearing on the costs and amounts that may be charged through them as a tax, not necessarily falling on general taxation powers. Perhaps it would have been helpful to have had the benefit of the opinion of the Chairman of the Select Committee on Health; it is a shame that he is not here. *[Interruption.]* Indeed—as he is a GMC member.

Critical to our decision on the resolution is whether we have resolved an issue of serious contention in Committee—whether the new bodies being set up under the Bill, not just this body but other bodies, are truly independent of Government. As an indicator of the Government's intent, if those bodies are truly independent, we would expect them to be able to charge a fee. I have to say that based on all the evidence so far in Committee, it has not yet been established that they are truly independent—far from it—and we have criticised them for that. If they are not independent, we are not considering a fee but a substitution of vicarious taxation of the members of professions covered by the new body for recovery of costs.

We have to consider who might be affected by the passing of this resolution. For the doctors, optometrists, dispensing opticians, student opticians and optical businesses of this country, the fees proposed in the

[Mr. Stephen O'Brien]

resolution will be garnered from the General Medical Council and the General Optical Council, as the Minister has admitted. That will have a direct impact on the fees charged by those bodies to their membership. The full GMC registration fee on the medical register will rise to £390 per annum with effect from April this year, having been frozen at £290 per annum since 2002. GOC registration stands at £169 per year. My hon. Friend the Member for Buckingham (John Bercow), whom I see is still just in the Chamber, raised the essential question of what the costs were, and we heard that there will be a massive increase. According to the Minister, it will be £11.5 million, which, by a quick calculation, means an extra £100 per doctor. It is that sort of detail that my hon. Friend was trying to winkle out of the Minister to find out what extra costs to constituents and the professional community we are truly sanctioning.

I recognise your strictures to stay in order according to the resolution's narrow definition, Mr. Speaker, but the other serious unanswered question is that we have not seen the secondary legislation upon which the resolution depends, even in draft. As my hon. Friend the Member for Buckingham said, that makes it a bit of a pig in a poke. It certainly means that we are flying blind.

The other thing absent from our consideration of the resolution—the final financial point that needs to be addressed—is the question of VAT. Currently, neither the GMC or GOC is registered for VAT, partly because of their charitable status; I hope that that is not news to hon. Members. However, the new office of the health professions adjudicator will immediately slap a 17.5 per cent. uplift on the fees payable to it, irrecoverable against the fees paid to the GMC or the GOC. The Minister should explain fully how the resolution will affect that arrangement. Where will the VAT loss fall, and upon whom?

We have a serious worry about the costs included in the Bill that are, by virtue of this resolution, yet unknown. In addition to what is currently proposed to ensure that a fee is passed on vicariously to the members of the various professions involved—because it is no longer an independent body in our view, we consider this to be a tax-raising power—the Minister told us in Committee on Thursday that the establishment of the care quality commission as a successor body to the Healthcare Commission, the Commission for Social Care Inspection and the Mental Health Act Commission will cost £7 million, as outlined in the regulatory impact assessment. The transition cost will be £140 million, which includes the costs of redundancies, estate rationalisation and a planned reduction of operating costs. Creating responsible officers will cost between £3.1 million and £16.7 million per year, and extending direct payments will cost £1.5 million to £8 million a year. The social enterprise investment fund will cost £98.1 million and the health in pregnancy grant is a one-off payment.

So, in addition, we have the ways and means resolution, which is the only means whereby the Government can press ahead with insisting that the fees chargeable by the OHPA are recoverable. It effectively constitutes a new tax on members of the professions I have listed. The resolution appears ill prepared and panicky, and has been tabled after the Bill was introduced.

The Bill also presents a significant worry because the money for pregnant women is to be paid at the end of the second trimester. All the evidence that we have established shows that, despite the Prime Minister's assertions, the only benefit to be derived for better diet is before conception and in the early weeks of pregnancy. That contrasts with the Prime Minister's comments. Notwithstanding that we are discussing £175 million in the first year—

Mr. Speaker: Order. Once again, the hon. Gentleman is going wide of the resolution. He must get back to it—it is very narrow, so it should not be too difficult for him.

Mr. O'Brien: Certainly, Mr. Speaker.

Let me put the resolution in context to understand the way in which it would work. The Government have not yet set out the rationale for establishing the body to which the resolution relates. We have a problem with timing as well as the substantive problem.

Mr. Stephen Crabb (Preseli Pembrokeshire) (Con): Is my hon. Friend aware of any genuine consultation on new clause 7 in which the Government have engaged with the professions?

Mr. O'Brien: I am grateful to my hon. Friend and glad to have the opportunity to point out that, unlike the Government and the Liberal Democrats, despite their assertions, Conservative Members are proud that we have ensured that someone who represents a Welsh constituency will serve in Committee, given that the Bill relates to so many powers that Welsh Ministers exercise in relation to the Mental Health Commission. I am glad to say that my hon. Friend the Member for Preseli Pembrokeshire (Mr. Crabb) will be looking out for his constituents and everyone in Wales in Committee. No other party chose to nominate Welsh Members of Parliament to the Committee.

My hon. Friend's question about consulting the professions is crucial to whether we should pass the resolution and whether we should be called upon at this stage to debate it. Such consultation does not apply only to England but to Wales. Has consultation been properly framed and passed on to Welsh Ministers, who will make decisions that replicate, to some extent, those made in England, to apply to the medical profession in Wales? My hon. Friend asked a germane question and I hope that the Minister will tell us the extent to which consultation has taken place with professional bodies, especially the GMC, to establish whether the resolution is the right way forward and whether the professional bodies are looking forward to being a proxy, vicarious tax collector for the Government to recover fees for the new OHPA, the establishment of which has not yet even been agreed.

I have a final series of questions for the Minister to enable us to make a decision on the resolution and maintain the proper challenge that my former colleague the former right hon. Member for Bromley and Chislehurst issued on such resolutions. Why were matters not sorted out in time for Second Reading? Why is it suitable for the House to table a Ways and Means resolution on an aspect of the OHPA that

neither it nor the Committee has had an opportunity to debate? What assurances can the Minister give that the resolution is not a blank cheque, given the OHPA's lack of independence, which we have already observed in Committee by reference to another body—the care quality commission, which is also being set up—the absence of draft regulations on new clause 7 and of cost control measures in the Bill? The Minister did not mention cost measures when he outlined at the outset of our short debate what he believed to be appropriate.

Will the Minister also reassure the House that, in accepting the resolution, we are not creating a huge liability for doctors, optometrists, dispensing opticians, student opticians and optical businesses? How will the resolution operate given the different VAT status of the bodies involved? Why does not the money resolution cover at least part of the resolution that we are discussing?

We have an opportunity to test the Government. Are we to be disappointed or are we in for the parliamentary shock of getting genuine answers to key questions, without which the House should not be contemptuously steamrollered into supporting the resolution?

4.9 pm

Norman Lamb (North Norfolk) (LD): I can assure those who are waiting patiently for the next debate that I will be very brief. Participating in my first debate on a Ways and Means resolution, I have to confess that I am left feeling completely confused, particularly after the wide-ranging speech of the Conservative spokesman. However, I share the questions that he put to the Minister, particularly those seeking the justification for why we are in this situation. Despite the Minister's best efforts and what the hon. Member for Buckingham (John Bercow) said, Sir Humphrey liked to put his case across in a calm and measured way. The situation smacks of chaos and confusion.

The Minister said that the provisions were not dealt with originally because of detailed discussions with the GMC. Is that really the beginning and end of the matter? Did he anticipate that he would be required to come to the House with the resolution in order to satisfy proper procedures? Reference has also been made to the need for the Committee to see the draft resolutions during the Committee stage. Will the Minister ensure that they are available, so that the Committee and the House know exactly what they are voting to permit?

4.11 pm

Angela Browning (Tiverton and Honiton) (Con): Although it is true that the Committee has not yet dealt with new clause 7, reference has been made to fees and costs in relation to the regulatory impact assessment, which the Minister has made available to the Committee. The figures for the savings from merging the three regulatory bodies into one that the Minister has produced for the Committee are extremely wide ranging—I do not have them with me, although we touched on them in Committee and I am sure that he would admit that. The Minister was asked in Committee whether he could identify how much in those figures represented economy of scale savings from bringing three bodies into one and how much represented contributions from fees earned. At that point, however, the Minister could not clarify what percentage would be contributed by the scale of the fees that he is proposing in this Ways and Means resolution.

Mr. Stephen O'Brien: In fairness to him, the Minister offered to send a letter setting out some of the financial parameters. I want to ensure that my hon. Friend thinks that he covered that and that it is adequate for the purposes of passing the resolution that we should not have received those details until after we have challenged the Government on whether it is the appropriate way forward.

Angela Browning: My hon. Friend is exactly right. Notwithstanding the promise that the Minister made in Committee to give more clarification on the figures, it is difficult to make head or tail of them if we cannot disaggregate the fee contribution in the calculations that the Minister has offered. When he replies to my contribution, will he be so good as to elaborate on exactly how the fee-bearing side of the regulations will contribute to the broader figures in the regulatory impact assessment?

4.13 pm

Mr. Bradshaw: I am sure that the hon. Member for Tiverton and Honiton (Angela Browning) will know that the fees to which she referred are connected to the establishment of the new care quality commission. That is outwith the remit of this resolution, which deals with the independent adjudication of the medical professions. As the hon. Member for Eddisbury (Mr. O'Brien) reminded her, I promised to write to members of the Committee with more details of those costs, and I shall do so, but they are nothing to do with the resolution that we are debating today.

Given the amount of time that we have spent discussing this matter, I do not intend to detain the House further by responding to the many and, I have to say, mainly extraneous and inaccurate points made by the hon. Member for Eddisbury. I shall simply point out to him that we cannot debate them under new clause 7 in Committee until this resolution has been authorised.

Question put:—

The House divided: Ayes 307, Noes 229.

Division No. 043] **[4.14 pm**

AYES

Abbott, Ms Diane	Blackman, Liz
Ainger, Nick	Blackman-Woods, Dr. Roberta
Alexander, rh Mr. Douglas	Blears, rh Hazel
Allen, Mr. Graham	Blizzard, Mr. Bob
Anderson, Janet	Borrow, Mr. David S.
Armstrong, rh Hilary	Bradshaw, Mr. Ben
Atkins, Charlotte	Brennan, Kevin
Austin, Mr. Ian	Brown, Lyn
Austin, John	Brown, rh Mr. Nicholas
Bailey, Mr. Adrian	Brown, Mr. Russell
Baird, Vera	Bryant, Chris
Banks, Gordon	Buck, Ms Karen
Barlow, Ms Celia	Burden, Richard
Barron, rh Mr. Kevin	Burgon, Colin
Battle, rh John	Burnham, rh Andy
Bayley, Hugh	Butler, Ms Dawn
Beckett, rh Margaret	Byers, rh Mr. Stephen
Begg, Miss Anne	Byrne, Mr. Liam
Bell, Sir Stuart	Caborn, rh Mr. Richard
Benn, rh Hilary	Cairns, David
Benton, Mr. Joe	Campbell, Mr. Alan
Berry, Roger	Campbell, Mr. Ronnie
Betts, Mr. Clive	Caton, Mr. Martin

Cawsey, Mr. Ian
Challen, Colin
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Connarty, Michael
Cook, Frank
Cooper, Rosie
Corbyn, Jeremy
Crausby, Mr. David
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Curtis-Thomas, Mrs. Claire
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Francis, Dr. Hywel
Gardiner, Barry
Gilroy, Linda
Godsiff, Mr. Roger
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Hosie, Stewart
Howarth, rh Mr. George
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Llwyd, Mr. Elfyn
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
MacNeil, Mr. Angus
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Meacher, rh Mr. Michael
Meale, Mr. Alan
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Price, Adam
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, Angus
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Weir, Mr. Mike
Whitehead, Dr. Alan
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wishart, Pete
Wood, Mike
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Mr. Frank Roy and Tony Cunningham

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Barrett, John
Beith, rh Mr. Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard

Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Boswell, Mr. Tim
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clegg, Mr. Nick
Clifton-Brown, Mr. Geoffrey
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David *(Haltemprice and Howden)*
Djanogly, Mr. Jonathan
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Malins, Mr. Humfrey
Maples, Mr. John
Mates, rh Mr. Michael
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Webb, Steve
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Angela Watkinson and Mr. John Baron

Question accordingly agreed to.

National Lottery

4.29 pm

The Secretary of State for Culture, Media and Sport (James Purnell): I beg to move,

That the draft Payments into the Olympic Lottery Distribution Fund etc. Order 2007, which was laid before this House on 25th October, in the last Session of Parliament, be approved.

I recently met two young Olympic hopefuls. One was an incredibly impressive young woman who gets up every morning and does two hours of swimming before school and two hours after school in pursuit of her dream of competing at the London Olympic games in 2012. The second is a young disabled athlete who is hoping to compete at table tennis, and whose father told me that even before there was the possibility of his son's going to the Olympics, the very fact of training transformed his confidence to such an extent that he now goes on training weekends without his carer—something he would never have done before. Those are just two young people, but our Olympics will be an inspiration to a whole generation. It will be one of those events where hyperbole is justified. It will be a once-in-a-lifetime experience. It will bring the country together. It can transform Britain's reputation overseas.

The Olympics can be all those things, but we have set ourselves a bigger goal: we want it to be the best Olympics ever. My right hon. Friend the Minister for the Olympics has put in place the best preparations ever seen for an Olympics at this stage; those are not my words, but those of Jacques Rogge, president of the International Olympic Committee. There are three building blocks to those preparations. First is a clear organisation with the right structure and world-class leadership—we have that. Secondly, like any team, our success will depend on our cohesiveness and support—and with 76 per cent. of the population backing the 2012 games, rising to 90 per cent. among young adults, we have that, too. The third element is a robust funding package, and that is exactly what we have. Last March, my right hon. Friend announced a £9.325 billion public sector funding package for the games, including contingency funding to manage risks. Of that total, £6.09 billion was identified for Olympic Delivery Authority costs. The remaining contingency funding will be released only if needed.

Cross-party consensus is undoubtedly important to speed our progress towards the best ever Olympics, but there is also, of course, a legitimate space for scrutiny and challenge. That is why my right hon. Friend provided Parliament with details of the ODA baseline budget in December, as soon as it was confirmed, and why she has agreed to provide every six months a full update of progress of the Olympic spend against the budget and the breakdown provided in December. The motion puts in place an important part of the funding package. It allows for £1.085 billion from the national lottery distribution fund to be transferred to the Olympic lottery distribution fund.

Anne Snelgrove (South Swindon) (Lab): That is a diversion of funds from the national lottery to the Olympics, and while the Olympics is an important part of our culture and will be very important in the run-up to 2012, will the Secretary of State guarantee that there will be no more diversion of funds away from good causes after this announcement?

James Purnell: My hon. Friend makes an important point, which has also been made by a number of stakeholders, including the National Council for Voluntary Organisations, Heritage Link and the Voluntary Arts Network, which I met over the past week, and the National Campaign for the Arts as well. I hope that my hon. Friend will be happy to hear that I can confirm today that there will be no further diversion from lottery good causes to fund the Olympics.

Mr. Frank Field (Birkenhead) (Lab): I intervene on the Secretary of State merely to strengthen his hand. Should events not turn out as he plans, might he remind those who come back with a begging bowl that while his Department ensured that the Olympics has in excess of £9 billion, it found only £5 million for Liverpool as city of culture?

James Purnell: Actually, that is not correct: we found £11.2 million, I think, which is more than we were required to find by the bid for the capital of culture, which asked for £10 million. In addition, there has been a significant contribution—I think more than £25 million—from the Heritage Lottery Fund towards galleries and projects in Liverpool, and a significant contribution from European moneys as well. I was there on Saturday for the opening night, and I know that the Liverpool capital of culture will be a fantastic success and that people are looking forward to it across the country.

Adam Price (Carmarthen, East and Dinefwr) (PC) *rose—*

James Purnell: I am sure they are looking forward to it in Wales as well.

Adam Price: Liverpool is, of course, the unofficial capital of north Wales.

How can the Secretary of State justify the further diversion of lottery funds before the House this afternoon? How can it be right that the poorest communities in the UK have to finance the regeneration of London?

James Purnell: I am glad the that hon. Gentleman thinks that Liverpool is the unofficial capital of north Wales—the nationalist influence of being in coalition with the Labour party in Wales is obviously starting to rub off, even now. If he waits for the rest of my speech, he will hear a clear argument on the point he has made.

Mr. John Grogan (Selby) (Lab): Given this diversion of resources—I say this as a strong supporter of the Olympics—is there not a case for changing the taxation system of the lottery to a gross profits tax, following the example of most of the gambling industry, which some estimates suggest could mean up to £400 million for good causes over the next decade? *[Interruption.]*

James Purnell: The hon. Member for Bath (Mr. Foster), who has also raised this complex issue—he did so at the previous oral questions—makes a loud cheer from a sedentary position. I thank my hon. Friend for his support for the Olympics and for raising that question.

I am happy to announce that my Department and the Treasury will re-examine the issue. The House will understand that tax policy is a matter for the Chancellor and would be covered in the Budget, but I hope that I have given my hon. Friend the assurance that he was after.

Adam Price *rose—*

James Purnell: I shall make some progress and then answer the hon. Gentleman's question when I come to that point in my speech.

Mr. Hugo Swire (East Devon) (Con): Will the Secretary of State clarify what he has just said? Has he said that as well as trying to announce another raid on the lottery this afternoon, his Treasury colleagues will examine the question of taxation in respect of the national lottery?

James Purnell: The hon. Gentleman raises the point of the tax regime for the lottery. Some people, including Camelot, have argued that moving to a gross profits tax regime could mean further money for good causes. The issue is complex, but we are announcing today that we and the Treasury will examine it again. I hope that that assurance will be welcomed by the House.

As I was saying, the order puts in place the funding package from the lottery. It allows for £1.085 billion to be transferred in 15 instalments, starting on or after 1 February 2009 and ending on or after 1 August 2012.

Kate Hoey (Vauxhall) (Lab): The explanatory memorandum helpfully gives details of the net effect of the order on each distributor—it will be about £99 million on Sport England, some £4 million on Sport Northern Ireland and so on. Will the Secretary of State tell me whether his Department has done an analysis in conjunction with those bodies of exactly what the order will mean in terms of cuts at grass roots level and money that those many community groups might have expected over the next few years?

James Purnell: I shall come to that matter later in my speech. An impact assessment has been published to accompany the order. It is obviously slightly counterfactual, because one does not know what grants would have otherwise been made. I shall make some announcements later in my speech that I hope will reassure my hon. Friend.

I shall try to finish the paragraph of my speech that I am currently in, as I have been on it for a while. The £1.085 billion is made up of £410 million, as previously confirmed, and an additional £675 million as announced in March 2007. We have been open about the fact that that will mean that there is less money for the lottery between 2009 and 2012, and of course we recognise that concerns have been expressed about that. I am keen to respond to them as strongly as I can.

When my right hon. Friend the Minister for the Olympics announced this funding package, she agreed with the Mayor of London that lottery distributors would be repaid the additional £675 million from the profits arising from the sale of land in the Olympic park after the games. Hon. Members will have seen stories in the press this morning reporting pessimistic forecasts for growth in land values. The headline in this morning's story is highly misleading, because the Olympic budget does not rely on land sales—there is no black hole in the Olympic budget. What has been said—the Mayor said this as early as April last year—is that we have to make estimates about the increase in land values. The prudent basis on which the London Development Agency has always made its assumptions is that values would grow at the rate of 6 per cent. But the Mayor also said in April that, given past trends in growth, it was possible to estimate much higher growth, up to 19 or 20 per cent. We are therefore confident that we would be able to repay the lottery if those levels of growth were achieved, but that does not create a black hole in the funding and there is nothing new about the story in the papers today. Those figures have been in the public domain for some time.

Mr. Mark Field (Cities of London and Westminster) (Con): The Secretary of State suggests that the Olympic budget somehow remains intact, but the public at large see an overall package for the cost of the Olympics. It is not simply a matter of the budgetary figures; there is also the notion of repaying the lottery in the way that he has described. If land values fail to go up, the lottery will not be fully reimbursed. Therefore, our concern is that the financial package is incomplete. The budget may be intact, but that is not to say that the lottery will not be raided.

James Purnell: We have the same goal, which is to repay the lottery from the increase in land values. The amount is in line with growth over the past 20 years and it is not an optimistic forecast. It will also be realised over the next 10 to 20 years, and regardless of market conditions at present, it is right to have confidence that we will be able to deliver on the memorandum of understanding between my right hon. Friend and the Mayor.

Paul Farrelly (Newcastle-under-Lyme) (Lab): I share the concern about the additional raid on the national lottery money, but I recognise that the Government have moved to repay the proceeds in this way. It would be more comfort, in terms of incentives in the future, if my right hon. Friend looked more carefully at who will handle those land sales and whether it should be the London Development Agency or an independent body.

James Purnell: That is a matter for the Mayor and the LDA. We have a high level of confidence in the LDA's ability, and it has been a key partner in delivering the Olympics. I welcome my hon. Friend's support for the proposal.

The second commitment that we have made, in listening to people's concerns, is to look carefully at grant in aid funding and to secure increases in the current spending review for the good causes that will be affected. The Arts Council will receive an extra £50 million, an increase of 3.3 per cent. above inflation over three years. Sport England will receive an increase of 2.1 per cent. above inflation—an increase since 1997 of more than 170 per cent. English Heritage will receive an increase of £7 million in cash terms by 2010-11, which was welcomed as good news by Sandy Bruce-Lockhart, its chairman.

[James Purnell]

The third commitment that we have is to protect voluntary groups. We have agreed with the Big Lottery Fund that, first, no existing projects will be affected, and secondly and importantly, that we will honour the Big Lottery Fund's commitment that at least £2 billion will be available for the voluntary and community sector over the next five years. I understand from the papers that the Conservatives—

Greg Clark (Tunbridge Wells) (Con): The Secretary of State has made a commitment on the Big Lottery Fund. Does that commitment extend to the distribution to voluntary groups by the other lottery distributors?

James Purnell: The other lottery distributors will operate at arm's length and make their decisions. They do fund voluntary organisations, and indeed a large part of their money goes to such organisations. I am glad that the hon. Gentleman intervened, because I understand that the Conservative party is considering not supporting the order and instead taking the money from the Big Lottery Fund and the so-called pet projects. I hope that the Conservatives will not do that, because there are no pet projects. Lottery policy has moved on since the New Opportunities Fund, which has been abolished, and everything is delivered through the Big Lottery Fund.

If the proposal were to take all of the £675 million from the BLF, it would involve a significant raid on the voluntary sector. Existing projects would be cancelled and the full £2 billion guaranteed to the voluntary and community sector could not be delivered. It could also mean some £250 million of cuts to that sector. I trust that the Conservative party will not make that proposal later in this debate.

Robert Key (Salisbury) (Con): While the Secretary of State is talking about existing commitments being cancelled, can I remind him of the Stonehenge fiasco? The heritage sector has lost hundreds of millions of pounds in value through the Government's decision to cancel the project—including the cancellation of the visitor centre. Not one penny has been promised to provide a new visitor centre or to substitute for the grand plan that has now been shattered by the Government. The heritage sector always seems to lose out whereas the Olympic sector gets bigger and bigger. I hope that he will not forget that when he cites the recognition by Lord Bruce-Lockhart that the £7 million or whatever is welcome. It is not doing the cultural heritage of our country any good to see money leaking away from the lottery all the time.

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. May I remind the House that short interventions are good at all times, but especially when we are in a time-limited debate?

James Purnell: The hon. Gentleman has been a resolute campaigner for Stonehenge, and he makes his point clearly and forcefully, as always. He might want to talk to his own Front-Bench spokesmen. The hon. Member for Tunbridge Wells (Greg Clark) has promised that at least as much funding will go to charities, while the shadow spokesmen for the Department for Culture, Media and Sport have promised to go back to the old good causes. That all adds up to more than 100 per cent. of the lottery. The Conservatives say different things to different audiences and have ended up double-counting the funding.

Greg Clark: The Secretary of State seems to be unaware that among the other good causes, including heritage organisations, there are many charities and voluntary organisations. Is he not aware of that aspect of his brief?

James Purnell: So is the hon. Gentleman saying that the Conservative party would not stick to the £2 billion guarantee? Is that his commitment? I know that he and the hon. Member for South-West Surrey (Mr. Hunt) like to write policy pamphlets together; perhaps they would like to focus on policy next time, before they start to widen their approach.

A concern was also expressed that the Government would continue to collect funding from the planned Olympic lottery game after the target of £750 million is reached. I can confirm that that is not the case.

In our last discussion on the subject, the hon. Member for Bath highlighted an issue about grey lotteries, which are opportunities to bet on the numbers or outcomes of overseas lotteries. I shall ask the Gambling Commission and the National Lottery Commission to explore the cases that give rise to concern. I know that the hon. Gentleman has such concerns, and he is welcome to make them known to both organisations.

I believe that the commitments that I have made today should form the basis of cross-party consensus. I hope that that is what will be delivered. Both main Opposition parties supported the Olympic bid and the subsequent Bill. I trust that that will continue to be the case. One of the lottery's founding purposes was to support such big national projects, as the Conservative Government did with the Millennium Commission, which funded a similar event. Both Opposition parties supported the approach to the Olympics, and I hope that that will continue.

Michael Fabricant (Lichfield) (Con) *rose*—

Mr. Mark Field: Will the Secretary of State give way?

James Purnell: No, I know that time is limited and I want to wind up.

In the original funding package, the lottery made up 44 per cent of the total. The new funding package provides an extra £5 billion from the Exchequer. The lottery will contribute an extra £675 million, and its share of the total will therefore fall to 23 per cent.

I can also finally report that the National Lottery Commission has informed me that under the third licence recently awarded to Camelot, which will run from 2009, returns to good causes are likely to increase by between £600 million and £1 billion over the 10-year period of the licence, based on constant levels of sales at £5 billion per annum. I am depositing in the Libraries of both Houses today a letter from the chair of the commission to set that out.

The order is intended to secure the best Olympics ever for this country and to inspire a generation of young people to aim to be the best they can be. Our task is to deliver the political consensus to make that a reality.

4.48 pm

Mr. Jeremy Hunt (South-West Surrey) (Con): Perhaps the best example of the Olympic spirit was shown by someone who never competed in the Olympics, although his sport is recognised by the International Olympic Committee: Sir Edmund Hillary, who died last week. He did one of the most competitive things ever by being the first man to set foot on the highest peak in the world, but he combined it with remarkable modesty—so much so that, apparently, when he reached the peak he took photographs of Sherpa Tenzing, but forgot to ask Sherpa Tenzing to take photographs of him. For most of his life, in the spirit of not wanting to be one up, he refused to confirm which of them had reached the peak first. That combination of competitiveness and decency—the desire to win, but to do so with honour—is what we want 2012 to bring to London.

It is therefore right that we approach the Olympics in a spirit of bipartisanship, with as much cross-party support as possible. In that spirit, we on the Conservative Benches are happy to pay tribute to the Government's achievement in winning the 2012 bid. It was a personal victory for Tony Blair and Lord Coe. The Opposition's redoubtable shadow Sports Minister was in Singapore at the time and, although he does not claim to have swung the bid, his presence was important, as it demonstrated cross-party support. When he was Leader of the Opposition, my right hon. and learned Friend the Member for Folkestone and Hythe (Mr. Howard) spoke to the International Olympic Committee to confirm our support for the Olympics and, as the Secretary of State said, we supported the London Olympic Games and Paralympic Games Bill at every stage.

Mr. Edward Leigh (Gainsborough) (Con): How was it in the Olympic spirit—or even decent—for the Government to pull the wool over the public's eyes? The games will cost more than twice as much as was promised when the bid was made. How is that decent?

Mr. Hunt: My hon. Friend makes an important point. I was about to say that the spirit of cross-party support has been sorely tested at regular intervals, mainly over budgetary issues.

The budget was raised last March. It was not raised by 20 or 50 per cent., or even doubled: instead, it was nearly tripled, to £9.3 billion. Did the Opposition withdraw our support for the Olympics, or say that it was a mistake to spend the extra money or to have bid for the games in the first place? No, we did none of that. Our support for the Olympics has been rock solid—rather more so than the Secretary of State's. When the bid was being assembled, he was leading the charge against it, so we will take no lessons from him about the need for an Olympics consensus.

However, the Secretary of State will appreciate that our commitment to the success of 2012 means that we have a duty to speak up when we think that the Government are managing the project badly. We have a responsibility to scrutinise the use of taxpayer's money, to protect the good causes for which the lottery was set up and to ensure that the games are on a sound financial footing.

In the spirit of bipartisanship, I spoke to the Secretary of State in the Lobby last week, and I also wrote to him last Thursday. I said that the Opposition would be prepared not to vote against the statutory instrument—even though it is in large measure due to the Government's financial incompetence—if the Government could reassure us on two matters.

The first reassurance that we seek is that the Government will publish proper cash flow figures for the project. Those figures should set out the money that has been spent and contain cash flow forecasts. The Secretary of State will know that, if accounts are to be scrutinised properly, they must contain a profit and loss balance sheet and a cash flow analysis. With a project of this size, however, we can determine whether it is under proper financial control only if we are able to measure the rate at which cash is going out of the door and to compare that with the rate that was predicted. That is why the cash flow forecasts and outcomes are so important.

In response to my request, the Secretary of State said that he was prepared to make available any figures that the Department had, but that he did not want to construct figures especially for us because that would involve a cost. He said nothing in his speech about cash flow forecasts for the way in which the Olympic budget will be spent, so are we to take it that no such forecasts have been prepared? If they do exist, will he publish them so that we can scrutinise the progress being made and the rate at which money is being spent?

James Purnell: I can tell the hon. Gentleman that that information is available, and that my right hon. Friend the Minister for the Olympics will be happy to have quarterly meetings with both Opposition parties to go through it. The information will be subject to commercial confidentiality, but it will be available for scrutiny.

Mr. Hunt: I am very grateful for that concession, as it will greatly improve our ability to scrutinise the progress of the Olympics budget. Most importantly, it will mean that there will be no repeat of what happened last March, when the budget had to be tripled.

We sought one other concession, however. It was, as the Secretary of State says, a commitment that there would be no more raids on good causes. Why should good causes, which the lottery was set up to protect, suffer from Government financial miscalculations? We have to recognise that the good causes have suffered a triple whammy as a result of the Olympics. There was the original £410 million; then the £750 million from the special Olympics lottery games, which, it now transpires, will cannibalise much of the revenue that would have been raised through the normal lottery games that raise money for the good causes; and then the additional £675 million.

Michael Fabricant: My hon. Friend is quite right in what he has just said. He is also right to say that none of us should be demonised if we question the amounts of money being spent on the Olympic games—

[Michael Fabricant]

particularly those of us who are not from metropolitan London and who will not feel quite the same benefit as Londoners from the legacy. There are already swingeing cuts in the arts. Lichfield Garrick theatre is no longer to receive its funding, nor is the Birmingham repertory theatre, and that situation is replicated throughout the United Kingdom. What assurance do we have that the situation will not get worse?

Mr. Hunt: My hon. Friend makes an extremely important point—he is absolutely right. I shall talk later about the impact in the rest of the country and on arts budgets.

Mr. Mike Weir (Angus) (SNP): Earlier, the hon. Gentleman rightly mentioned that the cost of the Olympics has already tripled. He accepts the Secretary of State's assurance that there will be no more raids on the lottery, but what happens if the cost continues to climb? Where will the money come from? At what point will the Conservative party say, "Enough is enough"?

Mr. Hunt: We are saying, "Enough is enough", which is why we said that if there are further problems with the Olympics budget we do not want any more raids on the good causes. That was the purpose of extracting the concession that we extracted.

Anne Snelgrove: Will the hon. Gentleman give way?

Mr. Hunt: May I make a little more progress before giving way to the hon. Lady?

What the Secretary of State said about the headline in *The Times* today was inaccurate. He said that there is no new information, but of course there is very serious new information. The article states that

"Land agents contacted by *The Times*"

say that the sale of land is unlikely to make the amounts predicted because of

"the current flattening of the housing market."

The ability to meet the commitment to help lottery good causes from land sales has changed materially because of the change in housing price conditions.

James Purnell: What I am saying is that there is nothing new about the Government information and the Mayor's information that has been provided. We cannot control everything that estate agents say. However, as early as April last year, the Mayor said:

"In the last 20 years land prices in London on average have increased 19 per cent. a year. Take the last 10 years, where we have had a more consistent margin, it's averaged 20 per cent. and the lowest increase in any one year was 6 per cent."

Those figures have been in the public domain for a long time.

Mr. Hunt: They have been in the public domain for quite some time. The Mayor said that a month after the budget tripled and he was trying to reassure good causes that, according to that scenario, they might make up £1.8 billion. Looking at the state of the market now, we realise that the amount raised is likely to be £1 billion less than that, which is another whammy for good causes.

Anne Snelgrove: Will the hon. Gentleman give way?

Ms Diane Abbott (Hackney, North and Stoke Newington) (Lab): Will the hon. Gentleman give way?

Mr. Hunt: I would like to make a little more progress; I will give way later.

We fought hard for the concession that the Secretary of State has made—the commitment not to take any more money from good causes. That is a victory for our fight and it is a victory for the hundreds of thousands of people who work for charities and voluntary organisations, arts and heritage groups and sports clubs up and down the country, because their big concern was that, given the Government's appalling record of financial incompetence on the Olympics budget, they would be stung not only today, but many times in the future.

The Secretary of State talked about bipartisanship, but if he intended to make that pledge today, why did he not tell me that when we met at 9 o'clock last night? He asked to meet me then to discuss today's debate. If we are to maintain cross-party support—assuming that he did not make that decision after our meeting last night—he might at least have had the courtesy to tell me then. I suggest that that would be a better way to create a spirit of cross-party support than playing party political games.

James Purnell: I am happy to proceed on the basis of cross-party consensus. I am sorry for the tone that the hon. Gentleman's speech has taken. It is the Government's intention to continue on that basis. If he does not want to do the same, that is entirely up to him.

Mr. Hunt: With respect, that is exactly what I want to do. I am just saying that if the Secretary of State was going to make a concession as major as the one that he has just made, why did he not tell me at our meeting at 9 o'clock last night?

The Secretary of State mentioned an additional £600 million to £1 billion in lottery income under the new Camelot licence. Those numbers are based on items in the Camelot bid document. He will know that they are very speculative. They depend on the Treasury's agreeing to move to a gross profits tax, which he said has not been confirmed—he is simply prepared to consider it again. They depend on the introduction of restrictions on lottery-style games in adult gaming centres. Again, he said that he would ask the Gambling Commission and the National Lottery Commission to consider it, but there is no undertaking that it will happen. They also depend on the approval of the National Lottery Commission. We have a commitment from the Secretary of State to examine ways to increase the returns to good causes, versus what is written in black and white in the statutory instrument, which is that there is to be a raid of £90 million on the arts and heritage budget and of £70 million on the grass-roots sports budget.

Mr. Don Foster (Bath) (LD): I wonder whether the hon. Gentleman could help me and the House by confirming what he has just said. He said that the figure given by the Secretary of State—the £600 million to £1 billion in increased money that Camelot would effectively give to good causes over 10 years—was predicated on the introduction of GPT, the closing down of the grey areas of lotteries and so on. I had a discussion this afternoon with Camelot, and what it told me was rather different. It assured me that the figure depended entirely on the new agreement about how it will operate. None of the three factors that he mentioned was referred to at all. Will he help me on that point?

Mr. Hunt: I am delighted to do so. We must have been speaking to different people at Camelot; my office had a discussion with Camelot this afternoon, in which it told us that the additional increase in money to good causes was clearly predicated on those three things.

The concessions are important, but they do not undo the main damage caused by the order. It is extraordinary to fund a £9.3 billion Olympics budget by cutting the budgets for grass-roots sports—the very budgets that could provide the sporting legacy that was the big promise of 2012. Derek Mapp, who resigned as chairman of Sport England, described it as "a cut too far". He is, or was, a strong Labour supporter. In 2004, he gave £3,000 to his constituency Labour party, because he presumed that widening participation in sport was a central plank of the Government's 2012 strategy. Like us, he has no doubt read the London plan, part of the London 2012 candidate file, which said that the games would succeed in

"leaving a legacy to be valued by future generations".

In fairness, the Secretary of State used to take a rather different view, saying:

"The Olympics would inevitably deprive other schools of new pitches and extra coaches. Why? Because we won't be able to raise the extra lottery money, and because the costs will overrun."

It seems that he knew better what his own Government would do than either Derek Mapp or we did—the sad truth is that his predictions have turned out to be spot on.

James Purnell: I am afraid that that was said before a 170 per cent. increase in the Sport England budget, a sevenfold increase in the contributions of the Department for Children, Schools and Families and the Department for Culture, Media and Sport, a five-hour offer for children doing sport in schools and a huge increase in the number of playing fields as a result of the building schools for the future programme, which will refurbish or rebuild schools during the next few years. Grass-roots sport is thriving thanks to our investment. By contrast, the Conservatives did not invest in it at all.

Mr. Hunt: I suggest that the Secretary of State do the math, as they say in the United States. If one adds up the amount put into grass-roots sport this year from both Government spending and the lottery, it comes to £135 million less than in 1997. Grass-roots sport has suffered, and it will suffer even more. The impact of the cuts in additional spending made this afternoon alone—£70 million—is £108,000 per constituency, which is equivalent to one floodlit multi-use games area or 100 m grass pitch in the constituency of every single Member of this House.

James Purnell: Let me save the hon. Gentleman from having to correct the record himself. The combined grant in aid and lottery funding has gone up from £174.9 million to £465 million in 2006-07, which I think is the figure that he quoted. From £174 million to £465 million is more than a doubling of the amount of money.

Mr. Hunt: I am happy to trade statistics with the Secretary of State any time, and I am happy to confirm the figures with him. Funding has gone down not just for grass-roots sport, but even more for arts and heritage.

Mr. Swire: My hon. Friend will well remember when the former Minister for Sport, the right hon. Member for Sheffield, Central (Mr. Caborn), came back from Sydney and said, quoting someone he had met out there:

"'Do not underestimate the budget. If you have to go higher, it will be seen as a failure so make sure your calculations are realistic.'"—[*Official Report*, 21 July 2005; Vol. 436, c. 1505.]

From this afternoon's announcements, what on earth makes anyone in the Chamber, other than those on the Labour Front Bench and possibly some Back Benchers, believe that the new figures are realistic? How can we sell them to our constituents, who are suffering from the cuts in grass-roots sports and in our local theatres—the Northcott theatre in Exeter and others throughout the country? Why are the new figures any more realistic? What is to prevent the Minister from asking for more money again in a few months? Surely it is the duty of every Member of the House to protect those causes, which are already suffering so badly.

Mr. Hunt: I am grateful to my hon. Friend for his comments, which are extremely well put.

If the Secretary of State does not want to listen to figures from us, why does he not talk to people in the industry? Tim Lamb, the former chief executive of the England and Wales Cricket Board, who now runs the Central Council of Physical Recreation, said:

"What's the use of getting more kids involved in sport at school if they don't have decent facilities to play with when they leave? The Lottery must not be used as a piggy bank for ministers to pay for the games."

If the choice is made between funding lottery good causes or funding the Olympics, we will fail in our commitment to the Olympic legacy, because it is the lottery commitment to grass-roots sport that is the means whereby we will provide that legacy.

Why have all these problems arisen? The construction budget went up by 29 per cent. last March; the regeneration budget went up by 70 per cent.; and the security budget nearly tripled to nearly £600 million, despite the fact that the original security budget at £220 million was less than the Greeks paid for the Athens Olympics. Why we thought it would be cheaper to make the London Olympics secure, I do not know.

[Mr. Hunt]

There were two items in the revised budget that, inexplicably, did not appear in the original budget. The revision included a contingency budget of £2.7 billion. We now know that it was against explicit Treasury guidelines not to have a contingency budget in a project of that size, yet the Treasury approved the original budget. There was a VAT bill of £840 million in the new budget. If the Treasury approved the original budget, why did it decide that it did not need VAT then, but that it needed nearly £1 billion of VAT the second time? Since then, the news has got worse, not better. In June we heard that the security budget may go up to £1 billion. In October the Olympic Delivery Authority said that the cost of the stadium would go up 77 per cent.—by another £216 million.

Let us return to the lottery. In order to secure the bid, the bid team made great play of London's cultural heritage—they talked about the 300 museums and galleries and the five symphony orchestras—but because of today's measure, arts and heritage distributors will lose £90 million each. The Secretary of State spoke about English Heritage. Dr. Simon Thurley, the chief executive of English Heritage, stated:

"Inevitably the additional reduction in Lottery funding will reduce opportunities for the cost of inspirational projects which have transformed the historic environment...and made it accessible to millions more people".

Peter Hewitt, chief executive of the Arts Council of England until the end of this month, said:

"The reduction in budget . . . . will hit smaller arts organisations at grassroots level very hard".

The Olympics will be in London, but of course we want it to benefit the whole country, so it is particularly depressing to read the remarks of the chief executives of the Arts Councils of Wales and Scotland. Peter Tyndall of the Arts Council of Wales commented:

"Many projects will be unable to go ahead and individual artists will not have their work funded."

Jim Tough, the acting chief executive of the Scottish Arts Council, said:

"The Scottish Arts Council is disappointed by this decision . . . the plans will undoubtedly also have a serious impact on general participatory activity and programmes for future years."

Pete Wishart (Perth and North Perthshire) (SNP): It is worse than that for us in Scotland. We are holding the Commonwealth games in 2014, but SportScotland has said that it will be deprived of £13 million of spending. How on earth are we supposed to pay for the Commonwealth games when we are deprived of that kind of money?

Mr. Hunt: The hon. Gentleman makes a reasonable point.

In conclusion,

"We don't believe it would be right to use Lottery money to pay for things which are the Government's responsibilities."

Those words are not ours, but those of Tony Blair in 1997; as ever, unfortunately, his actions did not live up to his rhetoric. We urge the Government to examine whether it is possible to fund the shortfall, not by the cuts outlined in this measure, but by using the funds that the Big Lottery Fund would have spent on projects that should be funded by central Government Departments.

Mr. Mark Field: Will my hon. Friend give way?

Anne Snelgrove: Will the hon. Gentleman give way?

Mr. Hunt: I shall make progress if I may; I am just drawing to a close.

Anne Snelgrove: He promised.

Mr. Hunt: I did promise, so I will give way to the hon. Lady.

Anne Snelgrove: Will the hon. Gentleman acknowledge that Members from across the House have grave concerns about good causes? That is why I asked the Minister my question. In the spirit of moving forward together, will the hon. Gentleman acknowledge that it would be an excellent idea for us all, including Members of his party, to recognise the importance of the Olympics as well as that of the good causes? I hope that he and his party will vote for the motion.

Mr. Hunt: It is because we recognise the importance of the Olympics and good causes that we are trying to find a better way than that proposed by the Government this afternoon.

Mr. Field *rose—*

Mr. Hunt: I give way to my hon. Friend, but his will be the final intervention.

Mr. Field: I thank my hon. Friend. Anyone who has listened to this debate for the past 20 minutes will have been impressed by my hon. Friend's grasp of the statistics. Does he recognise that our biggest complaint in the past few years has been that the creation of the Big Lottery Fund has made lottery funding that much more opaque? That is one of the reasons why statistics have been bandied around in this debate. We need a clear reassertion of the four main heads of good causes. When the lottery came into being, there was the millennium fund. Does my hon. Friend agree that it is a great shame that we did not simply transfer the money from that fund into the Olympic fund?

Mr. Hunt: As ever, my hon. Friend has made an excellent point. I think that he is really saying that if the lottery were returned to its original four good causes we would not have a lot of the pain that we are suffering today. The structure that the Government have set up for the lottery gives the Minister the power to determine 50 per cent. of the money from lottery good causes. That has led to a lot of the problems.

Some £9.3 billion would be a huge amount if it were simply for 17 days of entertainment. However, if the Olympics can be a catalyst in transforming attitudes to sport, harness the power of grass-roots sport so that men and boys join grass-roots sports clubs rather than gangs, engender a sense of national pride and Britishness, and showcase our sport, which comes from

the country responsible for more international sports than any other, perhaps that enormous sum will be more acceptable to hard-working taxpayers.

However, that sum will not be acceptable if the Government are not transparent about the budget, if they make charities and voluntary organisations pay the price for their financial incompetence, or if they decimate grass-roots sports clubs—the very organisations that can secure an Olympic sporting legacy. This afternoon, the Government will win the vote, but I hope yet that we will win the argument.

5.13 pm

Mr. Don Foster (Bath) (LD): It has not been a good Olympic day for me; unfortunately, the British Olympic Association decided that Aldershot should be a major training base for the British team in the run-up to the 2012 games. That base will not now be at Loughborough university or the excellent facilities at Bath university in my constituency.

Mr. Andy Reed (Loughborough) (Lab/Co-op) *rose—*

Mr. Foster: I happily give way to the hon. Gentleman.

Mr. Reed: I am grateful. As the hon. Gentleman knows, if Aldershot had not been chosen, Loughborough would have been. However, he has mentioned an important aspect. Those of us in the regions will benefit from the Olympics in whatever way—not necessarily from the £9.3 billion, but through such things as training camps, holding camps and the build-up. Those will benefit places such as Loughborough and Bath, regardless of the British Olympic Association's decision to go to Aldershot.

Mr. Foster: The hon. Gentleman makes an excellent point. I continue to be a keen supporter of the Olympics because I believe that all parts of the United Kingdom will benefit in a variety of ways.

However, this debate is about the lottery. I am delighted to follow the hon. Member for South-West Surrey (Mr. Hunt), who said that it was vital for the Government to keep their sticky little hands out of decisions about the lottery. I entirely agree. It is a pity, therefore, that in 2001 the Tories proposed extra lottery money for local authority-controlled museums and art galleries and, in the same year, £5 million more to protect British heritage overseas. In 2005, they proposed more lottery money for village halls and parish churches and, in their last manifesto, £750 million for their proposed club and school sports programme. Even their leader has been at it: in an interview in 2006, he suggested using the national lottery to fund his proposed national school leavers programme. They say one thing, but act rather differently.

Liberal Democrats have always believed that it is vital to maintain the independence of lottery funding from Government, but we have always accepted that there will be exceptions to the rule. Four years ago, when the Government proposed that some money be taken from national lottery good causes to fund part of the Olympics, we, along with all the other major political parties, reluctantly agreed to it, because we believed that the benefits that would accrue in terms of sport, culture, heritage, regeneration and tourism far outweighed the disbenefit of the cuts to the good causes.

We assumed that that would be the only time we would be asked to do that, but things have not worked out quite as we expected. Part of the package was the £750 million to be raised by new Olympics-related lottery gains. Of that money, more than half—59 per cent.—was to come not as new money from ticket sales but from cannibalisation, as it were, as people switched from the games that supported the traditional good causes. That would have meant a loss of about £450 million to the lottery good causes—but as the recent report by the National Audit Office pointed out, the cannibalisation rate is much higher, at 77 per cent. That means that even the first agreement to cut money from the lottery good causes has involved an additional, unexpected cut of some £135 million.

I am not surprised that that figure has changed. I do not know if any other hon. Members have visited their local lottery distributors recently, but it is impossible to tell from the scratchcards whether they are supporting the Olympics or the traditional good causes. Only in very small print on the back of the cards, not visible to the people who buy them, does it say whether the money is going to the Olympics or to the other good causes. In the outlets that I have visited, a significantly higher proportion of cards were supporting the Olympics than the other good causes. I hope that the Secretary of State will see whether it is possible—I understand that there are difficulties to do with the International Olympic Committee—to make it clearer to those purchasing scratchcards which of the good causes, the Olympics or others, they are supporting.

That cannibalisation will get even worse if we allow the money raised to go beyond £750 million, and we have asked the Secretary of State for an assurance that that figure is an absolute cap.

Adam Price: The hon. Gentleman has eloquently demonstrated why the so-called major parties, as he dubs them, were naive to believe the Government the first time round. Why should anyone believe them this time?

Mr. Foster: The honest truth is that we have to take people at their word and look at as much evidence as possible. I congratulate the hon. Member for South-West Surrey on gaining from the Government the concession whereby more detailed analysis of the figures will be made available for us to study. That is very important. We now have on record an assurance, which we did not have last time, that there will not be any further raid on the lottery good causes to fund the Olympics. Although I said earlier that we expected that to be the case, it had never been put on the record. It has been put on the record today, and I welcome that.

Mr. Weir: I pose to the hon. Gentleman the question that I posed to the Conservative Front-Bench spokesman. Given that the cost has already trebled, what happens if the Government come back and say that they need more money as we get close to 2012? Where will that money come from? Will he refuse any more money when we get to the wire?

Mr. Foster: In my contribution, which I hope to continue for a brief period, I shall make some proposals as to how we find additional money. I will be particularly interested to hear the contributions from the SNP and the Welsh nationalists in which they explain their position. They can bleat, but it seems to me that there are two choices. People can either sit there and just whinge, and say, "We can't do anything about it," or they can make constructive positive proposals. That is what I seek to do.

We know that there have been problems with the budget. We were originally told that it would be £2.375 billion. In 2006 that figure rose to £3.3 billion, and in early 2007 it rose to £5.1 billion. We are now looking at a figure of £9.3 billion. Before the Minister for the Olympics jumps to her feet, I know that putting it like that is not fair because I have not compared like with like; nevertheless, she will accept that the figures have increased substantially. That is why we are being asked whether we are prepared to authorise a further take from lottery good causes to fill that black hole in the budget.

We want the Olympic games and the Paralympics to succeed, which also means ensuring that they deliver a legacy. As we heard from the hon. Member for South-West Surrey, many people believe that a further cut will damage the very bodies that will deliver that legacy. Dame Liz Forgan, chairman of the Heritage Lottery Fund, says that

"this further cut will impact on our ability to invest in the nation's heritage at exactly the time it is being showcased to the world."

Robin Simpson, chief executive of the Voluntary Arts Network, warned:

"The further diversion of lottery funds threatens to erode this support and...the development and survival of many groups."

As we have already heard, the Central Council for Physical Recreation has expressed real concerns that the

"diversion of funding is likely to result in reduced participation".

There is a problem for those of us making a decision today. Do we simply say, "No, we're not allowing that to go ahead because of all of the potential problems," or do we come up with constructive proposals to find ways of getting additional money to the lottery good causes that will make up for the cut, to help them to deliver that legacy? That is why we have been in discussion with the Secretary of State, as has the hon. Member for South-West Surrey, and we recognise that others have as well. CCPR has put forward its suggestions in discussions with the Government, including the enhancement of the excellent community amateur sports club scheme through the application of gift aid to junior club subscriptions and the reduction of licensing fees. It has also proposed the use of some of the proceeds from dormant bank accounts to help in sports activities. I hope that those proposals will be considered carefully.

We have made some detailed suggestions. First, we have said clearly that we want a cap on that £750 million. There should be no more take from the lottery as a result of the Olympic lottery games. The Secretary of State has made it clear that he accepts that, and we are grateful for that assurance. Secondly, we proposed that the Government carefully consider the proposal to change taxation on the national lottery to gross profit tax. We know that they were initially very sceptical about that, but I am delighted that the Treasury has now become agnostic about it, and we seem to be getting some support for the idea from the Department for Culture, Media and Sport. According to independent experts from PricewaterhouseCoopers, if such a change were to go ahead, something like £400 million would go back to lottery good causes by 2019, and a lot of that money would be invested before the 2012 games. I am delighted that the Secretary of State has said that he will carry out a review, but I hope that we will have an absolute assurance in the winding-up speech that such a move will be implemented as quickly as possible if the review says that it would be positive for the Exchequer, because of the extra money for the taxpayer, and for lottery good causes. Thirdly, we asked the Secretary of State to examine what he called the grey areas of lottery-style games. Many people who play the national lottery know that a proportion goes towards supporting good causes. However, in recent years gambling operators have introduced lottery-style betting games, which, they admit, are intended to compete with the national lottery. They look like national lottery games, but they are run solely for commercial gain and they reduce the number of national lottery players. Independent experts have shown that if we can eliminate those games so that players switch back to the national lottery, it would mean, on a conservative estimate, an extra £44 million a year—more than £500 million by 2019—for good causes.

Fourthly, we asked for clarification of a memorandum of understanding between the Secretary of State and the Mayor of London. The House is well aware that the sale of land and buildings will follow the Olympics and Paralympics. We are all interested in knowing how much money that will generate. There has been much debate today, but the speculation is no different from that of many months ago. I would not like to judge which of the many experts is right about the eventual figure, but if there is more information at any stage, we would like to see it. However, the memorandum of understanding made clear the order in which money would be repaid to the lottery good causes, the LDA and the Mayor of London. I should like to have an assurance, which I have not yet received, that the memorandum of understanding is binding, and that no attempt will be made to try to change the way and the order in which money is paid out.

Let me give one example to which the Secretary of State might respond. The memorandum of understanding makes no reference to funding the maintenance of the Olympic park after the 2012 games. Will he assure us that there will be no sudden take from the land sale money that duly arises?

We wanted to persuade the Secretary of State to scrap the Olympic lottery distribution body. We would save £2 million by scrapping a body that simply takes money and hands it back to the Olympics. We know where the money needs to go—but the Secretary of State said that he was not prepared to budge on that small issue.

However, we have received assurances on the four other key issues, together with assurances about there being no further take, and the provision of more detailed budgetary information, and we are delighted. We now have a sensible package of measures on which

to move forward. If we add the possibility of additional money through the third Camelot licence, leading to between £600 million and £1 billion extra for good causes, and the modest but none the less welcome increase in grant in aid to various bodies, we now have a package that assures us that much of the money taken from good causes will go back to them. Indeed, if all our proposals are accepted, in due course they will get more than was taken from them, and more than £400 million will be returned before the 2012 games. That is a good outcome of the discussions between us and the Secretary of State. On that basis, we are prepared to support the Government.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. Hon. Members are making it difficult for the Chair because they did not notify Mr. Speaker that they wished to take part in the debate. I must be fair to those who did so. I owe a responsibility to the Chairman of the Select Committee, whom I shall call next. The winding-up speeches will be approximately five minutes each, so, with some co-operation, we should be able to achieve reasonable participation.

5.28 pm

Mr. John Whittingdale (Maldon and East Chelmsford) (Con): I will do my best to keep my remarks brief. As so often, it is a pleasure to follow the hon. Member for Bath (Mr. Foster). I agreed with much of what he said. As the Secretary of State knows, when the Government first decided to bid for London to host the 2012 games, I held the position now filled by my hon. Friend the Member for South-West Surrey (Mr. Hunt). At that time, I expressed the Conservative party's support for the Government's decision to bid. I remain of the view that it was the right thing to do, and that the Olympics will greatly benefit the country. The Secretary of State and the Minister for the Olympics occasionally interpret any criticism of the preparations for the games as a lack of support for their coming to London at all, so I put my support on record at the outset.

I am encouraged by the evidence that we in the Select Committee have received that progress is on track so far. Although the costs have escalated, at least the timetable appears to have been observed. The Secretary of State and the Minister for the Olympics would have been encouraged had they joined us this morning when we took evidence from the five host boroughs and heard the enthusiasm with which their leaders spoke of the benefits that they saw coming to their part of London.

However, if more than £5 billion is being spent in an area, it is not surprising that the local people should expect quite a lot of benefits to come from it. The challenge for the Government has always been not just to ensure that there are benefits for that part of London, but to persuade the other parts of the country that they will benefit, too. In that respect, the order before us will not assist, because not only will there be no huge investments outside London, but money is being siphoned from the pot—the national lottery—from which other parts of the country might otherwise have benefited. That will jeopardise part of the soft legacy, which is the Government's aim, and it comes on top of the Department's recent decision to cut the amount of money going to VisitBritain, which will jeopardise another part of the soft legacy of the Olympic games—the tourism potential.

When the Government originally drew up their funding package, it was to meet an estimated cost of £2.375 billion, of which £1.5 billion was intended to come from the lottery—£750 million from the new game, £340 million from the sports distributors and £410 million from the non-Olympic distributors. In the report that the Select Committee issued a year ago, we expressed concern about the impact that the original £1.5 billion take would have on good causes, in particular sport. We quoted the Central Council of Physical Recreation, which my hon. Friend the Member for South-West Surrey (Mr. Hunt) has also quoted, which said that the move

"would...reduce...funding available to all other aspects of community sport",

which would

"undoubtedly be detrimental to achieving the lasting legacy of sporting participation".

We also received evidence from the non-Olympic distributors, such as the Heritage Lottery Fund and Arts Council England, which expressed concern about the money going into the Olympic pot that would be lost to them. That was why the Select Committee concluded that any further transfer of funds out of the lottery to support the Olympics would penalise good causes yet further. We made it clear that that was not our preferred option.

When the Secretary of State had to reveal a budget of £9.325 billion—a considerable extra cost, which had to be found from somewhere—it was with some trepidation that we read reports that the extra would come from the lottery. It appears that the Minister for the Olympics achieved a better deal in her negotiations with the Treasury than some suggested she would. We should therefore be grateful that we are debating an order that will take only a further £675 million from the lottery, and not an even bigger sum. However, there is no doubt that taking £675 million, in addition to the original £1.5 billion, will have a further detrimental effect. Indeed, that sum alone will result in £420 million being taken from Big Lottery Fund, £90 million from the Heritage Lottery Fund and £63 million from Arts Council England. Those sums cannot be taken out without a detrimental effect on those bodies' funding programmes. That will make it harder to sell the Olympic games to the other parts of the country, which are not seeing the immediate benefits from the investment in east London.

At the time of the report last year, the Committee suggested that the rise in land values that would undoubtedly result from such investment should not benefit just the London Development Agency. We therefore very much welcomed the then Secretary of State's announcement, a few months later, that part of the money that would become available from the sale of that land in due course would be repaid to the lottery. As has been said in this debate, she set out a clear order of priorities for how it would be allocated.

It appears, however, that some doubt has arisen over how much will be available. The Mayor's office, which gave evidence to the Committee this morning, dismissed the story in *The Times* and said that it had always been the case that the amount of money raised

[Mr. John Whittingdale]

from land sales could be between £800 million and as much as £3 billion. However, when I look at the memorandum of understanding I see no mention of the word "if" in relation to the land sales achieving the necessary £1.8 billion to repay the London Development Agency and the lottery distributors. In fact, it uses clear language, stating:

"the National Lottery income...will be re-paid",

and that the LDA will be reimbursed.

However much it is now suggested that this does not represent a new story, a degree of uncertainty that did not previously exist seems to apply to the likelihood of the lottery being reimbursed for its contribution. That is obviously a matter for concern. Even if the money is repaid in full, it seems unlikely that that will happen until about 2030. The lottery will therefore have to put up with a substantial hit for a considerable time, and it will not be a great reassurance to the bodies that hope to receive lottery funding to hear that the amount of money available will increase again by 2030.

The one other concession that the Secretary of State has made this afternoon, which I strongly welcome, is his pledge that the Treasury will look again at the case for a gross profits tax for the national lottery. I am always slightly suspicious when I am told that a taxation change will increase not only the amount of revenue to the Exchequer but the amount available to good causes—but PricewaterhouseCoopers has apparently assured us that that would be the case, and that should be grounds for at least examining the idea. The Secretary of State has clearly been extremely persuasive in his discussions with the Treasury, so perhaps he could push his luck and ask whether it will reconsider its intention to have its tax take from the national lottery game. That money, too, could provide extra funding that could be better used elsewhere.

I welcome the Secretary of State's concession, and I also strongly welcome his pledge that there will be no further raid on the national lottery. I hope that that will not be necessary, in any case. Of the £9.375 billion, £2.75 billion represents a contingency fund, and we all hope that that fund will not be fully drawn down. We are alarmed, however, by the evidence that has already been given by the permanent secretary in the Department, who stated that he expected that it might well all be necessary—and the Minister has said that she cannot guarantee that the final figure might not prove even higher. We understand that she can offer no such guarantee. I regret the necessity for this order, as I still believe that the Government could have found other sources for the funding that would have been less damaging to the good causes, and I must express my strong hope that it will not be necessary to come back to this issue, either to raid the national lottery or to find some other source of funding because the bill has risen even higher than it is currently predicted to do.

5.37 pm

Pete Wishart (Perth and North Perthshire) (SNP): If there were a gold medal for the mismanagement and botching of a large infrastructure project, it would go to this Government and their Olympic ambitions. This is one project that is in need of a performance-enhancing drug—

Barry Gardiner (Brent, North) (Lab) *rose*—

Pete Wishart: Let me get started. I have a long way to go yet.

This project is in need of a performance-enhancing drug, but that is not what will sustain the Olympics—the lottery will sustain them. Let us be clear about what we mean when we refer to the lottery. The lottery supports good causes in each of our constituencies, including the grass-roots sports events that we regularly open and visit and the organisations that traditionally support the disadvantaged, the dispossessed and the marginalised. It is they who will lose out to pay for this massive infrastructure and regeneration project in London.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): Is my hon. Friend aware that, in the Outer Hebrides, my constituency alone will lose about £1 million on a per capita basis? What benefit does he think will be directed to the Outer Hebrides from the London Olympics?

Pete Wishart: That is the kind of question that I, too, am asked. The Secretary of State sits there laughing as he listens to the difficulties facing my hon. Friend. My constituents ask why we, in Perthshire, should pay for this massive infrastructure and regeneration project in London. I do not know the answer to that question.

Barry Gardiner: The hon. Gentleman talks about the monumental fiasco of the Olympics, but will he enlighten us about whether the resignation today of the chief executives of SportScotland and the Scottish Institute of Sport is another indication of monumental incompetence? Could they be telling the SNP to get its own house in order?

Pete Wishart: I wish I had not bothered giving way to the hon. Gentleman, which is all I can say about that contribution.

What we nationalist Members say is "Not one penny more". In fact, we did not want one penny in the first place, as we disagreed with using the lottery to pay for the London Olympics. We have consistently taken the approach that we do not want the Olympics to decimate good grass-roots causes in our constituencies. That is why we will oppose the motion this evening.

I am disappointed that the Conservatives and the Liberals—the so-called larger Opposition parties—have been bought off so cheaply. I can hardly believe that they are prepared to believe in the Government's commitments. This is a Government who told us that the Olympics would cost £2.3 billion, whereas actually they will cost more than £9 billion. How can anyone believe a word the Government say? We should protect our good causes and grass-roots support this evening and I hope that, even at this late stage, Conservative and Liberal Members might think about joining us.

As I say, we have been wholly consistent. I believe that it is wrong, unfair and counter-productive to use the national lottery to pay for the Olympic games and the associated regeneration in London. The matter was first raised in 2004 when we debated the Horserace Betting and Olympic Lottery Bill, and only the Scottish National party expressed concern about it. Every other

party was carried away in the euphoria of securing the games, but we warned that it would be dangerous to our good causes and to our grass-roots support. The other Opposition parties were totally silent, so it is perhaps not too surprising that they are not going to act to save those causes this evening. That euphoria has now long gone and there is now a healthy scepticism about everything to do with the Olympics. Thank goodness that at least the other Opposition parties are prepared occasionally to question the Olympic budget. Are we to believe that there will be no more black holes? When that was raised today, the Secretary of State brushed it aside as though it were of no concern whatever. As sure as night follows day, however, other black holes will emerge.

Mr. Andy Reed: As the hon. Gentleman knows, we spent many an hour in Westminster Hall and elsewhere debating this issue. I am delighted to see that he is sticking to his position, but we are where we are today and we need to know the position of the Scottish National party. If the SNP does not vote for this motion, is it saying that it wants the Olympics to collapse in a heap? Is it willing to bid for it? Real politics is about making tough choices. Where is the SNP going if it will not allow lottery funding to be used in this way?

Pete Wishart: I am grateful for that intervention because, as the hon. Gentleman knows, we have debated the issue on several occasions over recent years and we have consistently said that London stands to gain from the fantastic legacy that the city will receive—regeneration of the east end, a fantastic new infrastructure and so forth—so it is London that should pay. London is about the richest city in the world, so London should pay for these games.

Adam Price: I have an alternative funding proposal. Why not slap a windfall tax on the bonuses about to be sent out next week by the likes of JP Morgan and Citigroup? If there is to be an extra burden, should it not fall on the richest citizens in one of the richest cities in the world rather than on the weak, the disadvantaged and the poor?

Pete Wishart: As always, my hon. Friend makes a very powerful point. There are many creative solutions. London is the richest city in the world, so why should the poor, the disadvantaged and the underprivileged in my constituency pay for this infrastructure and regeneration in London?

Let us go back to 2004, when we were told about this £410 million from the lottery. That had as much credibility as a Labour party fundraiser. Nobody believed it then. The initial budget could not even be said to have been drawn up on the back of a fag packet. Indeed, that would be to do a gross disservice to fag packets the world over! It was a total fantasy: it started as a fairy story and it has ended as the darkest of tragedies, with an estimate of £2.3 billion going up to £9.2 billion. That is what we are dealing with. We are asked to believe that this is now the end, but where will it all stop and when will the Conservatives and the Liberals say, "Enough is enough"? So far as we are concerned this evening, enough most certainly is enough.

We have examined the position very carefully, and have found that Scotland's contribution—the London levy that Scotland is to pay at the expense of our good causes and grass-roots sports—will be £184 million. As I said earlier in an intervention, SportScotland alone will lose £13 million, at a time when we have the Commonwealth games to pay for.

The Secretary of State can relax: I am not going to chap on his door asking for £9 billion for the Commonwealth games. I am not even going to ask for £1 billion. What I think fair and reasonable, however, and what I think the Minister should consider, is for some of the money that we are losing through the London grab for the Olympics to be returned to us so that we can pay for our games in Scotland. Why, when we are to have games in Scotland, are we losing £187 million of our money for grass-roots sports and good causes to pay for games in London? It is unfair, and I should like to hear what the Secretary of State has to say about it.

What is the cost to everyone? The Alliance, formerly the Coalfield Communities Campaign, estimates that the eventual cost will be more than £2 billion. We have analysed all the local authority areas in Scotland, and we have discovered that the cost to my local authority, Perth and Kinross council, will be some £5 million. Every single person in the United Kingdom will have to pay £33: that is the true cost of the London levy that will be imposed on us. When London Members get up and talk about this mythical subsidy for Scotland and all the disadvantages for London and the rest of England in comparison with Scotland, we will point out that this is a real and tangible London subsidy.

I hope that the Conservatives and Liberal Democrats will vote this measure down. For us, it is a watery grave too far. We will stand up for the underprivileged and the dispossessed. We will ensure that their money is not lost. We will vote against the measure, and I urge the Conservatives and Liberal Democrats, even at this late stage, to join us in the Lobby.

5.45 pm

Hugh Robertson (Faversham and Mid-Kent) (Con): I think it fair to say that the Olympics remain the world's greatest sporting event, and an important showcase for both the host city and the country as a whole. However, it is also sadly the case that successive Olympic games—notably those in Sydney, Athens and now London—have radically overshot their initial budgets, and in view of that it is probably not surprising that this has been a heated and at times controversial debate.

Let us start with the positives. Two main themes have run through the speeches of Members on both sides of the House. The first, which I think extremely positive, is the support for the Olympics that exists across the main political parties. That support, first evident at the bid stage, continued throughout the passage of the London Olympic Games and Paralympic Games Bill, and remains intact. There are of course differences of opinion over the control of the budget and policy issues such as the legacy for sport, but support for the

[Hugh Robertson]

concept of 2012 is still intact, and I hope that the Minister for the Olympics will feel able to offer the International Olympic Committee assurances to that effect.

The second main theme replicated across the House is widespread recognition of the benefits brought to the country in general, and to good causes in particular, through the national lottery in the decade or so since it was introduced by John Major's Government. In our view it is vital that the lottery does not become a reservoir into which Government can dip when money is needed, or become the poor man's tax that some commentators have dubbed it, as that would inevitably affect its popularity and thus the amount of money that it is able to distribute to good causes.

As only a short time is available, it makes sense to be entirely clear about what we seek from the Government, and why we are seeking it. As always with London 2012, our concern centres on two main issues, the budget and the legacy, particularly the mass participation sports legacy.

Tonight is not the occasion on which to examine why the Olympic budget went so badly wrong. However, as the Minister for the Olympics will confirm, we co-operated closely with the Government over the London Olympic Games and Paralympic Games Bill, and helped them to get it through in record time. That earned us a commendation from the IOC. I hope the Minister will understand that, given the former Minister for Sport's countless assurances in Committee and on Report that the original budget was robust and deliverable, we were dismayed to discover that that was so dramatically not the case. For that reason, as well as any Opposition's democratic remit to hold the Government to account, it would be wrong for us not to seek reassurances over the new budget.

The Minister's recent approach, particularly since November, has helped immeasurably, and I wish publicly to record my thanks to her for that. However, in order to build on that, we want three simple reporting mechanisms: first, a six-monthly report to Parliament; secondly, quarterly ministerial and shadow ministerial briefings; and, thirdly, monthly cash flow forecasts. I cannot see why any of those demands should cause the Government any problems. I am perfectly happy to receive those reports on Privy Council or confidential terms, if the release of any details might affect commercial sensitivities.

There is also the matter of the legacy, which is why the national lottery is so important. Without the lottery, the amount that can be done in legacy terms will be dramatically less than it would be otherwise. For that reason, I entirely welcome the Secretary of State's announcement—or concession—this afternoon that the lottery will not be hit again to pay for future cost overruns; I thank him for that.

Given that concession, for my party this debate comes down to one simple point: will the Government commit to the reporting mechanisms that I have just laid out—a six-monthly report to Parliament, quarterly meetings at ministerial and shadow ministerial level, and a monthly cash flow forecast? If they can give us that assurance, despite our concerns over the budget and the national lottery, in recognition of the Secretary of State's earlier concession and in the interests of maintaining the cross-party consensus that we have all worked so hard to achieve, we will not vote against the Government tonight.

5.51 pm

The Minister for the Olympics (Tessa Jowell): This has been a good debate, with a frank airing of views from all parts of the Chamber. At least the Scottish National party is consistent. It opposed bidding for the games; it has opposed the Olympic games for the United Kingdom in London root and branch ever since the Government first made the proposition. It, therefore, will have to answer to the seven out of 10 people in Scotland who support the Olympic games. It will also have to answer to its talented young elite athletes who hope to represent Great Britain in Beijing and then to bring glory to Great Britain at the Olympic games in London.

Barry Gardiner: My right hon. Friend says that the SNP has been consistent, but does she recall that on 6 June 2005 the SNP claimed that it

"gives full support to the London Olympic bid and wishes those leading the London 2012 Olympic bid the very best of luck"?

That does not sound like consistency to me.

Tessa Jowell: My hon. Friend's excellent research has probably found a sotto voce endorsement by the SNP. However, the SNP is against the Olympic games, and I think it is fair to say that it is the only party in this House that holds that view.

Let me begin with the substance of this evening's debate: the importance of the trade-off involving the Olympic games, and the decision to divert an extra £675 million from the national lottery to the Olympics. The Government considered carefully before coming to the House with the proposal, but just as the Conservative party determined that the millennium would be a further good cause benefiting from the lottery for a period of time, so the Government agreed that the Olympics would be a sixth good cause: 20 per cent. of the national lottery was earmarked for the millennium, and a smaller proportion has been provided to the Olympics—16 per cent. or 23 per cent. of the overall Olympic budget.

The safeguards have been addressed by Members in all parts of the House. When I made the announcement in March about revised funding provision for the Olympics, we undertook that no existing lottery funding would be affected, that the Big Lottery Fund would honour its commitment to the voluntary and community sector, and that, in line with the memorandum of understanding, the £675 million would be repaid through land sales. In this debate, we have dealt thoroughly with the prudent assumptions on which those calculations were made—and the Mayor clearly set them out in April last year. My right hon. Friend the Secretary of State has also made clear the commitment that there will be no further diversion of funds from the lottery good causes to the Olympics.

A point was made about legacy transformation. The costs for legacy transformation are provided for within the overall funding package, and the Mayor has already made a commitment of £10 million towards the costs of running the Olympic park. Work is under way to establish governance arrangement for the legacy, the park and so forth. I can also give an assurance that

once its job is done in 2012, the Olympic lottery distributor will be wound up.

Much has been said in the debate about the importance of cross-party support. That is critical to the success of the Olympics, but it must be proper cross-party support. The right to scrutinise and ask questions must not be surrendered, but there must also not be the kind of opportunistic flip-flop that we have witnessed this afternoon, and figures must not be misrepresented, such as those for the cost of the Olympic stadium, which have been carefully and meticulously explained to Opposition spokesmen. I hope that from this evening there will be a new resolution to make this cross-party consensus work properly, and to maintain proper scrutiny—but to do so on an honest basis that reflects the information that has been provided to Members in briefings.

We will provide six-monthly updates to Parliament and quarterly briefings to Opposition Members. Next week, the Olympic Executive will publish its first ever annual report, which will set the baseline for that, and I pay tribute to the Select Committee for its rigorous scrutiny in that regard. We will provide continuing and regular financial briefings to Opposition Front Benchers.

This matter should not be seen as a battle between the Olympics, arts, heritage and sport—the debates on it in this House should not allow that. We decided to bid for the Olympics because we knew that it would give us an opportunity to enhance every aspect of our national life right across the United Kingdom. Through the cultural Olympiad, there will be events and celebrations across the country showcasing the British talent and creativity of which we are so proud, and the lives and opportunities of millions of children in this country will be transformed through sport—particularly those of children living in some of the most deprived circumstances in the poorest parts of London in the boroughs most directly affected. Two thirds of the money that will be spent on the Olympic park will go on regenerating an area that has been wasteland for generations.

Tomorrow, we will launch a new business opportunities network, extending the practical opportunities for businesses right across the UK to be part of those economic opportunities. Those are the reasons why public support for the UK hosting the games is so high: the Olympics will enthral the nation and inspire a generation—

It being one and a half hours after the commencement of proceedings on the motion, MR. DEPUTY SPEAKER *put the Question, pursuant to Standing Order No. 16(1) (Proceedings under an Act or on European Union documents).*

The House divided: Ayes 357, Noes 9.

Division No. 044] **[5.59 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Baker, Norman
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barrett, John
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brake, Tom
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Browne, Mr. Jeremy
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Burstow, Mr. Paul
Burt, Lorely
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, rh Sir Menzies
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clegg, Mr. Nick
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr. David
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Farron, Tim
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Don
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gardiner, Barry
George, rh Mr. Bruce
Gibson, Dr. Ian
Gidley, Sandra
Gilroy, Linda
Godsiff, Mr. Roger
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hancock, Mr. Mike
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Harvey, Nick
Havard, Mr. Dai
Healey, John
Heath, Mr. David
Hemming, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Holmes, Paul
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim

Hoyle, Mr. Lindsay
Hughes, rh Beverley
Huhne, Chris
Humble, Mrs. Joan
Hunter, Mark
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Keetch, Mr. Paul
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Krämer, Susan
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Laws, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Leech, Mr. John
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mulholland, Greg
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Oaten, Mr. Mark
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Rennie, Willie
Riordan, Mrs. Linda
Robinson, Mr. Geoffrey
Rogerson, Dan
Rooney, Mr. Terry
Rowen, Paul
Ruane, Chris
Ruddock, Joan
Russell, Bob
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sanders, Mr. Adrian
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Swinson, Jo
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thomas, Mr. Gareth
Thornberry, Emily
Thurso, John
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Webb, Steve
Whitehead, Dr. Alan
Williams, rh Mr. Alan
Williams, Mrs. Betty
Williams, Stephen
Willis, Mr. Phil
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Frank Roy and Tony Cunningham

NOES

Davies, Mr. Dai
Hosie, Stewart
Llwyd, Mr. Elfyn
Price, Adam
Robertson, Angus
Short, rh Clare
Spink, Bob
Swire, Mr. Hugo
Weir, Mr. Mike

Tellers for the Noes:
Pete Wishart and Mr. Angus MacNeil

Question accordingly agreed to.

Resolved,

That the draft Payments into the Olympic Lottery Distribution Fund etc. Order 2007, which was laid before this House on 25th October, in the last Session of Parliament, be approved.

EUROPEAN COMMUNITIES (FINANCE) BILL (PROGRAMME) (NO. 2)

Motion made, and Question put forthwith, pursuant to Standing Order No. 83A (Programme motions).

That the Order of 19th November 2007 (European Communities (Finance) Bill (Programme)) be varied as follows—

1. The following provisions shall have effect in place of paragraphs 3 and 4 of that Order.

2. Proceedings in Committee and any proceedings on consideration shall (so far as not previously concluded) be brought to a conclusion—

(a) two hours after the commencement of proceedings on the Motion for this Order, or

(b) one hour before the moment of interruption,

whichever is the later.

3. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion—

(a) three hours after the commencement of proceedings on the Motion for this Order, or

(b) at the moment of interruption,

whichever is the later.—*[Mr. Blizzard.]*

Question agreed to.

Orders of the Day

European Communities (Finance) Bill

Considered in Committee.

[Sir Alan Haselhurst *in the Chair*]

Clause 1

Extended meaning of "the Treaties" and "the Community Treaties"

Question proposed, That the clause stand part of the Bill.

6.16 pm

The Chief Secretary to the Treasury (Andy Burnham): I do not intend to delay the Committee for long, but I think that it is worth setting out the arguments that we went over at some length on Second Reading and the key points that constitute the own resources decision that the Bill will incorporate into UK law.

That decision was agreed more than two years ago, and it is fair to say that there has been considerable opportunity for Members on both sides of the House to form a view on it. It is now make your mind up time. This is not a Bill that we can go through line by line and take the bits that we like and remove the bits that Members may be less fond of. We have either to accept the package that was negotiated in December 2005 or signal a wish to go back and renegotiate it.

It is important to say at the outset that there may be seductive—

Mr. Peter Bone (Wellingborough) (Con): Surely if we reject the Bill tonight, the current system will stay in place and there will be no need for renegotiation?

Andy Burnham: In many ways, that betrays the problem with the Opposition's logic. The hon. Gentleman suggests that it is possible for this country unilaterally to ignore the ratification deadline and just carry on as if nothing has happened, but that would trigger a major reassessment of our relationship with the European Union—*[Interruption.]* That might indeed be what he wants, as he confirms, but if that is his real objective, his time would be better spent focusing on the 15 days that will be devoted to the EU reform treaty on the Floor of the House. I guess that his diary is already clear for each and every one of those days.

That is the point. This is not a pick-and-mix opportunity. The sweet shop is not open; people cannot just take what they like and leave the rest. We will either accept the measure or we will not. Ingenious attempts to create a third way, as the Opposition new clause seeks to do, are simply unworkable and would lead to the situation that I outlined.

Mr. Ian Davidson (Glasgow, South-West) (Lab/Co-op): Do the Chief Secretary and the Government intend consistently to tell us that when European Union proposals are put in front of us, we always have to either take them or leave them, and that if we are unhappy with them in any way the only alternative is to throw into the melting pot our relationship with the European Union? That surely undermines the credibility of the idea that Britain is a partner that can argue its corner.

Andy Burnham: As my hon. Friend knows, there are ample opportunities to debate European business in the House, both in Committee and in the Chamber. The financial perspective was debated at some length following the Council meetings at which those matters were debated. The then Prime Minister came back to the House and debated those matters in this Chamber. The House has had plenty of opportunities to debate the precise shape of the own resources decision and whether to accept it. My point is factual. My hon. Friend will agree that we cannot now go back through the own resources decision and seek to insert amendments from this Committee—*[Interruption.]* There is an amendment; forgive me, it is a new clause. My point is that we will either accept the decision tonight or we will not.

Mr. Richard Shepherd (Aldridge-Brownhills) (Con): The Chief Secretary has forgotten the historical function of this House, which is to consent to the expenditure of money. That is the supply side of the question. It is not for the Government to assert that they can do something unless they have the consent of the House. That is the constitutional position. This is a debate. If the House has the courage and determination to say that the decision reflects an inadequate negotiation by the present Administration and by the previous Prime Minister, it has the right to reject it.

Andy Burnham: That is precisely the point; it is what I said at the start. Hon. Members on both sides of the Committee have the opportunity to express precisely that opinion this evening. The Committee has that ability, but we cannot go back and renegotiate the points contained in the own resources decision or put on hold the ratification of the decision pending the conclusion—*[Interruption.]*—I ask the hon. Member for Aldridge-Brownhills (Mr. Shepherd) to hear me out—pending the conclusion of the budget review that was also set in train—

Mr. Philip Hammond (Runnymede and Weybridge) (Con): On a point of order, Mr. Deputy Speaker. The Chief Secretary is suggesting that it will not be possible to insert new clause 1. If that were the case, surely the new clause would not have been selected this evening?

The Chairman of Ways and Means (Sir Alan Haselhurst): I can say to the hon. Gentleman that I have selected new clause 1 for debate and, if time allows, it will be debated.

While I am on my feet, and also on a point of order, perhaps I should remind hon. Members that we are sitting in Committee and that the appropriate form of address to the occupant of the Chair is not Mr. Deputy Speaker, but either Mr. Chairman or Sir Alan. I am perfectly happy with the former.

Andy Burnham: Thank you, Sir Alan. I do not disagree with the point made by the shadow Chief Secretary. Of course, it is well within the rights of the

[Andy Burnham]

Committee to adopt the new clause. My point is that that would send the clearest of signals that the UK was unilaterally opting out of the own resources decision. The conclusion of the budget review process, which the new clause mentions, will take some time, I would guess. The date for the ratification—the agreed date by which all member states should incorporate the own resources decision into their domestic legislation—is 1 January 2009, which is less than a year away.

Mr. Shepherd: I am extremely grateful to the Chief Secretary for giving way again. There is a fundamental point. Sir John Major once went to Edinburgh and agreed certain finance arrangements, and it was claimed that the whole of Parliament was bound by the Prime Minister's undertaking to European leaders. That cannot ever be the position. Parliament is the authority through which the decision is made. The Government have entered into an agreement, but whether they can honour it or not is entirely dependent on how the House responds.

Andy Burnham: The hon. Gentleman misunderstands me—wilfully, I believe. I tell him directly that the Committee and the House have the opportunity to reject the proposal this evening. That is his right as a Member of the House and it is the right of all hon. Members. My point was that we cannot go back and renegotiate the own resources decision line by line.

Mr. John Redwood (Wokingham) (Con): Given that the decision was negotiated some time ago, perhaps when the Government agreed to it they thought that they could afford to give away €10.5 billion of hard-pressed taxpayers' money. However, they now cannot afford a decent pay rise, awarded by an independent commission, for the police and they are achieving record levels of borrowing and taxation. Should not the Chief Secretary reconsider, in order to be a prudent manager of our money?

Andy Burnham: As the right hon. Gentleman knows, a very prudent decision was taken to increase public expenditure at a lower rate than predicted levels of growth in the economy. That was the decision made in the recent spending review. The forecasts for the part of the financial perspective that covers the spending review take into account the projected figures. I ask him to consider the fact that the Government have taken prudent decisions within a tighter fiscal framework, overall.

Dr. Vincent Cable (Twickenham) (LD): Although the Liberal Democrat approach is different from that of the Conservatives, they are asking perfectly legitimate questions about parliamentary scrutiny. Will the Chief Secretary explain what would happen if the ratification deadline was not met by January 2009? Will he talk us through the nuclear option? What exactly will happen, legally and financially, if that deadline is not met?

Andy Burnham: I can probably do better. I refer the hon. Gentleman to paragraph 11 of the explanatory notes, which states:

"If any Member State fails to adopt the new Own Resources Decision by 31 December 2008 then the current Own Resources Decision…continues to operate until such time as the adoption process is completed"—

[Interruption.] Opposition Members have reacted, as someone said, as though that were a complete vindication of their position. Such an outcome—it is what Opposition Members want, although they are not saying so—would precipitate a complete breakdown in relationships with the rest of the European Union. I am led to believe—I shall return to the House to correct this if I am wrong—that this country has never failed to ratify an important decision agreed with European partners.

Let us be clear what Opposition Members want. They want that showdown debate with the European Union. If that is the case, they should come out and say so.

Stewart Hosie (Dundee, East) (SNP): I agree with the thrust of the Bill. I am a pro-European who wants to see the European Union work. I want the poorer parts of eastern and central Europe to benefit from objective funding like that from which we have benefited in the past, but I also want to see proper reporting of how the money in Europe is spent. I am not convinced that the review proposed in the new clause cannot be carried out in the year left before ratification is required. I do not want a showdown. I want proper information, and the Minister must be more convincing when he asserts that we cannot conduct the proposed review in a year. I do not think that anyone really believes that.

6.30 pm

Andy Burnham: The deal was agreed more than two years ago, and it is important that the UK honours its obligation to ratify it by the agreed deadline. The House has an opportunity today to debate the pros and cons of the agreement, and I have explained that every hon. Member has a right to accept or reject it. As for scrutiny, the hon. Gentleman will know that in response to the excellent report from the House of Lords, the Government have made a commitment to publish a consolidated statement on EU finances. He is right that the debate could benefit from greater transparency and accountability, and the Government have agreed to facilitate that.

However, it is an entirely different thing to say that a long debate should be held over the course of the next year. That would amount to an attempt to unpick the 2005 agreement, which was based on three pillars. The first pillar was expenditure, or the EU budget. The second was the own resources decision, which had to do with how those funds would be raised. The third element, for which this Government pressed very strongly, was the insistence that there should be a review of the entire budget process in future.

The documentation supporting the negotiation process makes it clear that nothing is agreed until everything is—in other words, that we cannot accept the bits of the negotiation that we like and reject the rest. That was how the negotiations were conducted, and it is not possible for us to go back and say, "We like this bit but we don't like the rest."

Rob Marris (Wolverhampton, South-West) (Lab): I am grateful to my right hon. Friend for his patience in explaining the process. It is clear that the House could choose to reject the treaty, with the result that the UK would have to renegotiate it. That would be unwise, in my opinion, but will he assist me by moving on to the substantive questions? How much will the treaty cost us, and on what will the money be spent? I understand that it will go towards funding enlargement. A third question concerns the treaty's effect on duties on commodities, such as sugar, that are produced by non-member states. Given the EU's system of external tariffs, that is an especially sensitive matter around the world.

Andy Burnham: I am grateful to my hon. Friend for his intervention and for his request that we move on to the detail of the own resources decision. That is what I intend to do.

Mr. Mike Hancock (Portsmouth, South) (LD): Earlier, the Chief Secretary said that the former Prime Minister brought the deal back to the House for debate and presumably a vote. Will the Chief Secretary remind the Committee of when that debate took place and of the result of the vote? The best that we managed was a statement from the former Prime Minister. We did not get a debate on this issue.

Andy Burnham: I seem to remember that the former Prime Minister came back to the House on more than one occasion—after the Council in June and again in December, once the decision was made. I accept that the latter occasion was after the event, but the debate on these matters after the June Council was very live and the House had an opportunity to influence events. I repeat that there was a vote on Second Reading, and hon. Members will have other chances in the votes to be held this evening to express their views as to whether they believe the agreement represents a good deal for Britain. I am not going to assert that it is, as all hon. Members must arrive at their own judgment. If they decide to reject a deal that was negotiated in good faith, however, they must bear in mind the damage that might be done to Britain's interests in Europe.

Mr. Peter Lilley (Hitchin and Harpenden) (Con): I do not think that the Minister realises that the opposition expressed this evening by members of various parties would strengthen the Government's hand. The rebate at the centre of the argument was won by Mrs. Thatcher because she was strong, and it was conceded by the former Prime Minister in the weak days of his dying regime. If the Minister were forced to go back to Brussels because this House did not accept the dilution of the rebate, his position in negotiations for a better deal would be very strong. Mrs. Thatcher was able to get what she wanted because she had the House behind her.

Andy Burnham: I do not believe that that is how the previous Conservative Government conducted their European negotiations. The right hon. Gentleman will find that there was no showdown and that no macho statements were made. Much of what that Government did was very pragmatic, and that is the same for all Governments. Their approach was based on compromise, with a view to achieving the best available solution. His memory of the period may be rather selective, as I do not believe that it is based on fact.

The deal under discussion preserves the basis of the Fontainebleau Council, at which it was decided that the UK would receive a rebate on all spending in the 15 countries that then made up the EU. The current deal retains that approach, with the difference that it takes account of enlargement and proposes a different financing mechanism for the enlarged EU.

The Conservative party says that it supports EU enlargement—

Mr. Lilley *indicated assent.*

Andy Burnham: The right hon. Gentleman nods. Well, this is the decision that pays for EU enlargement. The Opposition cannot say that they support enlargement if they do not accept that it must have a financial cost.

Mr. Philip Hammond: Will the Minister explain how both the current and former Prime Ministers were able to say in May and June 2005, when the deal had been done and the EU had already been enlarged, that the UK rebate was fully justified and non-negotiable? That was their position as they went into the negotiations. They did not begin them saying, "If we want enlargement, we'll have to give up the UK rebate."

Andy Burnham: We went over this on Second Reading. The hon. Gentleman may not have understood that the own resources decision clearly preserves the basis of the rebate, as I have described. He does not want to acknowledge it, but the rebate's value will rise as a result of the deal that has been reached. That sounds like a pretty healthy and decent outcome to me.

Mr. Bernard Jenkin (North Essex) (Con): Will the Minister give way?

Philip Davies (Shipley) (Con): Will the Minister give way?

Andy Burnham: I shall give way to the hon. Member for Shipley (Philip Davies), the leading light of the "Better Off Out" group.

Philip Davies: I am grateful, as no one on the Conservative Benches, let alone a Minister, has ever before described me as a leading light. The hon. Member for Wolverhampton, South-West (Rob Marris) urged the Minister to get to the crux of the matter, which is how much extra the Bill will cost the British taxpayer. Will he therefore make that cost explicit, and will he say why the British taxpayer should pay more money to an organisation whose accounts have not been signed off by the auditor for 13 years running because of all the fraud that goes on?

Andy Burnham: I am happy to acknowledge that the hon. Gentleman is a leading light and the intellectual driving force in the "Better Off Out" group—if that is not a contradiction in terms.

To reply to the hon. Gentleman directly, the cost of disapplying the rebate to non-agricultural spending in the accession countries—that is essentially what we are discussing—is capped at €10.5 billion. That is the maximum cost of those changes. However, as I said to the right hon. Member for Hitchin and Harpenden

[Andy Burnham]

(Mr. Lilley), that is the consequence of a policy of enlargement. It is not possible to argue that enlargement is a one-way process from which the UK gains no benefits. Later, I shall give the Committee figures showing that, already, British companies are doing significantly more trade with companies from the accession states. New opportunities have opened up for British business, as has happened after every round of enlargement, such as when Spain, Sweden and the Republic of Ireland joined the EU, so it is good for the British economy. That contrasts with the view often expressed by the Conservatives that it is a one-way street with no benefits for this country.

Rob Marris: My right hon. Friend spoke briefly about the origins of the rebate. Was it not the case that Mrs. Thatcher was able to negotiate the rebate because the structure of the UK economy in those days was markedly out of line with the structure of the economies of France in particular, and of Germany? Those structural differences—the differing proportions of GDP raised from the agriculture sector in contradistinction to that raised from industry and the service sector—have changed, particularly in France and Germany. The rebate negotiated by Mrs. Thatcher and the basis on which it was negotiated were almost bound to change over time, as the economies of those other main rich western members of the EU changed.

Andy Burnham: My hon. Friend is absolutely correct. The point he urges me to move on to, as he did in his previous intervention, is how the decision that we are debating to some extent reforms the way in which the own resources decision is constructed. That is what this decision does. For example, the current arrangements for VAT-based contributions are amended in the own resources decision, with the maximum call-up rate reduced to 0.3 per cent. The effect of that is that member states' residual contributions based on gross national income will increase, further developing the trend toward fair and transparent contributions. People might say that that is only a small step forward, but that is how we have to approach such matters. We make progress where we can.

The decision also contains some reform of the common agricultural policy. That, too, is welcome, but it is clear that this country does not believe that the reform is anywhere near enough. That is why we secured the overall budget review as part of the overall package. It was clear at the time that none of the package was agreed until all of it was agreed. There was no pick-and-mix option.

Mr. Jenkin: May I correct the Chief Secretary on a point of fact? The EU had only 12 member states at the time of the Fontainebleau agreement, since when we have had several rounds of enlargement and continued with the same rebate mechanism. There was no conditionality based on enlargement to rich or poor countries during that period. The present proposal is a wholly new departure, which flies in the face of the assurance that the then Prime Minister gave the House:

> "The UK rebate will remain and we will not negotiate it away. Period." —[*Official Report*, 8 June 2005; Vol. 434, c. 1234.]

That is what he said. Why have the Government broken that assurance?

Andy Burnham: We have been over this ground already today. We have preserved the basis of the rebate. The hon. Gentleman is right to correct me. Although I was 14 at the time, I remember Spain joining the EU shortly after—in 1986, I think it was. However, I hope that he accepts that the spirit of my remarks is correct: that the rebate was an acceptable way of calculating fair contributions for the members of the European Union at that time. After the accession of Spain and then the Republic of Ireland, proportionately more structural funding was diverted to those countries to fund their economic development, and the same principle now applies to the accession countries of the former eastern bloc.

6.45 pm

Mr. Jenkin: I am mystified by what the Chief Secretary is saying. In previous enlargements, the EU admitted both rich countries, such as Finland and Sweden, and much poorer countries, such as Spain, Portugal, Greece and Ireland, yet the arrangements for the rebate were not changed. The whole premise of his argument—that we have to change the rebate as a condition of enlargement is, if I may say so, absolute rubbish. His Government are committing—to quote the figure that the Library has given us—£7.4 billion over the planned period for absolutely nothing, other than to advertise their utter weakness. At the same time, they cannot pay the police properly.

Andy Burnham: The hon. Gentleman is advancing a pub argument. He knows that such matters are periodically reviewed by all members of the EU and that the deal that this country secured during the process of negotiation was for approximately €160 billion less than the European Commission originally proposed. Let me ask him a direct question. Did he believe that there would be a cost to EU enlargement? Did he think that the countries of western Europe would have to make a financial contribution to the enlarged European Union? I reckon that when his right hon. Friends were advocating enlargement, they were not thinking, "We'll say yes, but not at any cost to the United Kingdom."

Mr. Jenkin: I am grateful to the Chief Secretary for cross-examining me on that matter. I accepted that there would be costs to admitting some of the very poor former eastern bloc countries, but I believed the Prime Minister when he said that the rebate was non-negotiable and that the negotiations on admitting those countries were conducted on that basis. Why have the Government breached their assurance? The Chief Secretary has no explanation, and I have demonstrated that the argument that he has advanced so far is completely false.

Andy Burnham: The hon. Gentleman is entitled to reach that opinion. I said clearly that the own resources decision maintains the basis of the rebate as it was first agreed among the 12 countries of the EU, which shortly thereafter became 15. That rebate has remained in place ever since, and stays in place on that basis. It is calculated on all spending—agricultural and non-agricultural spending—in the EU 15. Different arrangements are made for the accession countries

and the rebate is disapplied on non-agricultural spending—essentially, spending to support economic development.

As I say, the hon. Gentleman is entitled to his judgment that that is the wrong thing to do—that that is not how we should pay for enlargement. In return, I say to him that, as a result of this decision, France's net contributions grow at a significantly greater rate than this country's do. We have secured the rebate, which will increase in value throughout the course of this financial perspective, and, at the same time, we shall have a fair way of funding the enlargement of the European Union. That seems to me to be a good deal for this country.

Mr. Davidson: May I clarify whether the rebate arrangement is the same as it was at the time of Second Reading: the rebate is a proportion of the net amount that we hand over to the European Union? If the rebate is increasing, that is an indication that the net amount we are handing over is increasing, so it is not something to be praised, but something to be anxious about.

Andy Burnham: I understand my hon. Friend's point. He is correct that that is how the rebate is calculated, but overall, the European Union budget will grow by about 7 per cent. over the course of the financial perspective. That too is a product of the negotiations led by this country, and—to repeat what I said to the hon. Member for North Essex (Mr. Jenkin) a moment ago—it is significantly lower than the European Commission's original proposals. The fact that we have secured a lower budget is good news for Britain.

Opposition Members make points—I was going to call it hypocrisy—about prudence and keeping spending in check. The right hon. Member for Wokingham (Mr. Redwood) was right to make those points, and I accept them—a person in my position needs to listen carefully to what he says—but I hope that he will acknowledge that the growth of the European budget throughout the period in which his Government were in power was in the double digits.

Mr. Redwood: Too high.

Andy Burnham: We are negotiating a lower and more prudent budget. The last Government failed to do that, as the right hon. Gentleman has just acknowledged.

Mr. Charles Walker (Broxbourne) (Con): The Chief Secretary is being most generous in giving way. Surely he is mistaken—the Prime Minister cannot negotiate a deal. He can make an agreement in principle, but it is not a deal until this sovereign House has voted on it. I shall tell the Chief Secretary what a deal is; a deal is to pay police officers a proper rate.

The First Deputy Chairman of Ways and Means (Sylvia Heal): Order. The scope of this debate is not so wide as to take in police pay.

Andy Burnham: In all matters, the Government will take decisions that support economic competitiveness and strength. That applies to public sector pay as well as to matters relating to the European Commission, and that is the basis on which we move forward.

Mr. Bone: Will the Chief Secretary confirm that net contributions under the prudent and great settlement that this Government have achieved will be £3 billion higher in 2011 than in 2006, an increase of more than 50 per cent.?

Andy Burnham: The hon. Gentleman needs to explain himself. Is he saying that contributions will be that much higher each year?

Mr. Bone: No, in 2011.

Andy Burnham: The final year? I do not have that particular calculation to hand. I shall come back to the hon. Gentleman on the point, if that helps.

Before I was interrupted, I was being challenged with the fact that the real increases negotiated by the Conservative Government for the financial perspectives in 1988 and 1994 were 17 and 22 per cent. respectively over the five years of the deals. The right hon. Member for Wokingham said it himself—they are not figures with which he agreed, or of which he is proud. They stand in stark contrast to this Government's deal.

Mr. Redwood: The Chief Secretary is misrepresenting what I said. I thought that those increases were too high when they were agreed, but the budgets then were much smaller than today. If he thinks that they were unreasonable, surely he is proving that his own budget is a scandal, as it is so much bigger.

Andy Burnham: It is a bit late for the right hon. Gentleman to say that he did not agree with those budget increases. If I recall correctly, he was a member of the Cabinet when the 22 per cent. increase in the EU budget was negotiated. He cannot just wave away any responsibility for that; it is what his Government negotiated in 1994. I would also argue that spending on the common agricultural policy was responsible for a hefty chunk of that increase. Let us remember how things developed over time, and consider the deal in that context.

Rob Marris: I think that the United Kingdom should be a full member of the European Union. One of the very few good things that the John Major Government did was to decide, after winning the debate in the European Union, to go for widening rather than deepening—that is, for more members rather than closer co-operation between members. That position was taken initially only by the United Kingdom, with some support from Denmark. What surprises me is the following, on which I would like my right hon. Friend to comment. It is intellectually coherent to say, "We are against enlargement", as it is to say, "We are in favour of enlargement"—as I am—"but recognise that in reality there will be a cost to that enlargement". There is indeed a cost to that enlargement. However, does my right hon. Friend agree that it is not intellectually coherent to say that one is in favour of enlargement, particularly to eastern Europe, where countries are still very poor, but that there will be no cost to that enlargement? That is intellectually incoherent rubbish.

Andy Burnham: I agree entirely with my hon. Friend. That point has been illustrated. Opposition Members were trying to compare that enlargement to the

[Andy Burnham]

accessions of Spain, Sweden and the Republic of Ireland. By historical standards, the accessions of first the A8 countries and then the further two former eastern bloc countries are completely different, and when taking such a historic step the European Union has to look again at what it does. As my hon. Friend rightly says, it is simply not possible for the Opposition to say that they support the principle but not come up with the financing for it.

Philip Davies *rose—*

Andy Burnham: How many interventions do the Opposition want me to take? The Opposition's position probably explains why, at the last count, they had one other member in their new European grouping, having previously had two. I hope that the shadow Chief Secretary to the Treasury will enlighten us, if there have been recent additions to the club, but I believe that they are still in a grouping of two in the European Parliament. He looks puzzled.

Mr. Davidson: I am grateful to my comrade the Minister for giving way, because it allows us to have a decent debate. On intellectual coherence, does he agree that it is entirely intellectually coherent to be in favour of expansion and of paying the additional moneys associated with it, while not being in favour of a budget that includes the obscene amounts of money spent on the common agricultural policy, not being in favour of the way in which the structural fund is handled, and being in favour of a number of other changes? It is not fair or reasonable to suggest that someone who is in favour of enlargement automatically must be in favour of everything in the budget. It is possible to take another point of view.

Andy Burnham: That is a completely legitimate position to take, but it does not give sufficient recognition to the way in which the European Union operates, which is, almost by definition, through a system of compromise, in which the best available deal for the whole Union is sought. I accept that my hon. Friend may not find the deal acceptable, but, as ever, the position is not ideal; one gets the best possible for one's country, and that is what we have sought to do. Let me go through the detail—

Several hon. Members *rose—*

Andy Burnham: I am being criticised for not making progress, and for taking interventions. As long as the House recognises that, I give way to the hon. Member for Dundee, East (Stewart Hosie).

Stewart Hosie: I think that the House is well aware of the Minister's generosity. I want to bring him back to new clause 1, if I may.

The First Deputy Chairman: Order. I hope that the hon. Gentleman will not take us to new clause 1, because we are debating whether clause 1 should stand part of the Bill.

Stewart Hosie: I apologise, Mrs. Heal. The Minister said that the hon. Member for Glasgow, South-West (Mr. Davidson) set out a perfectly reasonable position, but that the Government could not do as he suggested because the EU sought compromise. I understand that it seeks compromise, and I agree with much of what the Minister said about maintaining the rebate in respect of the EU15 and changing it only in respect of the accession states, with no change to the basis of agricultural funding. However, why does that preclude us from receiving proper information on all the issues, which concern every hon. Member in the House, before ratification is required next January?

7 pm

Andy Burnham: We have provided that detail. The deal has not been done in secret. Parliamentary answers have been given. An example that springs to mind is a reply given to the hon. Member for Surrey Heath (Michael Gove). We laid out on the record detailed figures about the effect of the agreement on the United Kingdom. I have the figures. There was a table showing gross contribution before abatement, the abatement, total receipts expected and the net contribution. Those are detailed figures that we put before the House.

I am grateful that the hon. Member for Dundee, East says that he agrees with much of what I am saying. I am not against detailed parliamentary scrutiny of the deal. I began my remarks by saying that the deal has been negotiated. My hon. Friend the Member for Glasgow, South-West (Mr. Davidson) and others may reject it if they believe that it is not good enough. That is the right of any hon. Member, but it is not possible to go back and negotiate line by line with our European partners.

Philip Davies *rose—*

Andy Burnham: I shall make progress and get some facts on the record about the effects of the own resources decision. Appropriation ceilings will be frozen at the levels set for the 2000 to 2006 budget period. The ceiling on annual appropriations for payments is 1.24 per cent. of EU gross national income, and for appropriations for commitments it is 1.31 per cent. of EU GNI. Appropriations for commitments are forecast to fall below 1 per cent. of EU GNI during the budget period.

As I said earlier, the current arrangements for VAT-based contributions will be amended, with the maximum call-up rate reduced to 0.3 per cent. By increasing residual contributions based on GNI, that will further develop the transparency and the fairness of the budget.

Between 2007 and 2013 only, the maximum rate of call on VAT-based contributions will be further reduced for Austria, Germany, Netherlands and Sweden, to 0.1 per cent. for Netherlands and Sweden, 0.15 per cent. for Germany and 0.225 per cent. for Austria. For the same period, gross reductions in GNI contributions of €605 million per annum for Netherlands and of €150 million per annum for Sweden are introduced. Both those amounts are in 2004 prices.

Rob Marris: Would I be right in thinking that the way in which Netherlands and Sweden were able to negotiate the figures that my right hon. Friend has just given relates precisely to the point that I made earlier—the structure of their economies has changed, but all 27 economies in the EU are different, and that must be taken into account, as the UK economy has been, in negotiations with our partners?

Andy Burnham: That is absolutely the point, and the nature of the complex negotiations that were finalised in 2005. The changes that I am outlining show how we have had to be sensitive to the position of other countries, such as the Netherlands which, even after the own resources decision, is still the largest net contributor in percentage terms to the budget per capita. It is important that we keep working to make sure that the budget is as fair as possible. It leaves the UK a mid-ranking net contributor.

Philip Davies: The Minister said earlier that we were not taking into account the way that the EU operates. The problem for him is that we understand far too well how the EU operates. It is a fraudulent and corrupt organisation. He has said in the past that he is concerned about the level of fraud in the EU budget. My constituents cannot understand why he does not say to the European Union, "You are not going to get one more penny from the UK until you sort yourselves out and make sure that all the money that you are spending is properly accounted for."

Andy Burnham: The hon. Gentleman makes a very big statement for somebody who represents a party that claims to wish to remain a member of the European Union. He says that it is a fraudulent and corrupt organisation. I do not agree. In its latest report the European Anti-Fraud Office estimates fraud levels of 0.06 per cent. in agricultural spending, 0.41 per cent. in structural fund spending and 0.03 per cent. in pre-accession spending. That is not to say that there should be any complacency on these matters, or that the European Court of Auditors has not shone a light on aspects that could be much better. There is an argument about accounting standards and ensuring that they are very strong. It is quite another thing to say that the European Commission or the European Union—I do not recall which the hon. Gentleman said—is a fraudulent and corrupt organisation. That is a very large statement with which I do not agree, and with which I do not believe his party agrees.

The decision retains the correction mechanism in favour of the UK, the abatement, along with the reduced financing of the correction benefiting Germany, Austria, Sweden and Netherlands. After a phasing-in period between 2009 and 2011, the UK will participate fully in the financing of the costs of enlargement by disapplying all non-agricultural expenditure—money in support of economic development—in the new member states from the abatement. Finally, the additional UK contribution resulting from the reduction in allocated expenditure is limited to €10.5 billion, in 2004 prices, over the period from 2007 to 2013.

In summary, the UK's abatement remains intact on all agricultural spending. On all expenditure in the EU15 it is preserved and will rise in value. Along with the fact that the ceilings on budget expenditure are retained, and that the budget overall will fall to less than 1 per cent. of EU GNI during this budget period, we argue that that makes it a good deal for the taxpayer. At the same time we will, along with other net contributors to the EC budget, pay our fair share of the costs of enlargement. We support enlargement, which we know will be good for Britain, creating new trading opportunities and new jobs.

I believe that I have answered in full the interventions made in the course of this stand part debate. We have an obligation to honour our commitments made to our European partners. By adopting the own resources decision this evening, we will take Britain's relationship in Europe to a new level that will open up new opportunities for British business.

Mr. Philip Hammond: It was not my original intention to speak, at least in any substantial way, in the debate on clause 1 stand part. The Opposition are placed in some difficulty by the structure of the Bill. It has only one substantive clause, which contains only four substantive words. They are "and 7th June 2007". I took the view, for better or for worse, that seeking to amend clause 1 was tantamount to voting against the Bill on Third Reading. Indeed, that is what we shall do, if our attempt to amend the Bill through the insertion of new clause 1, which I hope we will have an opportunity to debate later, is unsuccessful.

However, as the Chief Secretary has set out his argument at some length, it is necessary for me to speak briefly to answer some of the points that he raised, in the hope that I will be able to make my substantive contribution to the debate about the Bill in the debate on new clause 1, which I hope we will come to in due course.

The Chief Secretary must recognise that the original position with which his Government went into the negotiations was that the rebate was fully justified and non-negotiable. Both on Second Reading and again this afternoon, he sought to rewrite history to imply that it was always recognised and understood that part of the deal for enlargement would be that the UK had to give away part of its rebate.

However, that is simply not the case. The main enlargement of the European Union was agreed in April 2003 and implemented in January 2004; Bulgaria and Romania signed the treaties of accession in April 2005. By summer 2005, when the then Prime Minister told us that the rebate was not negotiable, "period" and the current Prime Minister told us that the rebate was fully justified and non-negotiable, enlargement was a fait accompli. The Chief Secretary's Government never envisaged giving away part of the rebate as part of the negotiation for enlargement—or does the Chief Secretary want to tell us that both the former and the present Prime Minister wantonly misled the House when they made those remarks?

A former occupant of the Chief Secretary's office told the House of Commons:

"we will benefit from abatement on any new expenditure incurred as a consequence of both enlargement and the ceilings in the existing EU 15...the United Kingdom will benefit very considerably from the application of the abatement to any new expenditure on enlargement."—[*Official Report*, 3 July 2001; Vol. 371, c. 145.]

[Mr. Philip Hammond]

In 2005 it was never the Government's position that the rebate had to be surrendered or even negotiated as the price of enlargement. To say so is simply wrong. The Government supported EU enlargement; after it was secured, they went in to negotiate the "own resources" decision on the basis that the rebate was not up for grabs.

Mr. Jenkin: My hon. Friend has made his point most eloquently. Will he go on to explain why the rebate is necessary? It is not necessary just because of the imbalance of agricultural expenditure throughout the European Union, but because we trade a disproportionately high share of GDP. We import many products that are instantly exported to the European Union. They attract tariff duties that become payable to the European Union, and we suffer as a consequence. As trade has grown, has not the case for the rebate continued to grow?

Mr. Hammond: I am grateful to my hon. Friend, who has saved me the trouble of setting out the case for the UK rebate. We had a wonderful cross-party consensus. We Conservatives believe that the UK rebate is fully justified and non-negotiable; on 25 May 2005, the then Prime Minister told us that the UK rebate was fully justified and non-negotiable. One would think in the ordinary course of events that there would not be a difficulty. Unfortunately, however, things did not turn out that way.

In summer 2005, the Government's position was exactly the one that the hon. Member for Wolverhampton, South-West (Rob Marris) told us a few minutes ago would be completely untenable. The Government supported the enlargement of the European Union—indeed, they were a passionate advocate of such enlargement—but, to use the former Prime Minister's words, they believed that the UK rebate was fully justified and non-negotiable. As we try to have a sensible discussion this afternoon, I hope that we will hear no more nonsense about the change to the rebate being an inevitable part of a deal to secure enlargement. Indeed, I suggest that the only enlargement at stake in Brussels in December 2005 was that of the former Prime Minister's income and ego, if he is in future appointed President of the European Union, as some have suggested.

7.15 pm

The position changed during the course of 2005, following the summer, when the then Prime Minister and then Chancellor were so robust in their defence of the rebate. The Government moved their position and said that they would consider a concession on the rebate, but only in the context of meaningful and significant reform of the EU budget—particularly of the common agricultural policy. The then Prime Minister said that if we got rid of the CAP and changed the reason why the rebate was there, the case for the rebate would change. I do not think that any Conservative Member would disagree with that. For that reason, the principal thrust of our argument this evening will be to try to improve the Bill and put some backbone back into the Government's negotiating position through the insertion of new clause 1. I shall not go into the detail of that now, Mrs. Heal, as you would not welcome it.

Rob Marris: I thank the hon. Gentleman for his usual generosity in giving way, which I have experienced many times before. Does he believe that the European Union could have enlarged to 27 member states, as it has, without a financial cost to the United Kingdom?

Mr. Hammond: The hon. Gentleman will know that if the Bill is passed tonight and the "own resources" decision is ratified, there will be an increased cost to the United Kingdom; the United Kingdom's contribution will increase as a result of enlargement. So the answer to the question is no: I do not believe that enlargement would have been possible without an increase in costs to the United Kingdom, and that increase will be borne. However, the Government are asking us to bear a larger increase in costs than would otherwise have been the case, because of the sacrifice of the rebate. I put the question back to the hon. Gentleman: what was the then Prime Minister doing going into the December 2005 negotiations supporting enlargement but with the position that the rebate was non-negotiable, or, as it later transpired, negotiable only in exchange for significant changes to the EU budget?

Rob Marris *rose—*

Mr. Hammond: I shall be fascinated to hear the answer to that question.

Rob Marris: I do not know much about the hon. Gentleman's former working life, although he knows a bit about mine. I have spent many hours of my working life in negotiations. In negotiations, people start with a position, and sometimes with a reserve position. Sometimes, in life, politics or commercial negotiations—I was doing the latter—people learn something and their position changes. That is the benefit of public political debate, and of having commercial negotiations face to face, in spite of video-conferencing.

I have not spoken to the former Prime Minister about the issue, but I would have thought that he learned things and changed his position during the negotiations. That is an honourable and reasonable thing to do. If one is not prepared to do that, one is in a strange position as a politician. We constantly say that we want democracy in public debate, but we cannot have that unless people are prepared to consider changing their positions.

Mr. Hammond: That was an exercise in the rewriting of history that Stalin would have been proud of. The facts are these: the Government run by the hon. Gentleman's party supported the enlargement of the European Union, and in summer 2005 clearly told the House of Commons that enlargement was perfectly compatible with the position that the British rebate was fully justified and non-negotiable. His Government hung to that position until they decided that they would negotiate the rebate, but only in exchange for meaningful and significant reform of the common agricultural policy. That was a radical change of

position, but none the less we accepted it as a sensible way to proceed, provided that meaningful reform of the EU budget was really on the table.

On Second Reading, the Chief Secretary claimed that the Brussels decision in December 2005 paved the way for a critical look at how to reshape the EU budget. In reality, the Government came back with only a vague commitment to a review under the French presidency. Later, we shall argue the case for new clause 1, to remedy that hopeless negotiating position.

Let us be clear. The Chief Secretary says that failure to pass the Bill—I take it that by extension, that means to pass it with this clause incorporated in it—will create a political crisis in the EU. This has nothing to do with being pro-EU or anti-EU. We do not call it "anti-EU" when the French Government fight their corner hard in the interests of their taxpayers and citizens. Our new clause addresses the expectation that the UK Government, like all other EU Governments, will fight for the best interests of their citizens and taxpayers within the system. As has so often been the case in their dealings with the EU, this Labour Government have failed to fight for the interests of the UK taxpayer.

The Chief Secretary must recognise how the EU works. It is not anti-European to fight the corner of national interest. The other EU countries do it. That is what sovereign states do in a grown-up relationship, whether negotiating with our European partners or with the US; it is how an elected Government should conduct themselves.

Andy Burnham: Will the hon. Gentleman dismount from his high horse for a moment and tell us whether he considers that the 22 per cent. increase in the EU budget negotiated by the Major Cabinet secured what he is now telling us that he would always do? Was that a good deal—the right deal for Britain at the time?

Mr. Hammond: I remind the Chief Secretary that it was a Conservative Government who achieved the UK rebate in the first place, after years of valiant battle, and it is his Government who are proposing to give it away for absolutely nothing.

This is not how we expect our Government to behave. We expect them to participate constructively in organisations such as the European Union, but also to fight our corner. Why do we have to listen to Labour Ministers telling us that anybody who wants to fight the UK's corner is anti-European and trying to provoke a crisis in the EU? Does the Chief Secretary think that they have such debates in France, Germany or Italy when those Governments defend their corners and fight vigorously for the interests of their taxpayers?

Andy Burnham: Does the hon. Gentleman agree with the statement made by the hon. Member for Shipley (Philip Davies) less than 10 minutes ago that the European Commission—I think that that is what he was talking about—is a corrupt and fraudulent organisation?

Mr. Hammond: We do not have to take a view on that; we can look at what the Court of Auditors has said about corruption and fraud, misappropriation of the budget and misuse of EU funds. However, we are debating the UK rebate.

Let me remind the Chief Secretary that after the so-called negotiations in December 2005, perhaps the most damning comment on the performance of the British Government was made by the French Foreign Minister, Mr. Douste-Blazy, who praised Tony Blair as willing to wage a battle for the EU

"rather than calmly doing his job simply as a British prime minister".

What an accolade that is for a British Prime Minister from a French Foreign Minister after an EU negotiation! The British people would rather their Prime Minister calmly did the job to which he was elected. With the economy slowing, Government borrowing mounting, public services under pressure, staged pay rises and a dramatic slowdown in funding growth, the British people would rather their Prime Minister fought any proposal to hand over yet more money to the EU—certainly any proposal to do so on an unconditional basis.

Mr. Redwood: Has my hon. Friend noticed that the Chief Secretary clearly does not understand numbers, as he says that John Major's settlement, which was a lot lower than his, was too high, but that his, which is a lot higher than John Major's, is just about right? Is not that exactly the kind of arithmetic that has got us into the Northern Rock hole?

Mr. Hammond: It is rather disconcerting if the Chief Secretary to the Treasury cannot add up, but we have learned to live with that kind of impediment.

Rob Marris: I can see where the hon. Gentleman is going, and I think that I understand his position, although he will elucidate further as he goes on. He appears to be suggesting—he will correct me if I misunderstand him—that the interests of the United Kingdom would always be in opposition to the interests of the European Union. I would caution him by suggesting that that is often not the case.

Mr. Hammond: The hon. Gentleman has fabricated that. I did not say that at all. This is how I would like to see things working: the UK Government, when they go in to these European negotiations, being as self-confident in that forum as the French Government or the German Government, and not always afraid that any defence of British interests will be characterised as being anti-EU or anti-enlargement. Why cannot we simply have a sensible debate that says, "We know that we want the EU to enlarge and that we want to embrace the countries of eastern Europe, which is in our interests, but we want to have the most robust discussion about and defence of British national interests when it comes to carving up the cost of dealing with that"?

Mr. Siôn Simon (Birmingham, Erdington) (Lab): Surely the hon. Gentleman can hear himself saying, "Can we have a sensible debate which says that we want enlargement but we don't want to pay for it?" That is not a sensible debate.

Mr. Hammond: If the hon. Gentleman had been here earlier—

Mr. Simon: I was. *[Interruption.]*

The First Deputy Chairman of Ways and Means: Order.

Mr. Hammond: If the hon. Gentleman had been here earlier—*[Interruption.]*

Mr. Simon: On a point of order, Mrs. Heal. Is it in order for the hon. Gentleman to keep saying, "If the hon. Gentleman had been here earlier," when I was here earlier?

The First Deputy Chairman: I think that the hon. Member for Birmingham, Erdington (Mr. Simon) has made his point.

Mr. Hammond: Let me rephrase my comment. If the hon. Gentleman had heard my earlier remark, he would know that the problem for him is that that was precisely the position of his party's Prime Minister in May 2005—passionately pro-EU, passionately pro-enlargement, and telling the House of Commons that the British rebate was fully justified and non-negotiable.

Rob Marris *rose—*

Mr. Hammond: I am going to make a little progress. *[Interruption.]* Well, as the hon. Gentleman took the trouble earlier to say how generous I was in accepting his interventions, I have decided to disabuse him of that notion and make a little progress. After all, I told the House that I had not intended to speak on this clause.

On Second Reading, the Chief Secretary said:

"On this side of the House, we are pro-European, but we are not uncritical and we are hard-headed. We are prepared to stand up for Britain's national interest. We do not posture or grandstand. We will get the reform that Europe needs."—[*Official Report*, 19 November 2007; Vol. 467, c. 995.]

The truth is that, after all the posturing and grandstanding, and all that sabre-rattling about non-negotiable rebates, the Government simply did not negotiate hard enough; they were not hard-headed enough. We hope later today to give back to the Government some of the negotiating leverage that they so carelessly threw away.

As we enter 2008 with a slowing economy and a very difficult fiscal picture, with climbing borrowing that must sooner or later be repaid, inflationary pressures getting stronger and the squeeze on public service financing mounting, does the Chief Secretary accept that the priorities of the British people are to address those problems here at home, not to throw billions of extra pounds of our hard-earned rebate, which the Prime Minister told us was fully justified, into the EU's pot?

This evening will be our last opportunity to secure fundamental reform of the European Union budget. As the British rebate is eroded, our leverage becomes less and less—and that leverage to secure reform is in the UK's interest and in the interest of some of the poorest countries in the world. Indeed, the Prime Minister told us that if we were to make poverty history, we needed to make the excesses of the common agricultural policy history. Our partners in Europe may think that they have put one over on Tony Blair, but we need to send a message to them that this Parliament is made of sterner stuff.

7.30 pm

It would be possible for us to vote against clause 1 stand part, but given the nature of the Bill, we would like to argue the case for new clause 1 in due course, in the hope that it will make the Bill acceptable as a way forward. If we fail to succeed in our argument for new clause 1, I shall ask my right hon. and hon. Friends to vote against the Bill on Third Reading. I say that because voting against clause 1 stand part at this point would essentially have the same effect as voting against the Bill on Third Reading. Therefore, I do not intend to divide the House on clause 1 stand part.

Mr. Austin Mitchell (Great Grimsby) (Lab): I have a dreadful feeling that this discussion, which should be about value for money and whether we are paying over the odds to belong to the European Union, is degenerating into the old pro or anti-Europe argument, with those who are enthusiastic about Europe saying, "Pay up—give 'em the money, Barney!", while those who are more critical and sceptical, such as my hon. Friend the Member for Glasgow, South-West (Mr. Davidson), say that this is a bad deal. And it is a bad deal.

The meat of the discussion is in clause 1. That is the meat of the Bill, unless we are going to fight over the short title, which would seem a rather pointless exercise. It is important to recognise that the meat of this debate on the calculation of the European correction is the generosity shown towards Europe by our previous Prime Minister, who seems to have ended his period in office with extraordinarily generous impulses towards Europe, one of which was detailed in the newspapers this morning: a commitment to provide 60 per cent. of energy generation through renewables in accord with European totals. It is a total that we cannot reach, and it is going to be incredibly expensive even to move towards reaching it, but he committed himself to it.

That is irrelevant to this Bill, as I am sure that you are about to tell me, Mrs. Heal, but what is relevant is his generosity over the rebate. Until that point, we had been told that it was inviolate and sacred, and that it would be there for ever to recognise Britain's unique situation and contribution, but suddenly it was breached. The interesting question for me is what made our previous Prime Minister so generous on his long march to the Union pour un Mouvement Populaire, fighting against the Socialist candidates in the municipal elections. Was that breach agreed by the Cabinet before the Prime Minister negotiated it? Did the Cabinet authorise the Prime Minister to make that concession? Was it told about it later, or did it authorise it before the negotiations started? We need to know that, and we also need to know what the cost will be.

I was delighted to hear the Chief Secretary say that the figures will be published. I hope that they will be published annually, because the British people need to know what they are contributing towards Europe and what this institution is costing them. We are told that the money is to pay for enlargement. We already pay over the odds to belong to the club in the first place. There have been certain disagreements about the scale

of the figures, but those I have had calculated for me show that we are now paying £10 billion a year gross—not euros—and £4 billion a year net. Money comes back to us for projects approved and supported by the EU that we would not necessarily want in the first place, but we do get a return. By 2013, under clause 1, we will be paying £20 billion a year gross under clause 1, and £6 billion a year net.

We are talking about billions here, and an increased contribution of up to £3 billion chucked in just like that. We are fighting the police for a measly £30 million, but we are giving away, on this generous impulse of our previous Prime Minister, up to £3 billion by 2013. My right hon. Friend the Chief Secretary told us that that was for enlargement, and part of it is, but it is also for a lot of other purposes decided by the European Community and not by us. It is only partially for enlargement in any case. If we accept this breach in the rebate, to which we agreed to sustain the enlargement of the European Community that we want—wider, not deeper—are we preparing to say, when the enlargement includes Turkey, that we must agree to another reduction and carving of the rebate? I do not want to say that, and we should not be committed to saying it.

It is a question of money. I think that my figures are accurate, but I hope that the figures will be published annually so that people know what the Bill means to this country, and so that they know how much they as taxpayers are paying to sustain membership of this institution. It is not our only contribution, of course; we are paying £1.8 billion for other programmes. The Organisation for Economic Co-operation and Development calculates that we pay £15 billion to belong to the common agricultural policy—a policy that at every election every party has said will be fundamentally reformed, but it never has been. That policy was to be reformed fundamentally as a condition of our agreeing to the reduction of the rebate, but it cannot be reformed until 2013 in any case, when I have no doubt it will be sustained.

Those are the sorts of contributions we make, and if we add the cost of regulations, we find that membership of this institution costs us about £40 billion to £50 billion a year. I would like those calculations to be made public every year so that we know what is going on, and what we are paying. I would also like them to be calculated in terms of the effect on GDP. The contribution is going to be about 0.5 per cent. of GDP. We are struggling as a party to get an increase in GDP up from a measly 2.5 per cent. This year it will be substantially lower than 2 per cent. but we are accepting an increase in the 0.5 per cent. of GDP contribution we pay to belong to the EU. We need to know the figures because any loss to GDP is cumulative; it goes up all the time. The payment is also a payment across the exchanges. I know that the previous Prime Minister is making a magnificent effort to close the balance of payments through his earnings in the United States, but that will not be enough to deal with the fact that the deficit is now running at about 5 per cent. of GDP. We are adding to it through this increase in the contributions set out in the Bill.

The question we face tonight is one of whether the increase is worth the money. Should we support this increase in contributions to the EU? The new clause proposed by the Conservatives, which we shall discuss later, is worthy and well worth accepting. At this stage, I can say only that we are not getting value for money, and that the contribution is not worth making. We are paying over the odds to belong to a club that is doing serious damage to us anyway, and we should not agree to this contribution. I certainly cannot vote for it.

Dr. Cable: Like the hon. Member for Runnymede and Weybridge (Mr. Hammond), I had not intended to speak in the stand part debate and was waiting for the interesting discussion of the new clause. However, unlike him, I do not intend to spend 25 minutes saying what I had not otherwise thought it necessary to say.

I shall make a few brief comments on our position. I was provoked by the Financial Secretary, who came in with all guns blazing, telling us that it was make-up-your-mind time. The implication of his remarks was that anybody who wanted to exercise parliamentary scrutiny or was critical of the budget settlement was somehow anti-Europe or anti-enlargement. That is clearly wrong. Liberal Democrats are greatly in favour of the European project, greater participation and enlargement. However, we believe that the settlement that the Government reached is not good and we do not understand why we should vote for it.

I do not agree with many of the things that the hon. Member for Glasgow, South-West (Mr. Davidson) says about the European Union, but he succinctly summarised the issue in an intervention. It is possible to believe that enlargement is necessary, desirable and in the British interest, and that economic and financial consequences are necessary, which means accepting that countries should not continue to support the UK, yet be critical of other aspects of the European budget settlement.

The key point, to which we shall revert when we debate the new clause, is that the previous Prime Minister either did not perceive or would not act on the link between the British rebate and future negotiations on the agricultural budget. The reason for that is a mystery. Doubtless, historians will tell us why he was unable to use that link and that leverage. Not only those on Opposition Benches but the current Prime Minister was unhappy about the previous Prime Minister's actions. Leaks from the Treasury made it clear that the current Prime Minister was furious that proper, tough financial negotiation was not taking place. It is important to stress that.

We will ascertain shortly whether new clause 1 makes it technically possible to retrieve the position. I do not know—I have an open mind and I will listen to the debate. I simply wanted to intervene now to make it clear that being pro-Europe and in favour of enlargement and of Britain's adjusting its contribution to take account of that does not mean that we support the Bill and the settlement. It was a bad deal and, unless something happens during the debate on the new clause, we will vote against it.

Mr. Davidson: I welcome the Chief Secretary's willingness to take so many interventions because that allowed us to hear more about the Government's position. I was concerned about his saying at the beginning of the debate that, if we did not accept the proposals, it would lead to "a complete breakdown of

[Mr. Davidson]

our relationship with Europe". If, every time Ministers go off on our behalf to discuss matters in Europe and come back with a deal that is presented to Parliament for a decision, we cannot reject it because it would result in a complete breakdown of our relationship, we have effectively no parliamentary scrutiny and Ministers are self-employed. We should not accept such a line for a moment.

The fact that the previous Prime Minister agreed the settlement does not necessarily bind us for all time. Had I known that he had aspirations to be president of Europe on his way to being president of the world, I would have believed that agreeing the settlement represented an inappropriate conflict of interest and that he should not have been allowed to go on his own.

I agree with the hon. Member for Twickenham (Dr. Cable) when he agreed with me—not an unreasonable position—that it is possible to be in favour of enlargement but unwilling to accept other elements of the budget, such as the common agricultural policy with its obscene overspending and all the waste and extravagance. Let us take the monthly commute between Brussels and Strasbourg, with all the boxes in the lorries and so on. We do not have to accept that as the price of enlargement. We could have enlargement without the continuation of those elements. The Government's inability to negotiate them away is a cause for condemnation.

7.45 pm

The Government defended their position by saying that, if they had left matters to the Commission, they would have been worse. That is probably true. However, I do not know whether the Chief Secretary or his advisers have ever been negotiators, but I suspect that the Commission was adopting the old stance of trying for 10 per cent. and being prepared to settle for 5 per cent. The Commission's asking for more money and the Government's beating it down a bit is not an enormous cause for self-congratulation. The Commission made a bid for more money—that is what commissions do. Of course, the Commission wants more money—it is a self-aggrandising organisation. The fact that it is spendthrift and extravagant does not mean that we must accept everything it proposes.

The Chief Secretary tells us that the Government made the best possible deal. Oh no they didn't. Of course, a better deal was possible. We tend to get movement from the European Union only in times of crisis and difficulty. Rejecting the budget and showing that we are not prepared to accept what the Government have accepted is for the Government's own good. Everything that I propose to the Government is for their own good, even if they do not always recognise it at the time.

Ministerial positions would be enormously strengthened if the budget were rejected, because Ministers could negotiate much more strongly next time. I wonder what sort of advice the Chief Secretary has been getting from the Foreign Office and elsewhere. Foreign Office officials are so insecure that they are seen outside the building only in groups of eight because they are unwilling to travel anywhere on their own. In those circumstances, we must tell the Chief Secretary, "You've done reasonably well, but not well enough." We ought to send

"him homeward

Tae think again."

Rob Marris: My hon. Friend says that a better deal was possible. I agree with the intellectual construct, just as I believe that it is possible for my hon. Friend to become leader of the Labour party. However, I think it unlikely that my hon. Friend will become leader of the Labour party and, outside the Chamber I will, if he wishes, adduce some evidence to that effect. He says that a better deal was possible; will he adduce some evidence to that effect?

Mr. Davidson: My hon. Friend deserves some credit for being hyperactive in defence of the Chief Secretary. It is noticeable that the Chief Secretary has more officials than Members supporting him. Only one Member and a part-time Member support him—that shows the support that he enjoys on the Labour Benches. The enthusiasm for the proposals among Labour Members is not high—they will vote for them simply out of loyalty to the Government. The vast majority recognise that it is a poor deal.

Britain clearly went into the negotiations with the slogan, "We surrender" and progressed from there. Britain's essential core position was to get an agreement. It was not willing to countenance circumstances in which it would stand out against the majority.

Rob Marris: What is the evidence?

Mr. Davidson: The evidence is in the reports that we have read. I am sure that my hon. Friend accepts that it is always difficult to prove a negative. Let us consider the French position. The French have always been much more resolute in standing up for the French position than the United Kingdom has been in defending the UK position.

Andy Burnham: My hon. Friend compares what the UK Government did in the negotiations with the French Government's actions. Does he accept that French net contributions will grow significantly more quickly during the current financial perspective than those of the UK?

Mr. Davidson: Yes, I do accept that France's net contribution will grow more quickly than the UK's, but I also accept that France's net contribution per head is less than the UK's. Furthermore, I am aware that France is the largest recipient of EU largesse, albeit not in terms of the balance between incomings and outgoings, but in terms of the amount that it receives. We should also recognise that EU funding is a transfer of money to particular groups from particular groups. One of the reasons I am so hostile to the way in which the EU budget is currently constructed is that the money comes from people in my constituency, who pay higher food prices than they would otherwise, and goes to wealthy farmers who neither need nor deserve it. The deal that we are discussing does nothing to address that. That is why I intend to vote against it.

Andy Burnham: Again, however, would my hon. Friend not accept that spending on the common agricultural policy will fall as a percentage of the overall cake during this financial perspective?

Mr. Davidson: I return to my original point: the deal is not nearly as bad as it could have been, but it is not as good as it should be. I did not join the Labour party to settle for second best. I wanted to see the best that was possible, both for my people and for the area that I represent. I do not believe that what we have been offered is a good deal: rejecting it is the way to a better deal, which is why I intend to do so.

Mr. Redwood: I shall keep my remarks brief, because once again the Government are not allowing us proper time to deal with the matters before us—clause 1 and the very important new clause 1, which we hope will be moved shortly. However, I cannot let the Chief Secretary get away with the disgraceful arguments that he has produced this evening.

The Chief Secretary first suggested that Mrs. Thatcher used to negotiate and reach compromises, and that that was entirely comparable to the negotiation, sell-out and giveaway that he has again announced to the House. Let us compare the two negotiations. Mrs. Thatcher went to a Community in which the other 11 countries had no interest in letting us keep more of our money. Any one of them could have vetoed her proposal that we should have a rebate. She managed to talk them round from 11-one down to 12-nil in favour, because she had to win by a unanimous vote.

All that the current Government had to do when they went to Brussels was say, "We have a veto and we are not going to give away what Margaret Thatcher so wisely and brilliantly won for the United Kingdom," but they could not even do that. They gave in under pressure and said, "Oh deary me, no, it would be quite wrong of us to use our veto. We'd love to shell out €10.5 billion over the first period and much more over subsequent periods, because we now realise that we shouldn't use the veto and we're here to give in." The Opposition are delighted that the Chief Secretary gave way so much in this debate, but we are unhappy that Mr. Blair and others gave way so much when they completely mishandled the negotiations.

Labour colleagues of the Chief Secretary are present who believe that the sterling equivalent of that €10.5 billion would be much better spent on public services, which they greatly revere. There are also those on the Conservative Benches, such as me, who believe that, in the light of all the money wasted in public services, that €10.5 billion should be given back to British taxpayers, who have paid all too dearly for the Government's inefficiency and their bad negotiations in Europe.

The Chief Secretary tells us that we should regard the deal as a negotiating triumph, because although the Government gave away the veto that had been so brilliantly negotiated by a predecessor Prime Minister, they achieved a smaller rate of increase in the budget than the Chief Secretary apparently thinks we achieved 13 years ago. It may be that the Government achieved a smaller rate of increase, but what matters is that the budget increased so much in the early Labour years, after the end of the Tory years, that any increase would be unacceptable. The Chief Secretary cannot get away from the fact that the budget that he is recommending is massively higher than that which was recommended by Mr. Major. For that reason alone I cannot accept it, because it is too big a burden on British taxpayers.

We then heard the myth, which the Government put about, that the proposal is essential for those countries in eastern Europe, which would otherwise be deprived. As my hon. Friend the Member for Runnymede and Weybridge (Mr. Hammond) pointed out, however, enlargement was agreed without the new variant. If we had dug in and used our veto, enlargement would still have happened, but we would not have had to make a disproportionately large contribution to that increased spending in the territories entering through enlargement. Some of the other rich countries of western Europe should also have continued to make a bigger contribution relative to ours, for the reasons that my hon. Friends have already set out.

Mr. John Hayes (South Holland and The Deepings) (Con): I hope that my right hon. Friend will not ignore the Chief Secretary's other two specious arguments. The first was that the deal could have been worse if the Commission had had its way—a suggestion that represents the last resort of the scoundrel. The other was that any objection to what has been negotiated is somehow improper and that the House should not scrutinise the deal that was done. That is the Vichy argument, which has been used by malevolent or misguided Ministers for years in selling this country short.

Mr. Redwood: I am grateful for those extra points. I should like to make some additional ones, to finalise my critique of the Chief Secretary's position.

The Chief Secretary implied that eastern European countries would be short-changed. That is not true. He also assumed that all the EU spending in those countries will be worth while, but as we know, much of it has been shown to be inefficient, wasteful or even fraudulent by the accounts or by the auditors' assessment of them. I fear that there will be more such instances in future years. I am sure that the Chief Secretary will be unable to say now that there will be no more such practices, so we may find ourselves financing more unsatisfactory, unnecessary, inefficient or even fraudulent programmes, which my electors are decreasingly in favour of doing.

Finally, the Chief Secretary said that we must understand that we will get more trade for British companies out of enlargement and the greater prosperity of eastern European countries. Of course we will, but that is not contingent on giving away our veto and our budget position. Indeed, I would argue that the main reasons for getting more trade from those countries will apply to non-EU members as well as to EU members. Those reasons are the free trade in the world as a whole, through the general agreement on tariffs and trade, and the fact that some of those eastern European states have wisely decided to set much lower tax rates and create a much more favourable climate for enterprise than this Government are creating for the British companies that have to compete with them.

The Chief Secretary should not suggest that what was negotiated is a great triumph. It was a disgraceful sell-out, and in contrast to the excellent negotiations

[Mr. Redwood]

that my party carried forward when we first won the rebate, it marked an extremely sad day for Britain. Voters of all kinds will know that that goes along with the money wasted on Northern Rock, ID cards and all the other things, as a symbol of what is wrong with this Government.

Andy Burnham: I shall do my best to respond to some of the points that have been raised, and I shall do so briefly, because there is a desire in the Committee to move on to new clause 1, and I do not want to detain it too long.

I assure the hon. Member for South Holland and The Deepings (Mr. Hayes) that my motivations for putting forward the arguments that I have made do not include malevolence. Nor was it my intention to appear arrogant at the start of the debate, if that is how hon. Members interpreted my contribution. In introducing the discussion, I was simply pointing out that it is not possible to go back and ask for small changes here and there, and for a different own resources decision. Essentially, my point was that there should be proper parliamentary scrutiny of the Government's actions. However, the way in which business is done is that the Government negotiate on behalf of the country, and the House has the opportunity to accept or reject what they have negotiated. That is the opportunity that hon. Members have this evening, and rightly so. I was simply saying at the beginning that we are not engaged in line-by-line considerations, but deciding whether to give an in-principle endorsement of the deal before us.

My hon. Friend the Member for Great Grimsby (Mr. Mitchell), who is no longer in his place, asked whether the deal was worth the money. I think that he was really asking about our membership of the European Union in overall terms. The tenor of some of the contributions to this debate was that the EU is a one-way street—that the money goes in and nothing comes back the other way. However, it is important to see how this country's trade with the EU has increased significantly over recent years. That trade now accounts for 56 per cent. of British trade, and it accounted for 63 per cent. of British goods exports in 2006, totalling £150 billion. I could go through a whole range of examples showing that our economy and jobs benefit from this country's membership of the European Union.

8 pm

I shall go directly to the question of enlargement, as it is a key theme of our proceedings this evening. Each enlargement of the EU has seen prosperity grow further. When Spain joined, and when Sweden joined, we saw our exports to those countries increase by about a quarter. As a result of such accessions, we have seen direct benefits to British business, British jobs and the British economy. Since the accession of the A8 countries, we have also seen a major increase in UK exports to those countries, totalling some £6.4 billion in 2005, which is up 151 per cent. This process benefits the British economy.

Rob Marris: This is not only a question of the financial benefits, which are debated and sometimes disputed. I would expect general agreement in the House that the enlargement of the European Union has deepened democracy in countries such as Portugal and Spain, which have emerged from under the yoke of fascism, and in eastern Europe, which has recently emerged from under the yoke of Stalinist communism. That is good not only for the people who live in those countries but for the people of the United Kingdom.

Andy Burnham: I entirely agree. The benefits of the decision that the European Union has taken on helping those economies to grow will have real dividends for this country for many decades to come, following this debate.

I want to respond to a couple of the other points that were raised in the debate. The right hon. Member for Wokingham (Mr. Redwood) made a few rather cruel sideswipes about my financial acumen that I felt were a tad unjust. He questioned whether I had understood the maths relating to a 22 per cent. increase in the overall European budget in 1994. I assure him that I can understand that the budget was significantly smaller when that decision was taken. I accept that; I understand it. Let us put that point beyond doubt and on the record.

The right hon. Gentleman watches and questions public spending in great detail. I read his blog, and I see what he says. Would he ever feel comfortable with a 22 per cent. increase in any public sector budget? That is not the sort of thing that he would normally advocate. My maths are pretty okay, actually, and I want to ask him whether he can recall whether Britain's net contributions in that period went up by a similar order. Was there not a significant increase, albeit on a smaller base, for Britain? Was not there a significant percentage increase in Britain's net contributions? *[Interruption.]* He says that he does not know. Perhaps I can help him.

The percentage increase in our contributions from 1994 to 1999 was an increase in gross costs to the UK of—wait for it—73.4 per cent. There is a bit of a difference, really. Okay, they were different times, and it was a smaller European Union and a smaller budget, but let us get some facts on the record. Let us have some long memories in this debate, rather than a few short ones.

Mr. Lilley: On the question of putting facts on the record, the right hon. Gentleman's Government have already put it on record that the net contribution of the UK as a percentage of its own total managed expenditure is set to rise from 0.64 per cent. to 0.96 per cent. by 2010. That is a 50 per cent. increase in the share of our expenditure that is going to Europe. If he has got a grip on these matters, why is he not keeping that amount down, rather than putting it up?

Andy Burnham: I have referred to these figures before in the debate. The net contribution is published in the pre-Budget report and again in the Budget, and that is a forecast of payments that the country will make. The figures have been set out quite clearly. I do not have the pre-Budget report to hand, but from memory I think that the net contributions over the course of the spending review that we are about to enter are about £5.5 billion, and will stay at roughly that level over the spending period.

My hon. Friend the Member for Glasgow, South-West (Mr. Davidson), who has also left the Chamber, made the point that we had done reasonably well but

not well enough. I accept much of what he said. It is his right as a Member of the House to believe that this is not a good enough deal for this country. That is his prerogative. I would say, however, that if we consider all the elements of the deal, we see that it does the job.

What are those elements? They include a rebate that will rise rather than fall during this financial perspective. That sounds pretty good to me. That is within the context of an overall budget that is significantly lower than was originally proposed. The amount spent on the common agricultural policy over the period will fall in value from €55 billion to €51 billion in 2004 prices. The British and French net contributions will come into rough parity in that period, which is an important step. As my hon. Friend the Member for Glasgow, South-West acknowledged, the net contributions that France will make will increase at a significantly faster rate in this financial perspective than they have done previously. Furthermore, we have secured a budget review, which the Commissioner has said will open up a consideration in which there will be "no taboos". Everything will be up for consideration, and we shall be able to secure further progress as part of that review.

The allegation from the hon. Member for Runnymede and Weybridge (Mr. Hammond) was that we had meekly accepted everything that was said and not pressed Britain's interests. As I have just illustrated, however, Britain has demonstrably secured changes that are in our national interest. All the points that I have just made demonstrate that. It is wrong to suggest, as the hon. Gentleman seemed to do, that we have simply accepted whatever was being put forward by Brussels or by other member states.

Rob Marris: My hon. Friend the Member for Glasgow, South-West (Mr. Davidson) asserted that a better deal was possible. When I asked him for evidence of that, he was unable to produce any. Similarly, neither were the Opposition. Bearing in mind the benefits of this deal, both in economic terms and in terms of the non-economic elements such as furthering democracy, is my right hon. Friend aware of any evidence that a better deal for the United Kingdom was possible, or that one would be possible if this measure were rejected tonight?

Andy Burnham: I am not. Throughout the debate, I have said that this was the best possible deal that we could secure. Opposition Members seem to be interpreting that as my saying that it is an ideal, perfect deal. That is not what I am saying. I am saying that we have had negotiations—*[Interruption.]* The hon. Member for Runnymede and Weybridge is not listening, but I have set out the things that were secured in those negotiations that will benefit this country and that are demonstrably in our national interest. They include a rebate that is worth more to this country over the period, a shift in the amount in percentage terms that we spend on the CAP, and, more than that, reform within the CAP. There is a shift from pillar one to pillar two spending and a voluntary system whereby countries are encouraged to spend more on improving the sustainability of the rural economy rather than just provide subsidies of the sort which my hon. Friend the Member for Glasgow, South-West finds objectionable, so as to help to diversify the regional economy and help people to develop new business opportunities.

All those things amount to progress. They are the product of good negotiations by a committed British Government who are in there fighting for Britain's interests. At many points in this debate, the argument has been, "Let us reject the Bill tonight, as that will embolden and strengthen Ministers when you go back"—*[Interruption.]* I am paraphrasing a point that was put to me about strengthening our hand. It is for each party in the House to decide how it wants to conduct its relationship with our European partners. My argument is that going back now to ask for renegotiation would involve a lot of bad faith.

Rob Marris: It could be worse.

Andy Burnham: Indeed; it could be substantially worse. I believe that the best way to be heard and get constructive dialogue is not always to adopt a confrontational and knee-jerk response. As I have demonstrated, we have not given it all away.

Mr. Hayes: The tragedy of the Minister's opening remarks failed to impress, so he is now obviously trying comedy instead. Surely he would not have the House believe that the falling cost of the common agricultural policy is the result of these negotiations. The falling cost of CAP was predicted at the mid-term review five years ago and is a direct result of the move away from production-based subsidies. The savings now being made as a result of this deal are no greater than those predicted then.

Andy Burnham: As the hon. Gentleman knows, the reform of CAP did not begin with this own resources decision. These matters were debated at great length by the previous Government and subsequently by this Government. I acknowledge a long-running debate on the structure, shape and size of CAP; the point I was making is that there is CAP reform within this own resources decision. Let us be absolutely clear, however: we believe that a much more radical reform of CAP is necessary if Europe is to be ready to face the challenges of the years to come. That was why we wanted a "no taboos" full budget review, which is what we secured. That is the Government's position and it is our objective in that review to secure far-reaching CAP reform, which is what we will now argue for in the negotiations. In my view, that is the right way to conduct them.

I hear the points made by colleagues this evening. It is a matter of judgment, but our judgment is that it is right to engage constructively and push the British case. In doing so, we are more likely to be heard. Members can see the evidence for that in the detail of the own resources decision.

Question put and agreed to.

Clause 1 ordered to stand part of the Bill.

Clause 2 ordered to stand part of the Bill.

New Clause 1

COMMENCEMENT

'(1) This Act shall come into force on such day as the Treasury shall by order specify.

(2) The day specified in the order made under subsection (1) shall not be earlier than fourteen days after the date on which the condition has been satisfied.

(3) The condition referred to in subsection (2) is that the Treasury shall have laid before both Houses of Parliament a

report on the review by the European Commission covering all aspects of EU spending, including the CAP, and of resources, including the UK rebate, as provided for at paragraph 80 of the "Financial Perspective 2007-13" issued by the European Council in December 2005, including a certificate that the Treasury considers that the outcome of the review is satisfactory to the interests of the United Kingdom.'.—*[Mr. Philip Hammond.]*

Brought up, and read the First time.

Mr. Philip Hammond: I beg to move, That the clause be read a Second time.

I can see that the Minister, if he ever gets bored with what he is doing, has a whole new potential career ahead of him—coming in here on a Friday morning and giving the hon. Member for Hendon (Mr. Dismore) a break. I am extremely grateful to my right hon. and hon. Friends for the self-restraint that they displayed, ensuring that we are able to debate new clause 1. I shall seek to be very brief and not to rehearse any of the arguments made in the stand part debate.

The new clause is genuinely designed to help the Government by re-injecting a bit of backbone into their negotiating position. It would delay the implementation of this change in the own resources decision until satisfactory completion of the promised review of the European Union. It makes explicit the conditionality that the Government claimed was the basis of their final negotiating position.

8.15 pm

In the course of the previous debate, the Chief Secretary said that nothing was agreed until everything was agreed. I would suggest, however, that if the new clause were incorporated into the Bill, nothing would be agreed until everything is done. It is about ensuring that what was promised to be done at Brussels in December 2005 is, indeed, delivered. We have already seen that the Government did not go into the negotiations on the basis of having to give away the rebate in order to secure enlargement. That is a spurious argument. What we have emerged with at the end of the negotiations is nothing but the promise of a review. We must now ensure that the promise of the review is turned into a reality.

The Chief Secretary told us earlier that defeating the Bill or substantially amending it, as new clause 1 proposes, would create a political crisis in the EU. I see no reason why that should be the case. If everyone has acted in good faith, our EU partners will know that our Prime Minister gave away a large part of our rebate because he had secured a commitment to a fundamental review—with no red lines and no holds barred—of the EU budget. Presumably, our partners entered into that commitment in good faith. There is no reason whatever why they should find it strange that this Parliament wants to ensure that that review indeed takes place, that it is meaningful and that its outcome is, at least as judged by the Treasury, satisfactory to the UK. This is not an anti-EU position, but a pro-British position. No other Government in the EU believe that there is a contradiction between being pro-EU and being pro their own national interests.

Mr. Simon: Will the hon. Gentleman cast his mind back to the protracted debates on the Maastricht treaty? If it is so easy to do and if the adverse consequences of our rejecting a European measure such as this—forcing the Government to go back to Europe and renegotiate—are so negligible, why was the Major Government reduced to such shambolic performances night after night after night all those years ago?

Mr. Hammond: I was not here then and nor was the hon. Gentleman. The answer is no, I will not cast my mind back; I will press on and make some progress instead.

The outcome of the review is subject to individual veto by member states. Without something for us to offer our partners in the process of that review, Ministers, however well intentioned—I am prepared to give them the benefit of the doubt on that, as I shall assume that they go into such negotiations well intentioned, if naive—will not achieve the UK's objectives.

Mr. Simon: On a point of order, Sir Michael. Will you please explain whether there is a level of patronising beyond which the hon. Gentleman ceases to become merely irritating and becomes unparliamentary?

The Second Deputy Chairman of Ways and Means (Sir Michael Lord): The way in which hon. Members address the Committee, provided that it is within the normal terms of reference, is entirely a matter for them.

Mr. Hammond: Thank you, Sir Michael. In any case, if I have not reached that level yet, I will continue to practise.

Ministers will not achieve the UK's objectives by giving away their bargaining chips as the price of admission to the game rather than trading them in the game itself. That is not generally regarded as good practice. This is all about the negotiating competence of the Government. The truth is that Labour walked away from the table at Brussels as good as empty-handed. The only thing that it brought back was the promise of a review, and unless we give some teeth to that promise and show that this Parliament will insist on its being delivered in good faith, it will have effectively come away with nothing. We must take the opportunity to restore the Government's negotiating position, because the British people would expect us to deal with their failures at Brussels in 2005.

The new clause sets a test for the review having taken place, and for its conclusions being satisfactory to the United Kingdom Government of the day. That will restore some of the bargaining power that the Government have thrown away. The rebate concession was agreed on the back of a pledge; let us see that pledge delivered on in good faith. Let us test the Government's assertion that they have secured a genuine and far-reaching review of EU finances.

The hurdle that we set was deliberately not set high. There is no objective test of whether the outcome of the review is in the United Kingdom's interest; the new clause simply requires the Government of the day to align themselves with the outcome as being

"satisfactory to the interests of the United Kingdom".

We ask the Government to sign up to that outcome, and to say clearly and loudly to the British people,

"Yes, this is the outcome for which we gave away £7 billion"—and counting—"of Britain's budget rebate." If the Government do not believe that they will be able to do that—if they themselves have no confidence in the review, and no expectation of a satisfactory outcome—what on earth were they doing trading the rebate for a review in the first place?

The new clause would give Ministers a tool with which to bargain, to ensure that the review is meaningful and far-reaching and can lead to a genuine overhaul of the EU's finances rather than a whitewash. We are in a very different place economically from where we were in the summer and autumn of 2005. The economy faces many pressures, and many people who might have taken a much more cavalier attitude to the billions of pounds involved in 2005 will certainly take a different view today.

If the new clause is carried and if the review is not concluded by the end of 2008—incidentally, there is absolutely no reason why it should not be, given that the UK will now have an incentive to offer its partners to proceed with it speedily—the existing own resources decision will remain in force. The ceiling will not fall in, there will be no crisis, there will be no question of renegotiating the budget and the financial perspective or of cancelling enlargement. The position will be exactly as it is now, with the previous own resources decision implemented and continued. When the new own resources decision comes into effect as a result of the Treasury's certifying that it is satisfied with the outcome of the review, it will have effect retrospectively. Provided that the review is fair and open and the Treasury is able to certify that it considers the outcome satisfactory to the UK's interests, the own resources decision will be implemented in full in due course.

Andy Burnham: Has the hon. Gentleman made any inquiries of the European Commission about when the review is likely to be concluded, so that the process can then take place?

Mr. Hammond: Paragraph 80 of the Council's decision at Brussels in December 2005 sets out parameters for a review that will take place in the financial year 2008-09, and unless there is slippage we expect it to be completed by the end of that financial year.

As we make our decisions this evening, we must bear in mind that this really is the last chance not only to save the British rebate, but to maintain the leverage that will allow us to secure meaningful reform of the common agricultural policy in the future. If we can secure new clause 1, we will not be back in the place where Tony Blair and the Prime Minister promised us we would be in the summer of 2005, but we will be in a much better position than we would be in if the Bill were passed unamended this evening. We will also have sent a signal that Parliament intends to exercise effective and positive oversight of what our Government are negotiating on our behalf, and furthermore that Parliament intends to ensure that what is promised in those negotiations is delivered.

The message that we need to send to our partners in Europe by agreeing to the new clause is that we in this Parliament respect Governments who, while being fully signed-up members of the EU, fight vigorously for their national interests. Britain intends to do the same from now on, and if our Government have not the backbone for the fight, this Parliament has.

Dr. Cable: I am rather tempted by the new clause. As I said in the clause stand part debate, there was a major failure in the negotiations to establish a link between the rebate and agricultural policy. It seems in principle, unless the Minister can persuade us to the contrary, that the new clause provides a mechanism for retrieving the situation.

Let us look carefully at what the Prime Minister said about the review in his statement to the House in December last year, when he brought back the agreement. He clearly thought that he had extracted a major concession in return for the negotiations on the rebate. He said:

> "Alongside this agreement on...the modernisation of eastern Europe, we also agreed on a fundamental review of all aspects of the EU budget, including the common agricultural policy...with the recommendation that it begin in 2008."

The two subsequent sentences are crucial. The Prime Minister said:

> "As the language in the European Council conclusions makes...clear, it is then possible for changes to be made to this budget structure in the course of this financing period."

Of course it is possible, but why should the Governments who resist reform of the common agricultural policy agree? What possible incentive is there for them to do so? The French Government will almost certainly refuse to renegotiate. What possible leverage do the British Government have in carrying through the Barroso recommendations?

The following sentence is even more substantial. The Prime Minister continued:

> "This will also allow us to take account of any changes agreed in the World Trade Organisation round".—[*Official Report*, 19 December 2005; Vol. 440, c. 1564.]

That is terribly important, because we keep being reminded—rightly—that if the negotiations fail, there will be disastrous consequences for the world economy, for Europe and for the United Kingdom.

During the last few weeks, Mr. Mandelson has been ominously quiet. There is a real and growing worry that the negotiations may fail, primarily because of difficulties in the American Congress but also because of the intransigence of agricultural interests in Europe. In the next few months, we may well be faced with disastrous circumstances in which our negotiations fail for the first time since the second world war, opening a Pandora's box of protectionism. The British Government should be, and according to much of their rhetoric will be—and we hope they will be—in the vanguard of efforts to prevent that from happening. However, what negotiating clout do they have in making other EU members come to an agreement with the Americans at the World Trade Organisation? There is no leverage; there is no negotiating position if it has already been conceded.

Mr. Lilley: The hon. Gentleman makes an important point. He mentioned that Peter Mandelson has been ominously quiet, but I do not know whether he is aware that today Commissioner Danuta Hübner has not been quiet, and that she has made a speech: "Reform of the EU budget: Time for a debate without taboos". She says that, as well as considering the agricultural policy,

[Mr. Lilley]

a central part of the review should concern the corrective mechanisms—the British abatement that remains. Therefore, what we have started could eliminate what we retain, rather than secure any benefits for what we have already given away.

Dr. Cable: That is a helpful intervention. I do not know how significant those Commissioner's comments are, but they seem to be genuinely worrying.

In his initial remarks, the Minister tried to alarm us—perhaps rightly, as we need to understand the Government position better—about the consequences of this legislation not being ratified on time. It is a nuclear weapon in many respects, but we need to understand how the nuclear bomb actually works in these circumstances: what would be the practical consequences of detonating it?

8.30 pm

It is my understanding that on the financial front we would revert to the earlier own resources formula, which in purely financial terms would be better for the UK, so it is clearly not a deterrent in that sense. There is also the mechanics of how payments are made, and whether failure to ratify on time would affect the normal running of payments through the EU. Again, I confess ignorance on that: I do not know at what point a failure to achieve legislative closure affects the day-to-day payments. There is a section in the explanatory notes that I am afraid I do not understand, but the Minister might be able to explain it. It states:

"The additional UK contribution resulting from the reduction in allocated expenditure is limited to €10.5bn in 2004 prices over the period 2007 to 2013."

The implication is that the changes are already in operation and that they will be retrospectively validated by this legislation, so there is nothing to stop these payments occurring now. There is also an implication that the deterrent—the nuclear bomb—is, in the end, largely an issue of face or prestige: the British Government cannot get their own legislature to agree a piece of legislation, which is very embarrassing. But is it more than embarrassment? That is the question that we have to answer.

If the Government can explain that holding up this legislation in order to achieve these necessary improvements will do serious damage to the functioning of the EU and Britain's role within it, I would be hesitant to support the new clause, but if all that is at stake is a little embarrassment at the beginning of 2009—which might, indeed, have the effect of stiffening the Government's spine in what then might be difficult negotiations about the review—I cannot see the harm. As somebody who is a pro-European, I want the Government to explain convincingly to me why I should not support the new clause.

Mr. Lilley: I am grateful for the opportunity to contribute to the debate, and I return to the subject of the own resources of the European Community with some nostalgia, as it was the subject on which I made my maiden speech some years ago, on which I had my maiden rebellion against my Government, and on which I made my maiden criticism of the then Prime Minister, Mrs. Thatcher, nearly bringing my career to a premature end. She was seduced—or so it seemed to me—by the argument that in return for a promise from the European Union to be more moderate in its future spending, she should concede an increase in the own resources of the European Community. I asked her at Prime Minister's questions whether she would follow that logic and reward a drunkard who had signed the pledge by giving him a bottle of whisky. She was not best amused, and I was told my career would not proceed any further. I was wrong, of course, as Mrs. Thatcher was in the process of securing for Britain the rebate that has enabled us to save billions of pounds of contribution to the EU, whereas the present Government are doing the reverse.

I mention this because I think it shows that, having been critical of my own Government, I have a reasonable licence to be critical of this Government on this issue. My position in both cases is as someone who does not want to see a waste of public expenditure through an increase in spending that will not be properly monitored or controlled, and will not be in the interests of the taxpayer. I fear that what we are being asked to do today will result in that. That is why I welcome the new clause tabled by my hon. Friend the Member for Runnymede and Weybridge (Mr. Hammond), because it says that we should not go ahead with this increase in the own resources—the new structure reducing Britain's abatement by up to £10.5 billion—unless we get something in return.

Unfortunately, as far as one can see, the Government's negotiating process so far has not got anything in return. Indeed, the negotiating position of the former Prime Minister, Tony Blair, has been rather like that scandalously sexist aphorism, "When a lady says never she means maybe, when she says maybe she means yes, and when she says yes she is not a lady."

The former Prime Minister started off saying never:

"The UK rebate will remain and we will not negotiate it away. Period." [*Official Report*, 8 June 2005; Vol. 434, c. 1234.]

He then went on to say maybe:

"Of course, if we get rid of the common agricultural policy and we change the reason why the rebate is there, the case for the rebate changes." [*Official Report*, 29 June 2005; Vol. 435, c. 1293.]

Finally, he conceded a reduction in the rebate completely, but he said that he was getting something in return—a reform of the agricultural policy, or at least a promise of a review of it.

Accepting new clause 1 would enable us to see whether we have anything in return for the concessions made, and I cannot see how the Minister can possibly object to it. It proposes that the Treasury shall go ahead with implementing the new structure of own resources only if it can certify that we have secured a concession. It would be left to the Treasury's judgment whether it could honestly say that we had secured the concession—the review—that we were promised, and which Tony Blair told this Parliament he had been offered. The Treasury would be able to say whether it had been substantively achieved, so I invite the Minister to say that he will accept the new clause. If he cannot, will he say frankly and openly that he rejects it because he cannot envisage circumstances in which the

Treasury will be able to say that the promises given to this House will be delivered? That would be an appalling position.

The case for retaining our rebate persists. It was based on the fact that the structure of the British economy is such that when the same rules are applied to us as are applied to other member states they result in an unfair burden on us relative to the advantages that we get. Even after the changes that have occurred, and those planned in this settlement, are taken into account, this country will receive the lowest amount of European spending per head of any of the 27 countries in Europe. We will receive a quarter of that received by Ireland, whose gross domestic product per head, we are now told, is above ours, and we will receive half that received by France, whose figure was only marginally below ours before the recent exchange rate changes.

Despite that, the contribution that we make is significantly greater than that of many other countries. The Government have been prepared to give us the figures only in respect of France, but the contribution per head that British people will make to the European budget is 20 per cent. greater than that of France. Our net contribution is set to rise significantly under this settlement, as I mentioned in an intervention that the Minister was kind enough to take. The net contribution is rising faster than the generality of public expenditure is planned to do in this country—so much so that our net contribution to the European budget as a share of total public expenditure will rise by half over the time span of the current spending process.

This is a very inequitable arrangement as far as British people are concerned. It was right to secure an abatement to try to offset some two thirds of the differential between the money that we put in and the money that we get out. Mrs. Thatcher was able to secure it because she had a very good case, she argued forcefully and she persuaded her partners to give it to her. According to the Government, we now have to reduce that abatement and to accentuate again the inequities that the correction mechanism was designed to redress. "Correction" is the word used in the European documents. The correction is to an inequity that Britain otherwise faced.

We will get nothing in return, because the CAP budget will continue to rise. According to House of Commons figures, the CAP budget remains 48 per cent. of the total expenditure of the EU. Others claim that it has risen from 40 per cent. a few years ago to 44 per cent. Lord Patten said a year or so ago:

> "We are talking about a budget for research and development that's been severely squeezed already in order to accommodate a continuing rise in agricultural spending that will actually go up from 40 to 44 per cent. of the overall community budget."

So, far from our having secured some degree of reform already that is resulting in a reduction, it remains overwhelmingly a budget that goes on the CAP.

The other part is spent on structural funds, and I want to ask the Chief Secretary whether the Government have made any progress in securing the reform that the present Prime Minister sought when he was still Chancellor. In 2003, he wrote in *The Times*:

> "When the economic and social, as well as democratic, arguments on structural funds now and for the future so clearly favour subsidiarity in action, there is no better place to start than by bringing regional policy back to Britain."

In a Government document entitled "A modern regional policy for the UK", the UK Government argued that member states with GDP per capita above 90 per cent. of the EU average should no longer receive structural funds money. Instead the money should be retained by them and spent by them, because, the Prime Minister has argued,

> "There are many things that we want to do to encourage local skills and research and development, and local businesses, but we're not able to do because of the existing rules."

So when, under the new clause, the Government report back to the House on whether they have secured concessions, they can tell us whether they have secured the concession, at least for countries such as ours, on regional funds, so that we control that money and use it for British priorities, rather than sending it to Brussels and having it sent back by them, having incurred administrative costs and being earmarked for uses that would not necessarily be the priority of the British people and the British Government.

The former Prime Minister made the concessions that are incorporated in the Bill. At the time, the then Chancellor was leaking to the press that he did not really support that. He thought that Tony Blair was being unduly weak and giving away too much. Now is his chance. He is now Prime Minister and this is the great vision that he has been seeking to put before the British people. He can do what he indicated in leaks that he wanted to do and give his Back Benchers a free vote on this Bill. They will then put him in a strong position to renegotiate and get the sort of deal that he wanted.

I fear that we did not get that deal because the outgoing Prime Minister had other priorities. He was looking to his own future. He did not want to end with a big row in Europe. That might have been in Britain's interests, but it would not have been in his. He made a concession, which was a big contribution to his own future campaign to be President of Europe—an undeclared contribution, which dwarfs those of any member of the present Cabinet. I hope that that mistake, that unfortunate policy and that unfortunate weakness of the previous Prime Minister can be put right.

The new clause would strengthen the position of the Government and the House, and I hope that it will be accepted.

8.45 pm

Mr. Peter Bone (Wellingborough) (Con): I welcome the new clause, which has given the Government a get-out-of-jail card. I am sure that the Chief Secretary will accept it when we come to the end of the debate.

It was clear from what my right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley) said that the current Prime Minister made it clear that he disagreed with his predecessor on the deal. Since I entered the House, one thing that I have learned is that a small Bill with a few clauses that is being debated for a short time is a most important Bill, and the Government are trying to get something through the back door.

Mr. William Cash (Stone) (Con): On the subject of the former Prime Minister and the current Prime Minister, does my hon. Friend think it more than likely

[Mr. William Cash]

that the deal between them was that the outgoing Prime Minister would stand down, as shown in the recent programme "The Blair Years", in return for the undertaking that the new Prime Minister would not oppose either the own resources decision or the European treaty, which we will debate next week?

Mr. Bone: That seems possible. The previous Prime Minister said that he would serve a full term, which he did not. Some deal must have been done.

Let me address the new clause. We are talking about something of enormous importance to British taxpayers. During the years that Mr. Blair was in power, the contribution to the EU made by British taxpayers, adjusted to today's value of the pound, was more than £100 billion—enough money to run the health service free of charge for this year. We are talking about a change in the formula whereby the EC allocates its budget to individual countries. Each country has the right to debate that new way of raising funds, but I suspect that only this country will have reservations, because only this country is dealt such a bad deal by the formula.

Mr. Jim Devine (Livingston) (Lab): Let us be honest. Does the hon. Gentleman believe that Britain should be in the EU—yes or no?

Mr. Bone: I am grateful for that intervention, Sir Michael, but I am sure that you would rule me out of order if I were to reply, because we are talking about the new clause in particular.

The Chief Secretary was helpful in his opening statement and provided a lot of percentages, but he did not translate them into money. However, a written answer given in January 2006 set the record straight. It stated that in 2007, our net payments to the EU would be £4.7 billion, increasing to £6.8 billion by 2011—an increase of 45 per cent. How can a £2.1 billion increase for British taxpayers be right when we are in the middle of an economic crisis that requires us to have almost a statutory pay limit in the public services?

Mr. Hayes: My hon. Friend has enlightened the House with those figures. They stand in stark contrast with the assurance that the Chief Secretary gave us from the Dispatch Box a few moments ago that our contribution will be some £5 billion across the economic cycle. Either my hon. Friend is wrong, or the Chief Secretary inadvertently misled the House. If the second is the case, the Chief Secretary had better stand up now and put it right.

Mr. Bone: I can only quote from the table in the written answer given by the hon. Member for Bury, South (Mr. Lewis). It clearly stated that in 2011, our net contribution would be in the range of £6 billion to £6.8 billion. I am sure that the Government were not wrong about that fact. Another interesting element of the written answer to which I have referred has to do with the so-called "dodgy money" that we get back from the EU. We give it £14 billion, and then some bureaucrat in Europe sends some of it back, with instructions about where it should be spent. I remember driving around a small village in Wales and reading a blue plaque that stated that what amounted to a motorway had been built by the EU. Of course, there were no cars on it at all, but the Bill means that even the dodgy allocation of returned funds that I have described will be smaller. This year, we will get back £5.6 billion, but it is predicted that we will get only £4.2 billion in each year from 2011 to 2013. It cannot be in the national interest for us to pay substantially more money to the EU and yet get less money in return.

This is an enormously important debate. Thank goodness the Opposition, with the support of the Liberal Democrats, have given the Government a get-out-of-jail card.

Andy Burnham: I shall try to answer the points raised in the debate on new clause 1, which talks about the "outcome of the review". The heart of the matter is the point at which the certificate to be issued by the Treasury would be debated in the House. When I intervened on the shadow Chief Secretary, his answer summed up the problem with the new clause. He referred me to paragraph 80 of the Commission document, which talks about a White Paper or report to be issued in the relevant time frame, but that is not the same as the "outcome of the review".

Mr. Hammond *indicated dissent.*

Andy Burnham: The hon. Gentleman shakes his head and laughs, but that is a very important point. The White Paper would set out strategic, high-level principles, but that is not what the "outcome" of the budget review would be. Therefore, the new clause is immediately defective in that specific regard.

Mr. Hammond: What the Minister has described does not make the new clause defective. Instead, it makes it much easier for him to accept the proposal, as all he is being asked to agree is that the Treasury should be required to certify that it

"considers that the outcome of the review is satisfactory to the interests of the United Kingdom."

Further processes may have to be conducted after the report of the review is submitted, but he is merely being asked to sign up to a commitment that the Treasury will certify that report.

Andy Burnham: No, I do not think that that is what the new clause proposes. It states:

"The condition referred to in subsection (2) is that the Treasury shall have laid before both Houses of Parliament a report on the review by the European Commission...including a certificate that the Treasury considers that the outcome of the review is satisfactory to the interests of the United Kingdom."

I repeat that the review does not conclude with the publication of the relevant White Paper. There is no possibility that the review could achieve its "outcome" before the House has been asked to ratify the own resources decision in January 2009, and that is why I contend that the new clause is defective.

What, in essence, does new clause 1 ask the Government to do? The final sentence of paragraph 80 of the Commission's document states:

"The review will also be taken into account in the preparatory work on the following Financial Perspective."

I am sure that the hon. Member for Runnymede and Weybridge will accept that that is where work on the review will lead, but the logic of the new clause is that the outcome of the financial perspective being debated this evening should be held up until we have achieved a satisfactory outcome from the next financial perspective. The outcome of that review will inform the preparatory work for and the discussions on the next financial perspective—the one that begins after 2013. I say again, essentially, he is asking us to hold up the current financial perspective covering 2007 to 2013, pending the outcome of all of the discussions. The amendment is defective. It would cause us to miss the ratification deadline, and on that basis, I urge hon. Members on both sides of the House to reject it.

The hon. Member for Twickenham (Dr. Cable) asked a fair question. He asked what would be the practical consequences of not ratifying: would there be serious consequences, or would the provisions of the current financial perspective simply be held up? Let me be plain: there is no formal sanction—no fine or formal proceedings that could be instituted—but implementation of the present financial perspective could be delayed. Backdating to the beginning of 2007 can happen only after ratification.

Dr. Cable: Will the Chief Secretary give way?

Andy Burnham: Let me finish the point. The other consequence is what one might call a diplomatic or political consequence. We have every reason to believe that 26 other member states will ratify the own resources decision into their domestic legislation, so we would face the prospect of being one versus 26 in explaining why we failed to ratify the decision. I do not want to over-dramatise by saying that not ratifying the decision will lead to a complete breakdown, but there would be real consequences to not meeting the ratification deadline.

Dr. Cable: If the Chief Secretary believes that the outcome can be assessed only at the end of 2008, why did the Prime Minister in his statement to the House last December specifically refer to the World Trade Organisation negotiations, which must be concluded within the next few months?

Andy Burnham: In his comments, the hon. Gentleman asked whether the effect of that review could be felt before 2013. The answer is that it could. The previous Prime Minister argued for that in securing the review. My point in response to the new clause is that the outcome of the review cannot possibly be known before the ratification deadline.

Mr. Philip Hammond: Will the Chief Secretary give way?

Andy Burnham: I will give way one last time to the shadow Chief Secretary, but I am trying to answer seriously the points that were put to me during the debate. There can be no hope that the outcome of the review will be known before the ratification deadline. I have pointed out that there will be consequences of being held to have acted in bad faith and being isolated, which is not what the Government want.

Mr. Hammond: The point that the Chief Secretary made earlier is that the outcome of the review is not the final, definitive stage in preparing the next financial perspective. We accept that. All we are asking for is some clear sign that our partners are taking seriously the obligation into which they apparently entered to have a fundamental review of the EU budget, and that the Treasury, on the basis of the outcome of that review, is satisfied with that decision. That is what we are asking the Treasury to certify.

Secondly, the right hon. Gentleman is quite wrong to say that the current financial perspective will be held up. The current financial perspective is agreed and already operational. The only question at issue is the own resources decision. We will fall back on the existing own resources decision if the Bill falls tonight.

Andy Burnham: I am disappointed that the hon. Gentleman did not let me finish my point. The Commission document says that there will be a fundamental, no-taboos review. That is what we secured. I have explained clearly why the new clause is utterly defective. It would leave this country totally isolated in Europe. I can only conclude that that is where he and his whole party want us to be.

Question put, That the clause be read a Second time:—

The Committee divided: Ayes 216, Noes 301.

Division No. 045] **[8.59 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Barker, Gregory
Barrett, John
Beith, rh Mr. Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Beresford, Sir Paul
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burrowes, Mr. David
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Davies, David T.C. *(Monmouth)*
Davies, Philip
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Field, Mr. Mark
Fox, Dr. Liam
Francois, Mr. Mark
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Godsiff, Mr. Roger
Goldsworthy, Julia
Goodwill, Mr. Robert
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Mr. Philip

Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
MacNeil, Mr. Angus
Malins, Mr. Humfrey
Maples, Mr. John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Paice, Mr. James
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Alan
Simpson, David
Simpson, Mr. Keith
Smith, Sir Robert
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Mr. Ian
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Widdecombe, rh Miss Ann
Wiggin, Bill
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. John Baron and Jeremy Wright

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davies, Mr. Dai
Dean, Mrs. Janet
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gardiner, Barry
George, rh Mr. Bruce
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric

Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGrady, Mr. Eddie
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
Meacher, rh Mr. Michael
Meale, Mr. Alan
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Rudduck, Joan
Russell, Christine
Ryan, rh Joan
Sarwar, Mr. Mohammad
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Alison Seabeck and Mark Tami

Question accordingly negatived.
Bill reported, without amendment.
Order for Third Reading read

9.15 pm

Andy Burnham: I beg to move, That the Bill be now read the Third time.

This has been a long but good debate. [HON. MEMBERS: "It was short."] It felt long. I think that Members have been quite clear about where they stand.

Let us be clear. This Government will make the case for being part of the European Union, for playing a constructive part in the European Union, and for making a sensible, practical and pragmatic agreement that helps to take the European Union forward into a new era. In our judgment, the own resources decision, which we are asking the House to incorporate into the law of this country, does precisely that. It is fair to the British taxpayer as it preserves the rebate and sees it grow in size over the financial period that we are discussing, but at the same time it will provide the resources for the social, economic and overall development of a peaceful and prosperous European Union. We all, I believe, have a common stake in that.

Mr. Philip Hammond: Was that the outcome that the Government anticipated in May 2005?

Andy Burnham: We have been over this ground all evening. This Government were clear about what they were seeking to achieve—to preserve the rebate. Whatever fantasy arguments the Opposition wish to advance, at the heart of the own resources decision is an agreement whereby the British rebate rises but is disapplied in respect of non-agricultural spending—the spending that helps economic and social progress in the countries of the former eastern bloc. That is what it pays for. It is absolutely correct to say that the former Prime Minister, Tony Blair, very much had in mind an agreement whereby Britain would retain the rebate and see it rise in value, with a change in the contributions that France makes to the European Union, whereby we now have rough parity between French and British contributions. That is a step forward. I think that he would also have said that Britain should pay its fair share of the costs of an enlarged European Union.

The Conservatives have completely failed to demonstrate that the policy of saying, "We support enlargement but we don't want to face up to the difficult decision of paying for it", has a scintilla of credibility across the European Union. We have heard no mention of it this evening, and the right hon. Member for Witney (Mr. Cameron) managed to attract only two other members to the new grouping in the

[Andy Burnham]

European Parliament. I gather that there is now just one, Bulgaria—"and then there was one". We see a party utterly isolated in Europe. Perhaps the shadow Chief Secretary will update the House on how negotiations are progressing.

Mr. Philip Hammond: I have a question for the Chief Secretary. How would he characterise the position of the British Government in the summer of 2005, when they said that they enthusiastically supported enlargement but that the British rebate was fully justified and non-negotiable? How would he characterise that as anything other than, to use his own words, being in favour of enlargement but not being willing to pay for it?

Andy Burnham: We are going over and over this ground, and the hon. Gentleman will not accept that there is a difference between the application of the rebate in respect of the 15 members of the European Union—

Mr. Hammond: The Government said "non-negotiable".

Andy Burnham: In my view, there is a difference between the application of the rebate in respect of the contributions and spending that those countries receive and its application in respect of the new member states. We make a clear distinction between those two groups.

Throughout the debate, the Conservatives have failed to give any credible answer about what they would do to contribute to the costs of enlargement. The evidence is clear: they are utterly isolated in Europe. Well, they are not quite isolated; they have one ally among the whole European Union, but some of their new-found friends have dubious connections, we might say. That is not a position of strength, or an intellectual, commanding position from which to lecture us on how to conduct relations in Europe. We have secured a deal that helps to take the EU forward to the next era while securing the British interest.

We have seen a great deal of limbering up tonight for the main event. As was said earlier, I am sure that lots of Conservative Members' diaries have been cleared for 15 days running, and I am sure that they will probably want more than that.

Mr. Bone: Is the Chief Secretary making a new announcement? I thought that the Government had provided 20 days of discussion? Is this a new announcement that has slipped out?

Andy Burnham: Not at all. I do not think that he has been listening closely to what I said. *[Interruption.]* I believed it was 15, but it may be 20. I am sure that he will be there for all 20 days. I say this to the hon. Gentleman. Am I right that the right hon. Member for Witney said—and I paraphrase—that the country would know that the Conservative party had changed when it stopped banging on about Europe? I remember him saying something along those lines. We have heard a lot of banging on about Europe today.

As I said to the shadow Chief Secretary, we have heard some incredibly inflammable statements—*[Laughter.]* Inflammatory statements, even. We have heard incredibly inflammatory statements from Conservative Members this evening, and I wonder what the parties the shadow Chief Secretary wishes to pull into his grouping in the European Parliament would make of sweeping generalisations about the EU—for example, that it is a fraudulent and corrupt organisation. No wonder that their isolation deepens.

We will go forward and defend the agreement. The new clause that the Conservatives brought to the House showed the same level of confusion on these matters as their position on the EU reform treaty does. It would seek to unpick and renegotiate matters once the rest of Europe had moved ahead and reached a sensible agreement.

British business looks to hon. Members and to any party that seeks to form the Government of this country to take a pragmatic approach to Britain in Europe. Yes, it wants us to defend the British interest, but it knows that, above all, its prosperity and that of the British economy is based squarely on good relationships with Europe. As I said, 56 per cent. of British trade is with the European Union. Would Conservative Members serve the interests of British business by leading us to an isolated position, whereby we were the only country to argue against a deal that was struck between 27 members of the European Union? Would that be in the long-term interests of business?

Mr. Philip Hollobone (Kettering) (Con): The Chief Secretary claims that there are great benefits to the British economy in paying a huge membership fee for being in the European Union. However, is not Britain's trade deficit with the European Union now at record levels and getting worse every year?

Andy Burnham: The hon. Gentleman must make a judgment about that. Conservative Members must be honest and ask themselves whether we are better off out of the European Union. I have mentioned the hon. Member for Shipley (Philip Davies) several times this evening. He is the leading light of the "Better Off Out" group. That is an honest position. It is not honest constantly to seek ways of undermining and criticising but not admitting the true position.

Foreign direct investment from the EU in the UK has quadrupled. It more than doubled between 2001 and 2005. That is worth celebrating. An extra 2.75 million jobs have been created throughout the EU.

Mr. Shepherd: It is not about the budget.

Andy Burnham: Let me put a proposition to the hon. Gentleman. When the Republic of Ireland acceded to the European Union, there was considerable spending on structural funding and projects that enhanced economic competitiveness in the republic. Does he claim that some of the improvements in the north-west economy and that in other parts of the UK do not result from greater trade and partnership with the Republic of Ireland? Does not he accept that we have an interest in stronger economies throughout Europe? Economies that are stronger and are growing create more opportunities for our businesses to trade with them:

Mr. Shepherd: The Chief Secretary claimed that inward investment had increased fourfold under the Government's maladministration, but that has nothing

to do with the budget settlement. His point was therefore a non-sequitur. The debate has been most frustrating—the Chief Secretary does not appear to grasp the essentials.

Andy Burnham: Let us get down to brass tacks. The hon. Gentleman might not agree, but my position is that British companies began to do more business with companies in the Republic of Ireland following its accession to the European Union and the benefits that its economy gained from that change. There is already much greater trade between this country and businesses in the accession countries. The hon. Gentleman and his colleagues cannot grasp that there is a mutual interest: we all benefit from each other's success, which is stimulated by the investment that the own resources decision makes possible.

Investment in the infrastructure of the accession countries means that their economies can grow and that they can develop, move forward and become bigger trading partners for the United Kingdom. That is a clear and plausible argument and I am sorry that the hon. Gentleman does not understand it. It is why we support the own resources decision and why I ask hon. Members to vote for Third Reading.

9.59 pm

Mr. Philip Hammond: I am sorry that the Chief Secretary was so disparaging about new clause 1. It was a modestly phrased measure that could have improved the Bill sufficiently for us to tolerate it and extract something from the negotiations in Brussels in December 2005. As it is, without new clause 1, this is a miserable sell-out of a Bill and I shall have to urge my hon. Friends to vote against Third Reading.

Let us be clear. The premise on which the Chief Secretary's arguments have rested throughout today is that anyone who questions any aspect of what the Government negotiated in Brussels is promoting the immediate collapse of the European Union and the casting into outer darkness of every country in eastern Europe, but that is simply not true. Being an enthusiastic member of an alliance is not a reason for abandoning the interests of those whom Governments are elected to serve, but this Government did indeed abandon those interests.

In May 2005, the Government told us that the British rebate was fully justified and non-negotiable. In June 2005, it was not to be negotiated away, period. Before the Brussels summit in December 2005, however, the rebate apparently was negotiable, but only for guaranteed fundamental reform of the EU budget and of the common agricultural policy in particular. After the Brussels summit, the position was that we would give away £7 billion over seven years and much more in the future. The rebate was gone—traded for a vague and some might even think cynical promise from our European partners to review agricultural spending under the presidency of the country that is one of the largest beneficiaries of that spending.

It is clear that the French thought that the UK was making a major concession at Brussels, through a Prime Minister who, again to quote the French Foreign Minister of the time, was failing to do his job calmly "as a British Prime Minister". That says it all. The French believed that they had achieved a great victory in resisting even a review of agricultural spending within the 2013 financial perspective. It is not true, as the Chief Secretary asserted it was, that investment in eastern Europe is dependent upon conceding our rebate. If he believed that, how could his Prime Minister have gone into negotiations in the summer of 2005 with the position that he then took?

At a time of huge pressure on UK public spending, the Government should have stood their ground and extracted real and durable budgetary reform, as they promised Parliament and the British people they would, with a mechanism linking the own resources decision, and thus the British rebate, to genuine progress on such reform, instead of a naive wish or hope that that might happen in the future. To their lasting shame, the Government did not do that, adding to a long list of broken promises and incompetent delivery.

Mr. Hollobone: Does my hon. Friend share my concern that, in effect, the British people have been misled? During the general election of 2005, there was no indication from the Labour party that Britain's membership fee of the European Union would double, from a net contribution of £3.3 billion to at least £6.6 billion. Is that not a huge indictment of the honesty and integrity that we have come to expect from the Government?

Mr. Hammond: My hon. Friend makes a good point. We are entitled to ask this question: when the then Prime Minister and the current Prime Minister pledged that the British rebate would be non-negotiable, in May 2005 and June 2005 respectively, were they simply being naive or was it worse than that? Did they genuinely believe that they could get through the process without conceding the British rebate, but fail to appreciate how incompetent they were at negotiation, or did they know all along that they would have to break that promise?

So £7 billion of potential UK public spending, debt reduction or tax reduction—as some of my hon. Friends might prefer—has been lost. Much worse, however, is the fact that the baseline for future own resources decisions has been shifted downwards, and the cap on the cost to the UK of the surrender of the rebate comes off in 2013. The negotiating ratchet works inexorably against the interest of the United Kingdom.

As the Government contemplate the fiscal and public service delivery challenges that face the UK in 2008, they might come to rue the day that they so casually threw away £1.9 billion a year and rising. When next we hear that this or that objective cannot be achieved because of a funding problem, the British people will remember what happened here tonight.

To Parliament's shame, we have now become complicit in this sell-out of the UK interest. The hard-fought-for rebate—our principal bargaining tool for reform of the EU budget—is being whittled away before our very eyes, and Parliament watches, apparently paralysed, as the Government betray the British people. This shameful, one single-clause Bill sums up 10 years of this new Labour Government: wasted money, broken promises and incompetent delivery. I urge my hon. Friends to vote against the Third Reading of the Bill tonight.

9.36 pm

Dr. Cable: Given that those on the Front Benches effectively made their Third Reading speeches in the debate on clause 1 stand part, we do not need to repeat them at great length. I shall simply describe myself as a leading light in the "better off in" group. The Liberal Democrats have no embarrassment in describing ourselves as pro-European. We support British membership and constructive engagement, and we have criticised the present Prime Minister for not being constructive enough. We support enlargement and the financial adjustments necessary to make enlargement possible and to support the weaker countries in eastern Europe. We have no problem with any of that.

We also believe, however, that it is possible to hold those views while simultaneously believing that the British Government should be tough in defending British interests and British financial interests. Countries that have been in the European Union since its inception, including the Netherlands and France, have Governments who take a very tough line on budgetary matters, and there is no reason whatever why British Governments should not do the same. We also believe that the British Government have a particular mission and an obligation to pursue rapid reform of the common agricultural policy, which is damaging to British and European taxpayers and consumers and to the world trade system. They should be tough on those issues.

Our criticism of the Government is that, in these negotiations under the previous Prime Minister, they were weak and made an unacceptable deal. That is why we intend to vote tonight alongside people with whom we would otherwise not share many common views on the European question. It would have been better if the Government had accepted new clause 1, which was objectively helpful. I do not know what their motives were in rejecting it, but if they did not like it, they could have produced their own version of a scorecard to help to strengthen their negotiating position. They did not do so, however.

The outcome of all this is rather unfortunate. The Government will have made a substantial concession on the rebate. They will continue to be party to a European Union that is not reforming the common agricultural policy at anything other than glacial speed. We might well be confronted over the next few months with the collapse of international trade negotiations, caused at least in part by the intransigence of European agricultural interests. The British Government will have absolutely no leverage whatever to prevent any of those things from happening.

The certain consequence of all those things is that British cynicism about the European project will grow. We differ from the British Government in that, although we are a strongly pro-European party, we do not believe that the European project can be advanced by stealth. It has to be advanced with the support of the British public—[HON. MEMBERS: "A referendum."] That is why we support a referendum on British membership of the European Union—*[Interruption.]* Let me conclude my remarks.

The danger is that we end up with the worst of all possible worlds, in which the Government win a Pyrrhic victory; they will of course push through the legislation, but in a context that will weaken overall British public support for the European project. That is a very negative outcome, and it is the main reason why we intend to vote against the Bill.

9.41 pm

Mr. Bone: It is a great pleasure to follow the hon. Member for Twickenham (Dr. Cable). Although we come from different sides of the argument, we have probably reached the same conclusions.

In the final stages of today's consideration, I want to mention how unfortunate it is that so little time has been allowed to debate a Bill that will see £104 billion of taxpayers' money spent over the next few years. It is a great shame that this evening's debate was not allowed to continue until any hour. I have to have sympathy for the Chief Secretary, who battled hard, although I am afraid he has no support on the Government Benches. He did his best while batting on a very sticky wicket, defending the indefensible. He did not deny the fact that as from 2007, we are going to have a net contribution to the EU of £4.7 billion, which is expected to be £6.8 billion by 2011. That cannot be and is not a good deal for the British taxpayer.

My most important point relates to what the Chief Secretary said at the very beginning of the debate—that the EU would implode if we did not agree to the Bill tonight. Let me quote him what Her Majesty's Treasury says about that:

> "If any Member State fails to adopt the new Own Resources Decision by 31 December 2008 then the current Own Resources Decision (Council Decision of 29 September 2000: 2000/597/EC, Euratom) continues to operate until such time as the adoption process is completed, with the new Own Resources Decision then coming into force on the first working day of the month following the date of notification of the final adoption or ratification, retrospective to 1 January 2007."

Her Majesty's Treasury says that the whole EU would not collapse. The budget would remain, but on the basis of the existing formula. The Chief Secretary could therefore quite happily have agreed to the new clause tabled from the Opposition Front Bench. That is a missed opportunity, which I believe the Government will rue.

9.43 pm

Mr. Walker: I shall be very brief, as other Members want to speak.

The Government have an obligation to ensure that every red penny of taxpayers' money is spent efficiently. That applies to the money that will be given over by the Government to fund enlargement. Fifteen years ago, I went to Mayo to go fishing, and I had the great pleasure of flying into Knock international airport. It is in the middle of an enormous great bog; it is a very beautiful bog, but a bog nevertheless, with an international airport in it. When one gets out of the plane to get a taxi, one is swept down an amazing highway—a dual carriageway with many beautiful blue signs saying "Made possible by the European Union". After about 7 miles, one reaches nothing more than a cattle track. It would be argued in Ireland that that is effective spending of European money. On being asked why on earth there should be an international airport at Knock, the taxi driver said, "Because somebody had a vision that it needed to be here". We observed rather

dryly that it was probably the building contractor. Anyway, that demonstrates the sort of thing we need to guard against as we pass over this money to an expanding Europe.

The Government need to reassure the House over and over again—and prove over and over again—that every penny is being spent effectively. They need to do that because at this moment they are breaking deals with public servants left, right and centre. The Chief Secretary spoke of the importance of not breaking deals, but if somebody is a prison officer their deal has been broken, and if they are a police officer their deal has been broken. It is not impossible—I cannot believe that it is impossible—for the Government to find a few extra millions, £30 million to £60 million, to ensure that at least prison officers and police officers, who do the hardest job in the country, receive the money that they deserve.

9.45 pm

Mr. Jenkin: I listened to much of the opening skirmishes of the debate on clause 1 stand part, and I am afraid that I heard nothing to convince me that it is in the national interest to give the Bill a Third Reading. I put it to the Chief Secretary that he should take his arguments down to his local pub in the constituency, and tell those who are enjoying themselves there that he has personally put through a Bill that will give the European Union an extra £7.4 billion of taxpayers' money over the planned period of the current financial perspective. I do not think he will get a very good reception.

I am afraid that it is an indictment of the House that this is almost a private occasion for the few Members who are present this evening, and the very few others whom I might be tempted to spy in the House. This is a serious matter. It is extraordinary that, at a time when the pressure is on public spending and given that the rate of growth of public services such as health and education is to be much curtailed in the years ahead, the Government have squandered such a vast sum on the notion, described to us by the Chief Secretary, that somehow we will get back the money that is to be spent in the European Union through our relationship with the European Union.

I want to explore two of those points. The idea that public spending creates prosperity was debunked in the 1970s, and has long been dismissed. There was recently a savage analysis of the efficiency of the European structural funds, showing how inefficiently and wastefully they are spent. That was just adumbrated by my hon. Friend the Member for Broxbourne (Mr. Walker), who gave the example of Knock airport. I have nothing against Knock itself—

Mr. Cash: It is a religious shrine.

Mr. Jenkin: Of course it is a religious shrine. Perhaps the matter has something to do with the Catholic plot that was referred to earlier, and the European Union, but I had better not go there. In any event, there is no evidence that European structural funds are any better spent than other parts of the European Union budget. The European Court of Auditors has failed to sign off the EU's accounts for the last 13 years because it is so concerned about the EU's inability to account for how its money it spent.

Andy Burnham *rose—*

Mr. Robert Goodwill (Scarborough and Whitby) (Con) *rose—*

Mr. Jenkin: I had better give way to the Chief Secretary first, but I will give way to my hon. Friend afterwards.

Andy Burnham: We could have a debate about fraud related to structural and cohesion funding, but did I hear the hon. Gentleman correctly? Is he saying that there is no evidence that money from structural funds has not helped the economies of the countries that have received it? Merseyside, in my home region, has received substantial objective 1 funding over many years. Is he saying that the improvement in Merseyside's local economy is unrelated to any impact from structural funding? I find that very hard to believe.

Mr. Jenkin: I know that the right hon. Gentleman finds it hard to believe, but what has transformed the Irish economy, for example, is not the structural funding, but the much lower rates of taxation. It is possible, I concede, that the substantial subsidies that the Irish received in previous years allowed them to carry a much lower burden of taxation, but what is leading to the astonishing rates of growth in the eastern European countries is the liberalisation of their economies, the cutting away of bureaucratic interference from Government, and the lower rates of taxation. The fastest growing economies in eastern Europe are those with the most dynamic, enterprise-oriented tax systems. One of the things that is eroding our competitiveness is the inexorable rise of public expenditure and taxation, which will, as the shadow Chancellor, my hon. Friend the Member for Tatton (Mr. Osborne), described, leave Britain in the position of having failed to mend the roof while the sun was shining during the past 10 years.

I have some relevant figures to hand. The Government inherited a national debt of £400 billion in 1996-97. That rose substantially in subsequent years, and by 2012-13—the year this financial perspective ends—we will have a public debt of £810 billion. That should be set alongside the situation in some European countries, which have no public debt at all because they have managed their economies very much more efficiently than we have.

Mr. Goodwill: On a point raised by the Chief Secretary, he might recall that three years ago his colleagues in Sheffield were crowing about the fact that Polestar publishing had got a £6 million grant to build a new printing plant in Sheffield. At the time, I raised the concern that that would have a direct consequence for the four existing plants, including the one in Scarborough. This week, Polestar has announced 190 job losses in Scarborough as a direct consequence of that European structural funding going into that objective 1 area in Sheffield. So it is not all good news on objective 1 funding.

Mr. Jenkin: I not only welcome what my hon. Friend has said, but I add that if public spending in Scotland and the north-east and north-west was the answer in securing the prosperity of those regions, they would be growing faster than London and the south-east, but they are not. The disparities between those regions and the south of England have widened during this period of Labour government. I think what we need to be looking at is differential rates of taxation throughout the United Kingdom, as the idea that we should have a unitary tax system is holding back the UK—but that is a matter for another debate.

When I think about the money that the House will be committing tonight, I look at my constituency. The Eastern Angles theatre company grant from the eastern Arts Council, for example, is being slashed by £100,000—50 per cent.—which will severely disable that extremely vibrant and capable arts and theatre company that operates throughout the entire region. I also look at the failure of the local health authority to open the Dedham surgery for want of £50,000 a year—not £7.4 billion—and at other surgeries that need to be upgraded. I look at the lamentable state of the A12, which grinds to a halt at least once a week because it is the most stressed piece of dual carriageway in the UK, yet the Government cannot find the money to upgrade it in the way that is necessary for the prosperity of my constituency. I look at the lack of money to spend on special educational needs in Essex schools, despite the fact that Essex is spending above the standard spending assessment on education. I look at the vast overspend on personal social services, particularly child welfare services, in Essex county council, which is not being funded by the Government because they are spending £7.4 billion on the European Union for no reason at all, instead of tackling these problems. This is not banging on about Europe; it is banging on about the needs of my constituency, which this Euro-obsessed Government think are less important than placating other countries' interests in the EU.

I also look at the failure to honour the pay increase of the Essex police in my constituency, which is undermining the morale of the police who are fighting for law and order. I look at the Colchester garrison, which is training for operations in Iraq; 16 Air Assault Brigade is due to go to Iraq next spring. It is meant to have 110 up-armed Land Rovers for training in Iraq; it has six of them, because this Government think it is more important to appease EU interests than to fund our own armed forces. I look at the lamentable story of what happened to Corporal Wright, who was not lifted in good time from a minefield in Afghanistan because there were no helicopters with winches in Afghanistan as there should have been in order to address that matter.

Mr. Speaker: Order. I believe that the hon. Gentleman has finished. Has he?

Mr. Jenkin: I shall be finished shortly, Mr. Speaker.

Mr. Speaker: Well, if the hon. Gentleman is going to finish shortly, he should talk about the Bill.

Mr. Jenkin: I am talking about the language of priorities and public spending, Mr. Speaker. This Bill has got the priorities—

Mr. Speaker: Order. The hon. Gentleman has been here long enough to know that this is the Third Reading of the Bill. He can talk about those things on other occasions, and he would be welcome to do so.

Mr. Jenkin: I shall sit down, but I should say that this Bill is about allocating very large sums of money to Europe instead of to those other vital national interests. It is a shame on this Government that they have such a weak European policy that they need to pay the money there instead of using it for our own people.

9.55 pm

Mr. Shepherd: One of the most interesting events of today was the contribution by the interim leader, if I may call him that, of the Liberal Democrats.

Dr. Cable: Former leader.

Mr. Shepherd: I am sorry; the hon. Gentleman is the former interim leader of the Liberal Democrats. He touched on what unites many of us in this House, strange as it may seem. I profoundly believe in the comity of nations. For the four most recent centuries of this country's history, it has been vitally engaged in what happens in Europe. Our prosperity as a mercantile nation depends on trade. All those things are true. Where we have common interests, surely we should work together for them.

At the heart of this matter is the question of who governs. I am delighted to see the Chief Secretary to the Treasury in his post, but goodness knows what has happened to the Treasury. Contrary to the environmental policies of the Government, he paraded a forest-full of notes, letters and papers. They were pushed across to him along the Benches to assist him in trying to define a very curious position.

As my hon. Friend the Member for North Essex (Mr. Jenkin) has just said, this is about who bears taxes, how we negotiate and how we achieve the objectives of those who sent us here. What the Chief Secretary has tried to do in presenting this Bill represents an extraordinary distortion of facts that are on the record. We know what Mr. Blair negotiated and what promises and undertakings were given, as do the Liberal Democrats. This is not about Europe per se, in the sense of people being anti-Europe—that will come next week if we are to engage on a great issue. This is about now, and the Chief Secretary's characterisation of other hon. Members as having a distaff view—if I may put it like that—does no credit to the Government. Each one of us here accounts as best we can for the arguments that we support. We heard the poorest level of distillation, spin and obfuscation. He was confronted with rational arguments and, as often as not, he did not even understand them.

The proposition put during a most distinguished contribution from the Front Bench by my hon. Friend the Member for Runnymede and Weybridge (Mr. Hammond), and put by my right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley) and by the hon. Member for Twickenham (Dr. Cable) was a rational argument as to whether the proposal was negotiated worthily and in the British interest—the interest of the people whom we represent and of whom

my hon. Friend the Member for North Essex was speaking—and whether we could have done better. The judgment of most independents standing to a side would be to say that this Government did not do at all well.

In the end, we have to stand before our electorate and justify what we are doing. The tranches of money involved are huge, and we are entering a period of great uncertainty in the international situation. All of us know and recognise that, and we tremble in many instances. This Government have committed the taxpayers—the people whom we represent—to laying out sums of money, and they then come to dance in front of the House hoping that their spin will get them out of the situation. That they promised something else is neither here nor there, because they try to rewrite the story of what was promised.

That is the deceit that we have had this evening. The Financial Secretary can keep waving. I take it as an indication that she and the Chief Secretary are drowning, in the terms of the poem. There is no poetry in this debate. It is a sad reflection of how destitute the Government are in the arguments that they now advance to try to show probity. We could get a better deal and the only amendment—

It being Ten o'clock, MR. SPEAKER *put forthwith the Question already proposed from the Chair, pursuant to Order [this day].*

Question put, That the Bill be now read the Third time:—

The House divided: Ayes 309, Noes 208.

Division No. 046] **[10 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Dean, Mrs. Janet
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gardiner, Barry
George, rh Mr. Bruce
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hosie, Stewart
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Llwyd, Mr. Elfyn
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
MacNeil, Mr. Angus
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGrady, Mr. Eddie
McGuire, Mrs. Anne
McIsaac, Shona
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Michael, rh Alun
Milburn, rh Mr. Alan

Miliband, rh Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Price, Adam
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Watson, Mr. Tom
Watts, Mr. Dave
Weir, Mr. Mike
Whitehead, Dr. Alan
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wishart, Pete
Wood, Mike
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Alison Seabeck and Mark Tami

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Mr. Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Beresford, Sir Paul
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Field, Mr. Mark
Fox, Dr. Liam
Francois, Mr. Mark
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Godsiff, Mr. Roger
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holloway, Mr. Adam
Horam, Mr. John
Horwood, Martin
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Malins, Mr. Humfrey
Maples, Mr. John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Milton, Anne
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Paice, Mr. James
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard

Stanley, rh Sir John
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Mr. Ian
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Jeremy Wright and
Mr. Stewart Jackson

Question accordingly agreed to.

Bill read the Third time, and passed.

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees),

ROAD TRAFFIC

That the draft Passenger and Goods Vehicles (Recording Equipment) (Downloading and Retention of Data) Regulations 2008, which were laid before this House on 28th November, be approved.—*[Ms Diana R. Johnson.]*

Question agreed to.

Regional Ministers

Motion made, and Question proposed, That this House do now adjourn.—*[Ms Diana R. Johnson.]*

10.14 pm

Daniel Kawczynski (Shrewsbury and Atcham) (Con): Thank you, Mr. Speaker, for allowing me to introduce this important debate on the role of regional Ministers. When the announcement was made in summer last year, I was quite pleased with the concept of regional Ministers. Not everybody agreed with me, but I felt that it was a good idea, because inevitably one sometimes has to deal with issues that are not specific to one's own constituency, but involve many other parts of the region in which one's constituency is situated. In our case, one of those problems is, of course, flooding. Regrettably, Shrewsbury floods regularly, but it is not alone: many communities all along the River Severn are affected. I thought that having a regional Minister would give me the opportunity to work with other Members of Parliament and the Minister responsible as a team to lobby the Government more effectively on a cross-party basis.

With that in mind, I immediately—on 2 August last year—sent a letter of congratulation to the hon. Member for Birmingham, Hodge Hill (Mr. Byrne) in which I invited him to Shrewsbury. I have sent repeated letters and e-mails and made telephone calls asking him please to fulfil his role as the Minister for the West Midlands and come to Shrewsbury.

At this point, I have to say something nice about the Labour party: my experience of meeting Ministers has been very good. When I wanted to see the former Prime Minister, the opportunity arose straight away, and I could take constituents to see him. The same is true of the Foreign Secretary, the Home Secretary and the Secretary of State for Defence. Labour Ministers have been most accommodating about meeting me, so why has it been so difficult for me to meet the regional Minister—the Minister responsible for the west midlands and, ultimately, for Shrewsbury?

On 3 August, in *The Birmingham Post*, the Minister for the West Midlands was quoted saying that he wanted to

"set about a 150-day consultation for an action plan"

for the west midlands. That was a good idea. The hon. Gentleman has a business background, as do I, and I think that the first thing a Minister should do in such a role is set about producing an action plan, in order to lobby on the region's behalf. However, I have spoken to the chief executives and the leaders of Shropshire county council and Shrewsbury and Atcham borough council and been told that nobody in either council has had any interaction with the Minister for the West Midlands. I put it to the Under-Secretary of State for Communities and Local Government, the hon. Member for Gloucester (Mr. Dhanda), how can one have a 150-day consultation to decide the priorities of the west midlands without any interaction with the chief executives and leaders of the councils of Shropshire, which is one of the most important counties—my hon. Friend the Member for North Shropshire (Mr. Paterson) will agree with me that it is the most important county—in the west midlands?

[Daniel Kawczynski]

The Minister for the West Midlands has not even come to Shropshire to discuss those issues. Regrettably, on the one occasion that he did come to the county, he did not inform me of his visit. He came in the week we all expected a general election—on 1 November—and he was photographed in the *Shrewsbury Chronicle* with the Labour candidate and Labour councillors.

Peter Luff (Mid-Worcestershire) (Con): My hon. Friend is making an important and cogent speech. I wrote to the Minister for the West Midlands and for Borders and Immigration on 13 November, inviting him to Worcestershire to explore an issue relevant to both the hats he wears. I have had no reply to that letter. However, last Saturday he was in Worcester addressing a seminar of the Worcester Labour party. A pattern may be emerging.

Daniel Kawczynski: I absolutely concur with my hon. Friend. I believe that the announcement of regional Ministers was yet more Labour spin. They are an opportunity for the Labour Government to have a regional Labour party co-ordinator or Labour party supremo, who will ensure that everything is done for the Labour constituencies and that as much publicity as possible is generated in Labour marginals in the west midlands and other regions. From now on, I shall be watching like a hawk and asking many questions about our regional Minister—where he is going and who he is meeting—so that the role of regional Minister does not become political but becomes what it is meant to be.

I know that you, Mr. Speaker, and many others feel passionately about the scrutiny that takes place in the House. We Back Benchers have a responsibility to provide that scrutiny, and our constituents feel passionately that we must hold the Government to account. Regrettably, none of the procedures allowing us formally to scrutinise the regional Minister has been put in place. We were promised regional Select Committees and regional questions, but they have not been introduced. Seven or eight months down the line, there are no mechanisms in place for holding a regional Minister to account in the Chamber. How on earth can we hold Ministers to account if no safety mechanisms have been put in place, and if it is extremely difficult to get hold of the Ministers?

We should have quarterly meetings with the regional Minister. We were not called to see him when he took up his position. When I was in business, when someone became a manager of a company, the first thing that they did was call in their sales force, set out objectives, and get to know the team on a professional and personal basis. None of us has had a team meeting. Many hon. Members present hold west midlands seats; we have not had a single meeting in the House of Commons with the regional Minister to discuss the priorities for the west midlands.

Mr. Andrew Mitchell (Sutton Coldfield) (Con): I am grateful to my hon. Friend for giving way to me in my capacity as shadow Minister with responsibility for Birmingham; I have a specific interest in the issue. He is making an extremely important point—

Mr. Speaker: Order. This is an Adjournment debate, and shadow Ministers do not get called in Adjournment debates. This is a Back Bencher's debate. The hon. Gentleman can speak as a Back Bencher, if he wishes.

Daniel Kawczynski: I am grateful to my hon. Friend for giving me the opportunity to mention Birmingham. Shropshire Members are concerned about the fact that Birmingham always gets priority in the west midlands. The Minister for the West Midlands represents a Birmingham seat—Birmingham, Hodge Hill. The BBC's politics website tells us what his priorities are, and they all seem to be focused on Birmingham. When will Shropshire get a look-in?

Mr. Mitchell: My hon. Friend makes an important point. He will have noticed that no fewer than 14 Conservative Members from the west midlands are attending this important debate. We in Birmingham cannot flush the regional Minister out, either. To try to find out what he was doing, I tabled a question asking

"what proportion of his working week the Minister for the West Midlands spent carrying out his regional responsibilities in the latest period for which figures are available."

I received a response that can only be described as insulting. I was told:

"Time spent on regional duties very much varies from week to week." —[*Official Report*, 10 January 2008; Vol. 470, c. 770W.]

That is not an acceptable answer, and I will table more questions. I hope that my hon. Friend agrees that we want to see the Minister doing the job with which he was charged, and we want him to be accountable to the House and the west midlands.

Daniel Kawczynski: I concur with my hon. Friend. I want meetings to be held, at least quarterly, for all west midlands Members of Parliament, in which we can scrutinise the Minister and get to know him on a professional and personal basis.

Mr. Edward Leigh (Gainsborough) (Con): Will my hon. Friend allow me to intervene?

Daniel Kawczynski: Yes, very quickly. This is the last intervention that I will take.

Mr. Leigh: The Minister for the East Midlands is equally invisible. Perhaps a pattern is emerging. Could the posts possibly be just a gimmick, and not a reality?

Daniel Kawczynski: Regrettably, I concur with my hon. Friend. There was a great fanfare when the role was announced, but given the lack of scrutiny Committees and regional questions, I fear that the Government are not serious about introducing the role properly. I genuinely want us all to work on a cross-party basis. All the west midlands Members of Parliament and the Minister for the West Midlands should meet in the region, and hold public meetings from time to time, so that members of the public can see us working together on a cross-party basis, debating the priorities for the west midlands. I am sure that it would help us to engage more with members of the public, rather than deciding the priorities of the west midlands in secret meetings in the House or according to the Minister's own agenda.

Mr. Denis MacShane (Rotherham) (Lab): I am grateful to the hon. Gentleman for giving way, especially after his appeal for a debate on a cross-party basis. Which of the departmental question days would he sacrifice for regional questions? Will he inform the House, to guide the Government?

Daniel Kawczynski: As the right hon. Gentleman knows, it is not my responsibility to define the appropriate time. The Government announced regional Ministers, and as he knows, it is the responsibility of the Government to find the appropriate time.

Mr. Owen Paterson (North Shropshire) (Con): Will my hon. Friend give way?

Daniel Kawczynski: In a moment.

The Minister for the West Midlands has been described as the most important man in the west midlands by BBC Politics. If he is indeed the most important man in the west midlands, by golly, I want him in Shropshire, and I want him to understand the key issues affecting Shropshire. That is why I feel so angry that he has not been to Shropshire in an official capacity and he is not interacting with my council.

I give way to my neighbour, my hon. Friend the Member for North Shropshire (Mr. Paterson).

Mr. Paterson: I congratulate my hon. Friend on securing the debate. Will he make the simple point to the Minister on the Front Bench, the Under-Secretary of State for Communities and Local Government, the hon. Member for Gloucester (Mr. Dhanda), that he is not the Minister for the West Midlands, the hon. Member for Birmingham, Hodge Hill (Mr. Byrne)? The Minister for the West Midlands is not interacting with this cross-party debate in the House of Commons to discuss his ministerial role.

Daniel Kawczynski: Indeed. When I was interviewed, I tried to raise the point with *The Birmingham Post* and to say how concerned I was about the matter and that I would call a debate. In reply, the Minister said in the major Birmingham newspaper that he would welcome such a debate because he would want to highlight my shortcomings as an MP—[HON. MEMBERS: "Short?"] The Minister said he would discuss my shortcomings as an MP and suggest that Shrewsbury would be better off represented by a Labour politician. Nobody feels more passionately about Shrewsbury than I do, and I will continue to fight for the people of Shrewsbury with all my heart and passion for as long as they allow me to do so. Having refused to see me for the past six months, what does the Minister for the West Midlands know of my shortcomings?

I thank you, Mr. Speaker, for giving me the opportunity of holding this debate, which has finally given me the chance to scrutinise the Minister. This is Parliament in action. A Member of Parliament cannot get hold of the Minister, who repeatedly refuses to reply to letters, phone calls and e-mails, so I am grateful to you for allowing me to highlight my concerns on the record.

Because the Minister knew that the debate was to take place, by some strange, lucky coincidence I finally managed to have a meeting with him yesterday—[HON. MEMBERS: "Ah!"]—in the Pugin Room for half an hour over a cup of tea. [HON. MEMBERS: " Who paid?"] I do not recall; I think that the Minister paid for the tea. As a result of that meeting, the Minister promised to come to Shrewsbury and meet all the Members of Parliament from Shropshire, as well as our county council and all the district councils in order to evaluate the priorities of Shropshire and to work closely with us. My hon. Friends will be displeased with what I am about to say. I found the Minister to be a charming man, clearly professional, highly educated, and one of those rare entities in the Labour party—somebody who has been in business. I was impressed with that, because he spoke as a business man, with that sense of professionalism. I was fuming before he arrived, but when he left after half an hour I was somewhat pacified and much more relaxed. I very much hope that he will fulfil his obligation—

Mr. Stephen Crabb (Preseli Pembrokeshire) (Con): Where is he?

Daniel Kawczynski: I ask, please, for no barracking from my own side.

I hope that the hon. Member for Birmingham, Hodge Hill will now play his role, be an effective Minister for the West Midlands and help me look after Shropshire. I quite like him as an individual; I think that he has been let down by the system. Frankly, the Government are not treating the role of regional Ministers properly and I want to hear from the Under-Secretary about the concrete steps that he will take to make sure that we, as Members of Parliament in the west midlands, can hold the Minister responsible to account.

10.30 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Parmjit Dhanda): I congratulate the hon. Member for Shrewsbury and Atcham (Daniel Kawczynski) on securing this debate. I have often taken part in Adjournment debates and usually there are only a couple of us here. It is terrific that at least a dozen of the hon. Gentleman's colleagues are here with him. I am grateful to the hon. Gentleman for ringing me at my constituency office as well as at the Department on Friday. He said that he wanted this to be a moderate, measured and positive debate, with no knocking. I am delighted to hear of the new relationship that he has forged with his regional Minister in the past 24 hours. Long may that continue.

Michael Fabricant (Lichfield) (Con): Why is he not here?

Mr. Dhanda: Part of the reason may be that although the focus of the points made by the hon. Member for Shrewsbury and Atcham was on the west midlands and his regional Minister, the title of his debate is about the role of regional Ministers. That is why I am here—to talk about the role across the board, and not just in respect of that specific regional Minister.

I hope that the hon. Gentleman will agree that the Government have long been committed to strengthening regional and local institutions, in Shrewsbury and

[Mr. Dhanda]

elsewhere—whether through our modernisation of local government so that it is better able to lead and provide key services for the communities that it serves, or through creating regional development agencies to improve regional economic performance and to ensure that every part of our country benefits from the sustained economic growth that we have seen in recent years. Regional Ministers are a further example of that commitment to devolution and decentralisation.

The plan to have a Minister for each of the nine English regions was announced last June. The remit for each of my nine colleagues is to be both an advocate for the region and a representative of central Government in the region. That is an important new development in the Government's empowerment of the English regions, and a further recognition that not every decision can or should be taken within a mile of Westminster. Having regional Ministers complements the Government's approach to local freedoms and flexibilities set out in last year's local government White Paper. It is also in accord with the recommendations of the review of sub-national economic development. That will improve the effectiveness of regional governance and regional economic performance in particular. The hon. Gentleman will want me to get on to the issue of governance and accountability, not least to answer some of the questions raised in interventions; I shall try to get to that bit as quickly as I can.

Regional Ministers are already contributing to the leadership of their regions and influencing Whitehall on their regions' behalf. In the west midlands, my hon. Friend the Member for Birmingham, Hodge Hill (Mr. Byrne) is doing an excellent job representing the region in Government and Government in the region. He is working closely with local government and other civic leaders to ensure that people in the region have access to good-quality jobs and affordable homes.

I hear what the hon. Member for Shrewsbury and Atcham said about Shropshire. I am pleased to hear that my hon. Friend will be visiting, and that he met the hon. Gentleman for half an hour. I am sure that that will be the first of many meetings. My hon. Friend is providing leadership of the implementation of the sub-national review in the west midlands and has taken an active interest in the renewal of Birmingham New Street station—a project of regional and national importance, and one that is important to all of us.

Similarly, in my own region and constituency the support and influence of the Minister for the South West, my hon. Friend the Member for Exeter (Mr. Bradshaw), was a great help when we had flooding problems similar to those that the hon. Gentleman experienced. I am almost afraid to mention the word "flooding" tonight, because I fear that very many of my own constituents are concerned for their homes at the moment. The system has been a help around the country, where regional Ministers have been able to engage with such difficulties and to support local constituency Members of Parliament.

Those are just two examples, but in every other region regional Ministers are helping to galvanise regional institutions and to improve the delivery of local public services. The appointment of regional Ministers as regional champions also creates a new opportunity to strengthen the regional voice within Government. They channel regional and local views into central Government policy development at the most senior levels.

Peter Luff *rose—*

Mr. MacShane *rose—*

Mr. Dhanda: I will give way briefly to my right hon. Friend the Member for Rotherham (Mr. MacShane), but if I give way again after that, I would rather do so to the hon. Gentleman whose debate this is, because we are very short of time.

Mr. MacShane: I am deeply grateful to my hon. Friend. I fully accept and support all his arguments; the hon. Member for Shrewsbury and Atcham (Daniel Kawczynski) has also made powerful arguments. Is not the concept of Her Majesty appointing a Minister that he or she is accountable and has to explain his or her duties to Parliament? [HON. MEMBERS: "Then where is he?"] No—the hon. Member for Shrewsbury and Atcham has raised an important point in a non-partisan way. Will my hon. Friend indicate if there is any thinking as to whether at any stage these Ministers might be accountable here?

Mr. Dhanda: Indeed. I am coming to the issue of accountability to Parliament, which is the thrust of Members' questions, and rightly so.

Last summer's floods and foot and mouth outbreaks are good examples of regional Ministers' role out in the constituencies. Regional Ministers representing the worst affected regions were in close touch with the relevant Ministers and agencies to ensure a concerted, coherent response in the immediate aftermath. As well as individual representations, that work is co-ordinated through a regional Ministers network jointly chaired by my right hon. Friends the Secretary of State for Communities and Local Government—my Department—and the Secretary of State for Business, Enterprise and Regulatory Reform.

The role of regional Ministers is described in the Green Paper "The Governance of Britain", published on 3 July. They will: be a visible presence in the region; provide leadership in relation to specific issues; promote national policies regionally; maintain close relationships with relevant regional stakeholders such as regional development agencies; promote achievement of the Government's regional economic performance objectives; and advise my right hon. Friends the Secretary of State for Business, Enterprise and Regulatory Reform and the Secretary of State for Communities and Local Government on the approval of regional strategies and my right hon. Friend the Secretary of State for Business, Enterprise and Regulatory Reform on RDA board appointments.

Peter Luff: The hon. Gentleman is making a case, but it is literally incredible. The Minister for the West Midlands added nothing to the debate about flooding in the west midlands. His Cabinet colleagues and Ministers in other Departments did, but he did nothing whatever. He does not even reply to letters from

Members. He is not accountable and he is adding no value. The system that the hon. Gentleman is describing does not exist in practice, and I wish that he would realise that.

Mr. Dhanda: I think that the hon. Gentleman is being unfair. I do not personally like hon. Members in any part of this House talking in those terms about others who are not here to defend themselves.

Hon. Members: They should be here.

Mr. Speaker: Order. Let me get one thing straight for the record. It is not the case that any particular Minister should be here. It is the Government's right to put up a Minister to answer the Adjournment debate. There is a Minister here, everything is in order, and it has been good-natured so far.

Peter Luff *rose—*

Mr. Speaker: We should remember that we are eating into an hon. Member's time.

Peter Luff: On a point of order, Mr. Speaker. I was accused of attacking an hon. Member in his absence. I was not doing that; I was attacking the system, not the individual.

Mr. Speaker: That is clear.

Mr. Dhanda: Thank you, Mr. Speaker. That has cleared that up.

Daniel Kawczynski: I shall make only one intervention. I know that the Minister is coming to the important point raised by the right hon. Member for Rotherham (Mr. MacShane) about accountability in this House. But one day the Minister will find himself a Member of Parliament under a Conservative Administration, and when we are in office I am sure that he will want the same effective access to a regional Minister that he has at the moment under a Labour Government. Will he assure me that shire counties, particularly those with Conservative local authorities and Conservative MPs, will not face a second-class service from regional Ministers compared with that enjoyed by our Labour colleagues?

Mr. Dhanda: As the Member representing Gloucester, in a shire county, I can say that we have had a good response and good support from our regional Minister, and I believe that that is the case in the other regions as well.

The Government have not sought to micro-manage the role of regional Ministers. It is for regional Ministers to decide how they can contribute most effectively to their region. I know that all regional Ministers have had an extensive series of visits and meetings with key players in their region, and I hope that the hon. Gentleman's meeting yesterday will prove useful for him and for what happens in his county. My hon. Friend the Minister for the West Midlands has visited 14 constituencies since he was appointed. My right hon. Friend the Minister for the North East has visited 20 constituencies, and he finds time to be the deputy Chief Whip as well, so it important to mention him. Regional Ministers have used their knowledge, combined with their own substantial experience of their region, to develop their priorities and their own regional style.

Parliamentary accountability of regional Ministers has been the subject of some speculation. In "The Governance of Britain" we make clear the Government's view that regional Ministers should be accountable through parliamentary questions and scrutiny by parliamentary Committee. In common with last year's Communities and Local Government Committee report on regional government, the Government believe that one means of achieving such scrutiny could be the establishment of nine regional select committees. Furthermore, in the sub-national review, we also made clear our support for greater parliamentary scrutiny of regional institutions and regional economic policy. That process too could be Committee-based, on either the Select Committee or the Standing Committee model. I would be interested to hear the views of the hon. Gentleman, and those of Members throughout the House, as to the best way of doing that.

The Government have made clear their position on greater scrutiny of regional institutions. The exact details are now a matter for Parliament, and I hope that hon. Members who are genuinely interested in this debate will take the opportunity to articulate their views. I welcome the Modernisation Committee's announcement in October of its inquiry into regional accountability. The Government will be submitting their evidence in due course. I have no doubt that the Modernisation Committee will also consider whether there should be any changes to the current position on parliamentary questions put to regional Ministers, which are at present answered on their behalf by my right hon. Friends the Secretary of State for Communities and Local Government and the Secretary of State for Business, Enterprise and Regulatory Reform, although such questions do go through a process of being seen by regional Ministers as well. I look forward to the Committee's inquiry—

The motion having been made after Ten o'clock, and the debate having continued for half an hour, MR. SPEAKER *adjourned the House without Question put, pursuant to the Standing Order.*

Adjourned at sixteen minutes to Eleven o'clock.

House of Commons

Wednesday 16 January 2008

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

WALES

The Secretary of State was asked—

Research Funding

1. **Ian Lucas** (Wrexham) (Lab): What recent discussions he has had with the Secretary of State for Innovation, Universities and Skills on funding for research for universities in Wales; and if he will make a statement. [177783]

The Parliamentary Under-Secretary of State for Wales (Huw Irranca-Davies): I have regular discussions with ministerial colleagues at the Department for Innovation, Universities and Skills to discuss a variety of issues affecting Wales, and Welsh universities have a vital role to play in meeting the challenges of the future, not only in increasing the knowledge economy of Wales, but in encouraging entrepreneurship and innovation.

Ian Lucas: North East Wales institute in my constituency, which we all hope will shortly be a university, has a proud record of research, particularly in attracting private investment into research. Since 2001, it has raised £2.7 million for its polymer investment programme, 80 per cent. of which has come from the private sector—

Mr. Speaker: Order. The hon. Gentleman must not make a speech. He can put a question—how's that?

Ian Lucas *indicated dissent.*

Mr. Speaker: That is even better still. The Minister can answer now.

Huw Irranca-Davies: I got the gist of it, Mr. Speaker; I am happy to reply. The North East Wales institute has been right at the forefront of research. It has received £120,000 from the research investment fund since 2004-05. In particular, its innovation centre has made remarkable progress through links with Rolls-Royce, Airbus UK, Siemens, Jaguar and DaimlerChrysler. My hon. Friend will continue to receive support from myself and my right hon. Friend the Secretary of State; there is no more powerful advocate for the North East Wales institute than my hon. Friend.

Mark Williams (Ceredigion) (LD): Despite the Minister's professed support for research funding, is he aware of the potential cuts to the physics funding of the Science and Technology Facilities Council, which will amount to 25 per cent. over three years, and the detrimental effect that that will have on such institutes in Aberystwyth? Will he continue his dialogue with the Department for Innovation, Universities and Skills and his colleagues at the STFC in order to find us some alternative funding?

Huw Irranca-Davies: My right hon. Friend the Secretary of State and I will always continue such discussions, but I am sure that the hon. Gentleman will welcome the fact that in the 2005-06 academic year, for the very first time, Welsh universities accounted for 11 per cent. of UK-wide income from collaborative research, outperforming six of the nine English regional development agency regions. Wales is doing very well in research, but it must do more, and we will continue to support Wales as it drives forward in the knowledge economy.

Dr. Hywel Francis (Aberavon) (Lab): The Secretary of State has long been a champion of higher education in Wales, particularly with regard to its support of the knowledge economy. Does my hon. Friend the Under-Secretary agree that the forthcoming inquiry by the Select Committee on Welsh Affairs into cross-border issues affords the Wales Office and the DIUS a unique opportunity to give evidence on how we can best address the question of the research funding deficit in Wales? In so doing, we can help to strengthen the link between technology transfer and research funding in order to advance the cause of the knowledge economy in Wales.

Huw Irranca-Davies: Indeed; my hon. Friend's commitment to higher education and his background in HE in Wales are well known, and the Wales Office would welcome any opportunity to appear before the Welsh Affairs Committee to give evidence to that very important inquiry into the future of skills and knowledge in Wales. I know that he will welcome the recent substantial increase in the Department for Business, Enterprise and Regulatory Reform science and innovation budget—an increase from £5.4 billion in 2007 to £6.3 billion in 2010-11. That is positive news for Welsh HE, delivered under a Labour Government.

Manufacturing

2. **Mr. Nigel Evans** (Ribble Valley) (Con): What discussions he has had with the First Minister on the manufacturing industry in Wales. [177784]

The Secretary of State for Wales (Mr. Peter Hain): Periodic ones. I have never known Welsh questions to be so popular, and I welcome everybody.

Mr. Evans: Since the right hon. Gentleman took the position of Secretary of State for Wales in 2002, more than 23,000 manufacturing jobs have been lost. Those

who lost their jobs would not have been reassured to learn that when the Secretary of State should have been looking after their interests he had two jobs and was seeking another, the handling of which was described by the Prime Minister yesterday as incompetent. Given the Secretary of State's growing lack of credibility and the mire that now surrounds him, would not the best prospect for new jobs in Wales be for him to quit his two jobs today?

Mr. Hain: Thanks for that supporting question. Let me give the hon. Gentleman a quote:

"Wales has got a huge amount going for it...Wales has got great universities, a vibrant business sector, a tradition of excellence in engineering and manufacturing."

Those are not my words, but those of the Leader of the Opposition only last month.

Mr. Martin Caton (Gower) (Lab): Unemployment in Gower is now considerably less than half of what it was in 1997. However, at the beginning of this week, we learned from 3 Ms, a flagship manufacturer in Gower, that it is reviewing some operations in the Gorseinon factory. Will my right hon. Friend meet me to discuss the future of 3 Ms in Gorseinon?

Mr. Hain: I will be happy to do so. I remind my hon. Friend and everybody that Wales is a great place to do business at the moment. Only recently, the Royal Bank of Scotland found that manufacturing output continues to expand. The business climate is excellent. Wales is going from strength to strength, despite global uncertainty and financial instability. Everybody, including manufacturers, should come to Wales, because it is the best place to be.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): Given that between June 1999 and June 2007 21 per cent. of manufacturing jobs were lost in Wales, does the Secretary of State agree that it is excellent news that Rigcycle Ltd has bought two quarries in Blaenau Ffestiniog and one in Penrhyn in Bethesda? Will he do all he can with his colleagues in the National Assembly to assist the company to expand even further? Does he agree that, Welsh slate, as a premier product, could do with more advertising worldwide?

Mr. Hain: I completely agree. As the hon. Gentleman knows better than anybody, the opportunity for Welsh slate is great. We should work together—I know that the Welsh Assembly Government will work with us—to advance the prospects of Welsh slate. I congratulate him on his work; we should ensure that the initiative in his constituency goes from strength to strength.

Mr. Don Touhig (Islwyn) (Lab/Co-op): My right hon. Friend knows that General Dynamics in my constituency leads a £60 million defence research consortium with the Ministry of Defence, involving the universities of Cardiff, Cambridge and Imperial. What are the Government doing to ensure that the innovative ideas that come from that research benefit manufacturing industries in Wales?

Mr. Hain: My right hon. Friend will remember that I visited that factory with him. It is a fine example of manufacturing excellences in Wales, along with many others, such as the European Aeronautic Defence and Space company—EADS—which I visited, Airbus, the Metrix consortium and Visteon, with which I have worked. We will work closely with him and General Dynamics to see what opportunities there are. We will continue to invest in higher education and in skills and high technology to ensure that global companies such as General Dynamics continue to view Wales as an excellent base from which to operate.

Mrs. Cheryl Gillan (Chesham and Amersham) (Con): When supporting manufacturing business in Wales, on what basis do Wales Office Ministers decide whether to give a personal endorsement to a manufacturing or other commercial operation in Wales, such as the Cuddy group? Does the Secretary of State have any regrets about the business endorsements that he has made as Secretary of State for Wales in the past two years?

Mr. Hain: I have absolutely no regrets—*[Interruption.]*—about the business endorsements that I have given in Wales. *[Interruption.]*

Mr. Speaker: Order. The House should allow the Secretary of State to answer.

Mr. Hain: I was asked about the business endorsements in Wales that I gave as Secretary of State. I am proud to visit companies, whether manufacturers such as General Dynamics, construction companies such as Cuddy's, or financial companies such as Picture Financial, which create more jobs. I have often accepted invitations from hon. Members who represent Welsh constituencies. It is right that the Secretary of State for Wales gives his support to the growth and success of Welsh business.

Let me give the hon. Lady a quote:

"Most of the manufacturing capacity in sectors which are globally uncompetitive has already moved offshore, and the smaller manufacturing sector which remains in the UK is much better positioned to compete."

The CBI Wales director, David Rosser, made that statement only a month ago, speaking from Wales.

Mrs. Gillan: In the light of the Secretary of State's enthusiasm, will he arrange for the publication of all exchanges with the permanent secretary responsible for the Wales Office that relate to his dealings with businesses, especially those that he has endorsed, so that we can reassure manufacturing business that his Department is both competent and free of bias?

Mr. Hain: Let me say this to the hon. Lady: if she were doing my job, which she wants to do, I would perceive it as her duty to accept invitations from successful Welsh businesses—manufacturers and others—to give them support. Why is she attacking that?

She should applaud the statement that,

"the business sector in Wales seems to be going from strength to strength."

It was made by Professor Dylan Jones-Evans, the director of the national entrepreneurship observatory for Wales and Conservative candidate for Clwyd, West in last year's Assembly elections.

Nia Griffith (Llanelli) (Lab): I compliment my right hon. Friend on his effective liaison with colleagues in the Welsh Assembly Government. What discussions has he had with Welsh Assembly Government colleagues about using the framework powers in the Education and Skills Bill to redress the gender imbalance and encourage more young women to take up apprenticeships and careers in manufacturing?

Mr. Hain: As my hon. Friend knows, we have had regular discussions—I with the First Minister and others with the Welsh Assembly Government—about the Bill. She is right: it is essential that we get more young women especially into apprenticeships. I remember visiting a training centre in the constituency of my right hon. Friend the Member for Islwyn (Mr. Touhig), where I had a discussion with a training official who was trying to persuade young girls to switch from hairdressing into plumbing, making it clear that it offered more opportunities for flexible working and greater wealth. *[Interruption.]* Conservative Members are decrying the opportunities for young women in Wales that this Labour Government are providing, when they should be supporting them.

Local Government Funding

3. **Simon Hughes** (North Southwark and Bermondsey) (LD): What discussions he has had with the First Minister on financial allocations to local councils in Wales; and if he will make a statement. [177785]

The Parliamentary Under-Secretary of State for Wales (Huw Irranca-Davies): Regular discussions take place with the First Minister on such matters. The Welsh Assembly Government have delivered, including in their announcement yesterday, a realistic settlement for local government that represents a fair deal for Wales.

Simon Hughes: Given that the Wales Office budget has doubled and that there are £40 million of reserves in the Welsh Assembly accounts, was it incompetence or intentional that the Secretary of State and the First Minister delivered a below-inflation settlement for the 22 Welsh councils, which means that front-line services the length and breadth of Wales will be at risk in the coming year?

Huw Irranca-Davies: I honestly thought that the hon. Gentleman was going to echo the sentiments of the individual who said:

"We are delighted that the many representations by the council's elected members and others on its behalf have been recognised and responded to in this way."

That was said by a spokesman for Powys county council yesterday. The Welsh Assembly will ensure that all councils receive an increase in funds of at least 2 per cent. An extra £4.7 million was announced yesterday by Finance Minister Andrew Davies, which will mean an average rise of 2.4 per cent. Councils such as Powys and Ynys Môn, which had been allocated 1 per cent., will benefit greatly. I honestly thought that the hon. Gentleman might mention that.

Albert Owen (Ynys Môn) (Lab): My hon. Friend is right. I thank him and the Secretary of State, who has an excellent record on delivering for Ynys Môn and its people, for the flooring in the mechanism. It is important that that flooring continues over the comprehensive spending review period, as the Home Office has provided for police authorities in Wales, so that local authorities can plan year on year and deliver adequate services. Will the Wales Office liaise with the Welsh Assembly Government to ensure that that happens?

Huw Irranca-Davies: My hon. Friend has been one of the most powerful advocates in recent days and weeks on the issue, and I know that he will have welcomed yesterday's announcement. We will continue to argue strongly for a fair deal for Wales. My right hon. Friend the Secretary of State has visited my hon. Friend's constituency, and so have I. Perhaps I could extend an invitation to the hon. Member for North Southwark and Bermondsey (Simon Hughes) to visit Bridgend, which has one of the best settlements in Wales, but which is in the shameful position of having the lowest spending on primary schools in Wales. Will he please visit and explain to the Lib-Dem leadership there what it needs to do right?

David T.C. Davies (Monmouth) (Con): The Minister will know that the funding formula is skewed against rural authorities in Wales, which is why Monmouthshire has had the highest council tax increase of any authority in the United Kingdom over the past 10 years. Will he do something about that—if in a short while he wields greater influence in the Wales Office than he does at the moment?

Huw Irranca-Davies: The hon. Gentleman fails to mention, as he once again launches into a diatribe against the Welsh Assembly and everything Welsh, that the last three financial years have seen the lowest council tax rises since the council tax was introduced in Wales. What a contrast with the Conservative years.

Mr. Roger Williams (Brecon and Radnorshire) (LD): Despite the small improvements announced yesterday, many councils still face very tight financial settlements that are leading them to consider cuts in services or increases in council tax. What discussions has the Minister had with his Assembly colleagues to ensure that Welsh councils will be able to deliver on the equal pay agenda, so that women who have been disadvantaged for so long can now get equal pay for equal work? Or does he have some other funds for these progressive policies?

Huw Irranca-Davies: The hon. Gentleman raises a vital point, and I assure him that we raise these issues continually with Welsh Assembly Government Ministers and with the Welsh Local Government Association, whose representatives I met on Monday. There is a determination to deliver on equal pay, as there should be, and we will deliver it—I hope with cross-party support—because we have a Labour-led Administration with Plaid Cymru in Wales, and a Labour Government here.

Chris Ruane (Vale of Clwyd) (Lab): The Minister will be aware that the Welsh block grant rose from £6.5 billion in 1997 to more than £14 billion this year. Yes, we need more money, but does he agree that the issue in Wales is how to get value for money from our

local authorities? What discussions is he having with his Welsh Assembly colleagues to ensure that we get value for money in Wales?

Huw Irranca-Davies: My hon. Friend is entirely correct that we must not only deliver the investment in Wales, as the Labour Government are doing, but ensure that the right reforms and efficiencies are in place. In the Finance Minister's statement yesterday, he made it clear that the extra investment will go hand in hand with efficiencies, reforms and delivery. I know that my hon. Friend will also welcome the announcement in this budget of in excess of £1.2 billion extra for health; a substantial increase in the number of apprenticeships, with an extra £25 million over the next three years; £6 million extra for alcohol and drug rehabilitation; and £120 million for affordable child care. Why are all those announcements significant? It is because they are being delivered under Labour.

Devolved Government

5. **Andrew Rosindell** (Romford) (Con): What his policy is on increasing the National Assembly for Wales's legislative competence. [177787]

The Secretary of State for Wales (Mr. Peter Hain): We are committed to giving the National Assembly for Wales new law-making powers through the provisions of the Government of Wales Act 2006.

Andrew Rosindell: I thank the Secretary of State for his reply, but does he accept that there has been no consultation among the people of Wales on the new powers for the Assembly? Why will he not allow the people of Wales to choose, in a referendum, whether they want the Assembly to have those powers?

Mr. Hain: Parliament is the proper source for granting extra powers and passing the legislation so to do. The powers that are now being exercised through Orders in Council and the framework powers being established in primary legislation are within the terms of the settlement endorsed by the people of Wales in a referendum in 1997, which the hon. Gentleman's party opposed.

Mr. David Jones (Clwyd, West) (Con): Last year, the Welsh Assembly Government applied to the Wales Office for framework powers conferring legislative competence to be included in the Planning Bill. Six months later, the Bill has had its Second Reading and is now in Committee, yet the draft clauses relating to those powers have still not been produced. Will the Secretary of State please tell us whether that unacceptable delay is the product of deliberate policy, administrative oversight or simple incompetence?

Mr. Hain: As the hon. Gentleman knows—I think that he was present for it—there was a briefing on the Planning Bill given by my hon. Friend the Under-Secretary of State for Wales and the Minister concerned last week. At that briefing, it was explained why the complexities involved meant that the framework clause was not yet ready. When it is ready, the hon. Gentleman will be given an opportunity, as will his hon. Friends and all other Members who have an interest, to question the Ministers concerned. The measure will be subject to proper scrutiny, as it will be throughout the process as it goes into the Bill and is debated in the House.

Ryder Cup

6. **Paul Flynn** (Newport, West) (Lab): What discussions he has had on preparations for the Ryder cup to be held in Newport in 2010. [177788]

The Parliamentary Under-Secretary of State for Wales (Huw Irranca-Davies): My right hon. Friend the Secretary of State and I have regular discussions with colleagues in the Welsh Assembly Government and elsewhere about issues affecting Wales, including the preparation for major events. In fact, I am planning to meet representatives of Ryder cup Wales in the near future to discuss the preparations for 2010.

Paul Flynn: Will my hon. Friend redouble his efforts to ensure that the great enthusiasm of all of Wales for the Ryder cup is shared by people throughout the UK? Is he looking forward, as I am, to that glorious day in 2010—a few months after the next general election—when I, the newly re-elected Member for Newport, West, will welcome the right hon. Member for Neath (Mr. Hain) to Newport to congratulate him on his eighth successive year of distinguished service as Secretary of State for Wales?

Huw Irranca-Davies: My right hon. Friend, who has been a huge supporter of the Ryder cup, will indeed look forward to that glorious day and to the re-election of my hon. Friend. Certainly, the Ryder cup is welcomed across Wales and the UK—with its massive investment in infrastructure and jobs, the involvement of the private sector in Newport, and new hotel development. It is a great tribute to the work that Wales has done in remodelling itself as the venue for top-class sporting events.

Adam Price (Carmarthen, East and Dinefwr) (PC): Of course, the Ryder cup will not be a success if people are unable to get to it, so will the Minister give an assurance that the construction of Crossrail along the Great Western main line, which is due to commence in 2010, will not cause huge disruption to train services from Paddington to Newport?

Huw Irranca-Davies: The hon. Gentleman makes a fair point and I am happy to take up that issue. It is important to have the infrastructure in place so that people can make use of it. I am sure that the hon. Gentleman will welcome not only the massive investment in Newport but the legacy of the Ryder cup in Wales, the wider investment in golf across Wales and the fact that Wales now stages the rugby world cup, the Heineken cup final, the FA cup final and the Wales rally GB. Wales is now truly the destination for world-class sporting events.

Mrs. Madeleine Moon (Bridgend) (Lab): What assessment has been made of the impact of the 2010 Ryder cup on my constituency in respect of economic, tourism, social and sporting prowess? Bridgend has

some of the best golf courses in the UK, including the Royal Porthcawl, which is very popular with the Japanese ambassador, who regularly plays there.

Huw Irranca-Davies: My hon. Friend is unusually well informed about the activities of the Japanese ambassador, but it is indeed true that he plays there every month. It is estimated that the Ryder cup brought £88 million into the Irish economy in the tournament week alone and studies are progressing on how much it will bring into the wider Welsh economy and Bridgend. I have no doubt that our success in getting the Ryder cup will once again put us at the highest level in attracting investment and providing a sporting legacy for Wales.

Environment

7. **Gregory Barker** (Bexhill and Battle) (Con): What recent discussions he has had with the First Minister on the environment in Wales. [177789]

The Secretary of State for Wales (Mr. Peter Hain): I have regular discussions, for instance on our joint support for the Severn barrage, which will be by far the biggest renewable energy project in Britain.

Gregory Barker: How will the opening, in the teeth of local opposition, of Britain's largest ever open-cast coal mine near Merthyr Tydfil help the UK meet its 2020 carbon reduction targets?

Mr. Hain: There is still a demand—indeed, an increasing demand—for Welsh coal and proper environmental standards apply to such applications and projects. We will need to move towards clean coal through carbon capture and storage in order to ensure that, where coal makes a contribution to our future energy mix, it is clean.

Defence Training Programme

8. **John Smith** (Vale of Glamorgan) (Lab): What progress is being made on the Defence Training Programme at RAF St. Athan; and if he will make a statement. [177790]

The Parliamentary Under-Secretary of State for Wales (Huw Irranca-Davies): I welcome the progress made so far on delivering an excellent package that meets our defence training needs. Work is expected to begin at St. Athan as early as next year.

John Smith: I thank my hon. Friend for that reply and I thank him and the Secretary of State for their work in attracting this multi-billion pound investment to Wales. If all of Wales is to benefit from it, we must get the planning right. Will my hon. Friend agree to meet me to discuss the local authority's planning strategy to ensure that it appreciates the sheer scale and strategic importance of this economy-changing development?

Huw Irranca-Davies: My hon. Friend once again proves why he recently won the campaigner of the year prize at the Welsh politicians' awards for his work on St. Athan. It was thoroughly deserved. I am more than happy to meet him once again, as will be my right hon. Friend the Secretary of State. The St. Athan development will bring £11 billion-worth of investment, creating thousands of direct and indirect jobs from 2013. It is the largest single Government investment in Wales and is thoroughly to be welcomed.

Mark Pritchard (The Wrekin) (Con): Is the Minister aware that, according to a recent survey by the Public and Commercial Services union, 72 per cent. of the defence personnel who are expected to move to Wales from RAF Cosford in my constituency are either unwilling or unable to do so? Is it not about time we were given some transparency in the planning problems mentioned by the hon. Member for Vale of Glamorgan (John Smith)?

Huw Irranca-Davies: The hon. Gentleman is a good advocate for his constituents. He will know that Cosford has been recommended for 102 Logistics Brigade and 1 Signal Brigade when they return from Germany, subject to development plans and value for money. If the defence community is located at Cosford, Metrix will remain committed to a learning centre and design facility there.

I should welcome it if, for once, the hon. Gentleman actually stood up and said what a good job this is for Wales, particularly given his role on the Welsh Affairs Committee.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [179207] **Mr. Robert Flello** (Stoke-on-Trent, South) (Lab): If he will list his official engagements for Wednesday 16 January.

The Prime Minister (Mr. Gordon Brown): This morning I had meetings with ministerial colleagues and others. In addition to my duties in the House, I shall have further such meetings later today.

Mr. Flello: Despite a decade of economic stability with low inflation and low interest rates, my constituents—*[Interruption.]*

Mr. Speaker: Order. Hon. Members must let the hon. Gentleman give his good news.

Mr. Flello: Thank you, Mr. Speaker.

Despite those achievements, my constituents are now understandably concerned about the way in which global economic issues affect them. How does my right hon. Friend feel that these events compare with those of the early 1990s, when Britain was plunged into recession after recession?

The Prime Minister: It is right that people are concerned about what is happening in the global economy, and it is right that people want to know, as a result of global financial turbulence, what will happen to our economy over the next few months. That is why

I am pleased to say that yesterday's inflation figures showed that our inflation rate was 2.1 per cent., half the rate in America, and why I am also pleased to report that today's employment figures showed that employment had risen by 175,000 in the last quarter, and was up by a quarter of a million over the year. Unemployment is down, the claimant count is down and inactivity is down. Under our Government, unemployment is down and employment up: we have the best employment record in history.

Mr. David Cameron (Witney) (Con): Last year, the Government promised that they would get back all the taxpayers' money lent to Northern Rock. Can the Prime Minister tell us the exact amount of both the loans and the guarantees, and will he repeat today the pledge that all the taxpayers' money will be paid back?

The Prime Minister: That is our intention. If I may say so, I welcome the chance to bring the House up to date on what is happening with Northern Rock. Northern Rock shareholders and depositors were let down by bad management. It was a bad business plan.

In September, the Leader of the Opposition was good enough to say that he overwhelmingly supported our action. The action that we took was first to ensure that there was stability in the economy, and we said that to ensure stability we would secure the deposits of all Northern Rock depositors. We also said that we would stand behind the company with support from the Bank of England. In the next few weeks we will consider how we can find buyers for Northern Rock, and I think everyone in the House would say that we should rule out no option in doing so. That is the right course to take.

Let me tell all Members what comes first. We had to intervene to ensure stability, so that the instability of Northern Rock would not spread across the economy. That is what we have achieved over the past four months, and the Opposition should be supporting us, not criticising us.

Mr. Cameron: I asked the Prime Minister a very specific question about the figures. I think that the taxpayers, each of whom is currently lending about £1,800 to this bank, would like the figures to be confirmed in the House of Commons. It has been reported that the taxpayer is exposed to the tune of £55 billion: £26 billion of emergency loans and £29 billion of guarantees. Will the Prime Minister confirm those specific figures?

The Prime Minister: The Governor of the Bank of England announces the figures on what is happening every week, but I have to ask the Leader of the Opposition: he said in September—*[Interruption.]*

Mr. Speaker: Order. The Prime Minister is in order.

The Prime Minister: The Leader of the Opposition wholeheartedly supported our action. He said that it was right to inject "liquidity to Northern Rock". Is he changing his mind?

Mr. Cameron *rose*—*[Interruption.]*

Mr. Speaker: Let the Leader of the Opposition answer in the way he wants to answer—*[Interruption.]* Order. He does not have to answer the Prime Minister's question.

Mr. Cameron: I asked the Prime Minister a specific question about the figures, which he simply could not bear to read out. That is what taxpayers, who are worried about supporting the bank and about the extent of the support are asking about.

Let me ask the Prime Minister something else. At the time that the guarantee was given, was he advised that the level of taxpayer support could reach this huge level of £55 billion?

The Prime Minister: I have said that we will do what is necessary to protect the stability of the economy. I do not apologise for taking the action that is necessary because it has ensured the stability of the economy. Perhaps the Leader of the Opposition will answer the question: does he still support our action?

Mr. Cameron: For once, I did not ask the Prime Minister for an apology. I just asked him a straight question about the figures and whether he was advised about how bad it could be. He will not give an answer, so we do not know whether he was advised that the taxpayer could be in to the tune of £55 billion.

Let me ask the Prime Minister another specific question and see whether he can answer this one. Can he give an assurance that the level of support required from the taxpayer cannot get any higher than £55 billion?

The Prime Minister: It is precisely for that reason that we do not provide a running commentary on figures. Under any Government, including the previous Government, it was not the practice to pre-empt what the Bank of England does, which is to announce the figures itself, but I have to return to this point. We intervened to ensure stability in the economy and to ensure that Northern Rock would not spread across the economy to the rest of the financial system. We also intervened to protect depositors. Both those objectives in the past four months have been achieved. Is the right hon. Gentleman now telling me that, from a position of wholeheartedly supporting that action, he is now against it—yes or no?

Mr. Cameron: I will tell you what you did. When it came to the need for a total guarantee of deposits, you dithered and delayed. When it came to the opportunity of pushing for a sale with Lloyds TSB, you dithered and delayed, and when it came to the advice that you were getting to sell the bank straight after the bank run, you dithered and delayed. Why did you dither and delay? It was because you were planning a general election. Will the Prime Minister confirm that he received advice from his financial advisers to push for an immediate sale after the bank run?

The Prime Minister: No, and there was no offer from Lloyds TSB, as the right hon. Gentleman alleges. He should return to the substance of the issue: if we had not intervened to save Northern Rock, there was a danger that that would spread across the whole economy. He supported our doing that in September.

Does he still support us now? If we had not intervened, depositors would have lost their money. Their money has been protected. He supported us in September on that. Does he support us now? I say that we have taken the right, consistent action in the interests of the stability of the economy. To go backwards and forwards as he is doing would put the stability of the economy at risk.

Mr. Cameron: The substance of the issue is that it is the Prime Minister's regulatory system, it is his bank failure, it is his dithering, and it is his failure to deal with this issue. If it is the case, as he says, that he was not advised to go for an immediate sale, can he explain why the Bank of England was quoted as saying that he was

"unable to focus because morale throughout the government is so low"?

The fact is that we have had months of dithering and billions of pounds of taxpayers' money is at risk. Does the Prime Minister accept that, if nationalisation goes ahead, it will be a massive failure of Government policy and a fresh chapter in the incompetence of this Government?

The Prime Minister: The Bank of England supports our action, the Financial Services Authority supports our action, and the right hon. Gentleman used to support our action—*[Interruption.]*

Mr. Speaker: Order. Let the Prime Minister speak.

The Prime Minister: The Bank of England supports our action, the Financial Services Authority supports our action, and the Opposition used to support our action. I have looked at the policy of the Opposition between Sunday and Wednesday: on Sunday, the right hon. Gentleman said he was against nationalisation; on Monday at his press conference he said, perhaps by mistake, that we should look at nationalisation; and on Tuesday night's "Newsnight" the shadow Chancellor said that we should look at administration, which is a route to a fire sale of the asset. They change their position every day; the only change they represent is that they change their positions all the time. We are for stability; they would bring instability.

Mr. Ian Davidson (Glasgow, South-West) (Lab/Co-op): Were the Prime Minister and his Government aware of his predecessor's plan to attend the conference of the main party of the French right to announce his candidacy for the presidency of the European Union, as a prelude to his candidacy for the presidency of the world, the universe and everything? Did the Prime Minister know of that intended candidacy when his predecessor was negotiating the European constitution, and did that not represent a conflict of interests?

The Prime Minister: My right hon. Friend the former Prime Minister is doing a wonderful job because he is speaking up for peace in the middle east; I approve of his taking up any opportunity he gets to put his advocacy of a peaceful settlement for the middle east, and he was right to do so.

Q3. [179209] **Mr. Nigel Waterson** (Eastbourne) (Con): On new year's day, little Hermione Bateman was born, 11 weeks prematurely. She is alive today only because of the prompt expert help she received from my local hospital. Is the Prime Minister aware that in 15 months' time a baby such as Hermione will have to be taken 21 miles to Hastings to access such emergency care? Why are babies' lives being put at risk in this way?

The Prime Minister: I am aware of the issues the hon. Gentleman raises, but the recommendations on the reconfiguration of maternity services were made by consultants and clinicians on the ground, and they are in the interests of the safety of all patients, all mothers, and all daughters and sons who are born. I hope that, on reflection, the hon. Gentleman will look at the massive investment we are making in the national health service, both in his area and in other areas. There are six new hospital developments in the whole of the region that he represents, and there have been 7,000 new staff, and waiting times of six months or more, of which there were 30,000 in 1997, are down to 57. That is what the health service is achieving.

Q2. [179208] **Mr. Jim Hood** (Lanark and Hamilton, East) (Lab): Does the Prime Minister agree that the security of supply of electricity generation is a priority for any country's well-being and true independence? Can the Prime Minister assure me that the Energy Bill, which gets its Second Reading next Tuesday, will protect the Scottish economy from any political gerrymandering of the planning laws envisaged by the Scottish National party Administration in Edinburgh?

The Prime Minister: My hon. Friend takes a great interest in energy matters. The availability of secure energy is one of the big issues affecting this country, and it is what led to the energy White Paper last week, to our decision on nuclear power, and to our decisions to extend renewable sources of energy, to make ourselves less dependent on foreign sources of energy and to cut the carbon that is used in energy. I hope that every part of the United Kingdom will feel able to support all those decisions.

Mr. Nick Clegg (Sheffield, Hallam) (LD): The Royal Institution of Chartered Surveyors says that home repossessions will rocket this year by 50 per cent., with one repossession every 12 minutes. What comfort can the Prime Minister offer the 45,000 British families who now face the prospect of losing their homes this year?

The Prime Minister: What I can say to them is that we are determined to have low interest rates; to have low interest rates we have to have low inflation; and to have low inflation we have to have a decent economic policy, which I am afraid the hon. Gentleman's party does not have.

Mr. Clegg: The reality is that the Prime Minister allowed, on his watch, grossly irresponsible lending practices by banks to destabilise the housing market. Will he act now to ensure that mortgage lenders take their responsibilities seriously and do more to stop evictions, or will he just sit there wringing his hands while British families lose their homes?

The Prime Minister: I think that the hon. Gentleman forgets that there are 1.5 million more home owners under a Labour Government than there were before our Government started. We have extended home ownership to all regions of the country and to people who previously could not afford it.

I have been given a copy of the dossier on the hon. Gentleman that, unfortunately, was prepared by the person sitting next to him, who suggests that on every major economic and social issue the leader of the Liberal party has flip-flopped, and keeps flip-flopping.

Q4. [179210] **Jeff Ennis** (Barnsley, East and Mexborough) (Lab): Following on from the point raised by the leader of the Liberal Democrats, may I ask the Prime Minister whether he is aware of the very positive impact that this Government's housing market renewal programme is having in former mining areas, such as Grimethorpe and Thurnscoe in the Barnsley area of my constituency and Mexborough in the Doncaster area of my constituency, in terms of future housing provision? Does he agree that such a programme has to be built around a principle of community sustainability and against a backdrop of a sound and stable economy, which this Government have provided for the past 11 years?

The Prime Minister: I am grateful to my hon. Friend because, as he says, massive housing investment has been made in his constituency—this is the answer to the Liberal party's point—and that housing investment will continue with £1 billion more provided in the next three years. We are determined to remove substandard housing, to have more affordable housing and to extend home ownership, but that is possible only if we run a strong economy. I say to all Members of this House that ours is the country that has managed to have low inflation at the start of this year, half that of America, and at the same time has seen jobs expanding when unemployment is rising in America and in other countries, and that gives me hope that our economy can withstand what is clearly global financial turbulence.

Q5. [179211] **Mr. Philip Dunne** (Ludlow) (Con): The Prime Minister has made it clear that the Secretary of State for Work and Pensions is a dead man walking, so what arrangements is he making for a competency transplant?

The Prime Minister: When it comes to the work of the Secretary of State for Work and Pensions, unemployment is down; employment is up; more single parents are in jobs; fewer people are claiming incapacity benefit; more long-term unemployed people are getting back to work; and, since my right hon. Friend became Secretary of State, hundreds of contracts have been signed with local employers to get thousands of people back to work. That is why I have confidence in what he is doing.

Darfur

Q6. [179212] **David Taylor** (North-West Leicestershire) (Lab/Co-op): What recent assessment he has made of the humanitarian situation in Darfur.

The Prime Minister: We continue to monitor the humanitarian situation in Darfur. Some 4 million people are dependent on food aid, 2 million people have been displaced and 280,000 people have had to leave the country. We continue to work with the United Nations and the African Union to bring peace to that troubled region.

David Taylor: The fact that the Darfur genocide is now entering its sixth year is largely down to the UN Security Council, especially China, which has blocked or diluted efforts to stop the violence, leading the Khartoum regime to treat the United Nations-African Union Mission in Darfur protection force with contempt. Will my right hon. Friend say how he will tackle the continued failure of the UN to secure compliance with its own edicts and decisions, so that the looming threat of the withdrawal of humanitarian organisations such as Médecins sans Frontières can be avoided?

The Prime Minister: I praise my hon. Friend for his long-standing commitment to, and interest in, the area of Darfur and the problems that people are facing. As I said a minute ago, the problems are appalling and run to hundreds of thousands of people having been displaced or being on aid.

My hon. Friend mentions China. I talked to the Premier of China this morning about this very issue, because I believe that China and the United Kingdom can work with other countries to make sure that the Government of Sudan ensure that a ceasefire is properly administered, to bring in the African Union peacekeeping force, which is supported by the United Nations—20,000 more peacekeepers—and to move towards political talks that can bring a political settlement, where all parties, including those that did not attend the previous talks, are brought to the table. On my visit to China, I intend to continue the talks with Premier Wen so that all of us, including the Chinese Government, add to the pressure for a peaceful settlement in Darfur.

Engagements

Q7. [179213] **Miss Anne McIntosh** (Vale of York) (Con): The Prime Minister talks about low inflation, but the cost of living index is rising hugely. Food prices have gone up 7 per cent., energy prices have gone up 15 per cent. and petrol product prices have risen by more than 20 per cent. Why is the rate of inflation running at a higher rate now than the one his Government inherited?

The Prime Minister: But it is not. Inflation is 2.1 per cent. The hon. Lady makes an important point: energy prices have been rising—coal, oil and gas—by 60 to 80 per cent. in every part of the world. Food prices have been rising as a result of what has happened to the harvest. Therefore, it is all the more remarkable that our inflation is 2.1 per cent., when it is 3 per cent. in the euro area and 4 per cent. in America, on the same comparable index. That is why we have been able to bring down interest rates in the past few months, but they have not been able to do so in the euro area. We approach the global financial turbulence with low inflation, low interest rates and high employment, and

if we can make the right long-term decisions on the economy, we can withstand the global financial turbulence. To say that oil and other commodity prices are going up and that we still have low inflation shows the achievement in getting inflation down.

Q8. [179214] **Keith Vaz** (Leicester, East) (Lab): On Monday, the Prime Minister said that he was very worried about the content of video and computer games. Some of those games, such as Manhunt 2, depict scenes of torture and murder using hammers, knives and guns. They seem to make a virtue of gratuitous and graphic violence. Will he meet a delegation of Members, including the hon. Member for Canterbury (Mr. Brazier), who has a private Member's Bill on the subject, to see what further steps the industry can take to show better responsibility? Does my right hon. Friend, as a parent, agree that—

Mr. Speaker: Order. Other hon. Members want to be called.

The Prime Minister: My right hon. Friend is right, and this is an issue that concerns all parties in the House and every parent. It is right that we look again at the classification system for those games and at what is happening on the internet in influencing young children. That is why the Secretary of State for Children, Schools and Families has set up the Byron review, in which Dr. Tanya Byron is looking at these very issues. We want children to be able to enjoy the benefits of the internet and video games, without being influenced by the pornography or violence of them. Dr. Byron will report in March 2008 and while it would be premature for me to say what she is likely to recommend, the classification system is one of the things that she is looking at. I hope that when we get the report we can have a debate in this House. I would be happy to meet my right hon. Friend's delegation and move forward whatever changes in the law are necessary.

Andrew Selous (South-West Bedfordshire) (Con): Last Saturday, three children in my constituency had their grandmother murdered by their father, Gary Weddell, who then committed suicide, after he had been granted bail after being charged with the murder of his wife, the mother of the children concerned. Will the Prime Minister please ensure that the case is looked into, so that lessons are learnt and so that no other family has to endure a similar tragedy?

The Prime Minister: This is indeed a set of tragic circumstances that are almost difficult even to contemplate—that someone was let out on bail and then apparently is alleged to have murdered his mother-in-law and then to have taken his own life. The question is why bail was given. It is not in the power of the Government to give bail, although of course it is up to us to look at any laws affecting that. It was a decision by the judge, who set down an amount of money and probably took into account the fact that the man was a policeman. Those are the things that we have to look at, and if any changes in the law are necessary, we will make them.

Q9. [179215] **Phil Wilson** (Sedgefield) (Lab): Does my right hon. Friend agree that we can invest £8.4 billion in the supply of social housing over the next three years because of this Government's sound stewardship of the economy, which is very different from the Tory record? It is because of their neglect that there was a £19 billion housing repair bill when they left office.

The Prime Minister: I hope that all parties will welcome the 50 per cent. increase in social housing that we are about to bring about through the measures that we are taking in the public spending review. I hope particularly that young couples will benefit from the supply both of affordable rented housing and of affordable housing to buy. I hope that the Opposition will reconsider their policy of opposing many of the housing measures that are intended to deliver more housing space for more people in this country.

Susan Kramer (Richmond Park) (LD): The Plain English Campaign today described the consultation on Heathrow expansion as atrocious and said:

"This document effectively takes away human rights...No ordinary person could be expected to read and understand this".

Will the Prime Minister please instruct the Department for Transport to withdraw the consultation until it can be written in comprehensible language, and will he tell Ministers and officials that it is a disgrace that none of them will attend a single public meeting on that crucial point?

The Prime Minister: The hon. Lady gives the impression that because of the wording of the document she does not understand the issue at stake, which is whether there will be a new runway at Heathrow. The consultation is there for the public to involve themselves in. I hope that people will join it vigorously, and then a decision can be made.

Q10. [179216] **Mr. Mike Hall** (Weaver Vale) (Lab): Daresbury laboratory in my constituency has been carrying out world-leading scientific research for 46 years. The science and innovation campus at Daresbury is a huge success, attracting science and high-tech businesses and creating high-quality jobs. Two reviews are about to take place—the McKillop review and the light source review—both of which will have an impact on the future of Daresbury laboratory. The knee-jerk reaction of the Science and Technology Facilities Council to cut research grants by 25 per cent. and staff by 25 per cent. to meet an £80 million shortfall in its £1.9 billion budget is a cause for concern—

Mr. Speaker: Order. I must stop the hon. Gentleman. His question was too long; he must be briefer.

The Prime Minister: Daresbury is a world-class facility. I am proud that we have such a facility in our country and in the north-west region, as well as an innovation centre that is world beating and path breaking in its research. My hon. Friend is absolutely right that there are two reviews. The McKillop review will consider how best we can meet the future needs of Daresbury. We have increased the amount of money to be spent on the Science and Technology Facilities Council by 13 per cent. during the spending review

period. I hope that we will be able to see an expansion of the work done at Daresbury, which will benefit the whole country.

Q11. [179217] **Mr. Brian Binley** (Northampton, South) (Con): Question 11, Mr. Speaker.

Mr. Speaker: The hon. Gentleman must go straight on to the question.

Mr. Binley: I apologise, Mr. Speaker. There are times when I am on another planet; that was one of them.

Will the Prime Minister assure us that Mr. Stephen Carter, his chosen nominee for Northern Rock, has no residual interest whatsoever in Brunswick Group?

The Prime Minister: Mr. Carter is not responsible for Northern Rock.

Q12. [179218] **Barbara Keeley** (Worsley) (Lab): In my constituency, people living in the most deprived areas have a life expectancy seven years shorter than those in the most affluent areas a couple of miles away, yet national reports have indicated that they could have many years added to their lifespan if they made some lifestyle changes. Will my right hon. Friend assure me that in years to come the NHS will reach out to my constituents and advise them on how to change their lifestyles so that they can lead healthier and longer lives?

The Prime Minister: I praise the work that my hon. Friend does in the health service, in particular among carers. We attended a seminar on that issue in Leeds on Friday, where carers asked us to do more to make their lives better, particularly with respite care. As far as inequalities and life chances are concerned, we are putting forward measures for check-ups, screening and preventive vaccines so that people can identify their risk of heart disease, stroke and cancer. That will save lives, particularly in the communities that my hon. Friend is talking about.

Q15. [179221] **Mr. Edward Leigh** (Gainsborough) (Con): What was the point of invading Iraq, which led to the deaths of 150,000 Iraqis, just to hand over Basra to militant Shi'a militias while the army is holed up in the airport?

The Prime Minister: Violence in Basra has gone down by 90 per cent. over the past few months. Our troops there are doing a great job in training the Iraqi army's security forces and the Iraqi police. It is wrong for the hon. Gentleman to diminish the effect of building economic prosperity in the Basra area. As for invading Iraq in the first place, Saddam Hussein had offended UN resolutions and the international community for more than a decade.

Q13. [179219] **Mr. John Heppell** (Nottingham, East) (Lab): Although I do not foresee any great demand for my kidneys or liver, may I welcome the Prime Minister's proposals on human transplants? On a much more serious note, will he act on the matter urgently, as people are dying every day for lack of donors?

The Prime Minister: As my hon. Friend knows, a report on organ donations is to be published today. It will recommend ways to increase the number of people prepared, under the present system, to give their organs when they die to save other people's lives. More than 1,000 people lose their lives each year because no organs are available for transplant. Another report on this matter will be prepared later this year, and one proposal that may be worth discussing then is that, while people may opt out of organ donation, there could be a family veto on whether organ donation can go ahead. I believe that that would satisfy many religious objections, while at the same time ensuring that thousands of people are saved as a result of organ donations being available. I hope that there will be all-party support for taking action.

Mr. Gary Streeter (South-West Devon) (Con): Following the Government's recent naval base review, there was widespread concern at Plymouth's Devonport naval base that ships currently based there could be moved to Portsmouth in the next few years. Will the Prime Minister reassure the base's work force that their reward for generations of dedicated service to this nation's security will not be simply death by a thousand cuts?

The Prime Minister: As the hon. Gentleman knows, Plymouth will refit the Trident submarine, and it has a huge amount of work in the years ahead. A massive amount of investment has gone into Plymouth, and I can assure him of our commitment to the dock yard there. At the same time, he will acknowledge that that commitment is possible only because we are spending more on defence every year. We will continue to do so, and that depends on there being a healthy economy.

Point of Order

12.32 pm

Michael Fabricant (Lichfield) (Con): On a point of order, Mr. Speaker. Could you use this opportunity to reiterate your ruling on the reading of questions by hon. Members on the Back Benches, whereas you allow questions to be read at the Dispatch Box?

Mr. Speaker: I object to notes when an hon. Member reads from the top of the page to the bottom, and in effect reads the notes into the record. Hon. Members on the Back Benches can glance at a note if they are dealing with figures or any other matters that must be precise. As for the Leader of the Opposition and the Prime Minister, I let them have their way for half an hour. That is the best thing that I can say.

Education (Children with Autism)

12.32 pm

Mr. Lee Scott (Ilford, North) (Con): I beg to move,

That leave be given to bring in a Bill to make provision about the education and training of children with autism and Asperger's syndrome; and for connected purposes.

I recognise and welcome the fact that more money is being spent on special educational needs provision in our schools. Even so, local education authorities are compelled to make tough decisions about what they will prioritise and where they will spend the money. We can all appreciate the very great pressures on school budgets, but money allocated for SEN in our country must not be used for other purposes. We will not be able to deliver on our educational promises to such children and their families if we allow that misdirection of money to continue. The funding must be ring-fenced, and that is one element of the Bill. We also need to ensure that it is being spent as efficiently as it should be.

The early diagnosis of children with autistic spectrum disorders is absolutely vital. It is difficult, if not impossible, to plan an effective educational strategy for a pupil with ASD until there has been a full assessment of the child's condition. We in this country are frequently slow in making that assessment, and local councils and health authorities must both be encouraged to speed up the process. Internationally, there are a number of countries where the process takes place far earlier and far more effectively than it does here in the UK. We should examine and adopt best practice from overseas, and that means looking at what goes on in countries such as Finland, Norway, Sweden, Denmark and Israel. Early diagnosis of an ASD not only helps children and their families but saves money over years of schooling.

There is a real, pressing need for improved teacher training on ASDs. A survey by the National Union of Teachers found that 44 per cent. of teachers are not confident about teaching children with an autistic spectrum disorder, 39 per cent. are not confident about identifying children with an ASD and 76 per cent. said that a lack of professional development on the subject was a barrier to teaching children with an ASD. We must ensure that all teachers can do so. As about one in 100 children have some form of ASD, every teacher in every school can expect to teach children who are autistic.

Recent developments with regard to teacher training have been welcome. There are now pilot projects in which special educational needs are made part of initial teacher training; however, it is essential that the issue should become part of all teacher training at all levels. We must also ensure that teachers have access to high quality in-service training. Such measures would go a long way to increase teachers' confidence when working with pupils with an ASD. We also need to ensure that all special educational needs co-ordinators have in-depth training on autism. We must recognise that with the right teaching regime, many children with an ASD are capable of moving on to further and higher education, which means that our colleges and universities must take on board lessons about how to teach young adults with Asperger's or autism.

[Mr. Lee Scott]

For the parents of an autistic child, exclusion from school is a very real concern. Some 27 per cent. of children with autism have been excluded, and 23 per cent. have been excluded more than once. We must acknowledge the special nature of such cases and place a requirement on schools under which, if any child with special educational needs is at risk of being excluded, there must be a review of provision before exclusion takes place.

A range of special educational needs provision is needed, as one size simply does not fit all. Research by the National Autistic Society found that more than half of such children attend a type of school that their parents believe does not provide the best support for them. Parents of autistic children need to be given a choice in education provision and assistance in making that choice an informed one. The National Autistic Society and local organisations such as Supporting Together those with Autism and Asperger's in Redbridge, or STAAR, do a first-class job advising parents, but more support is needed from within the education system. Parents have every right to expect that the school will keep them informed regularly about how the school is supporting the child's special needs, as well as about the child's educational progress.

The Warnock report of 1978 made the case for including children with special needs in mainstream schools, a view that has influenced education policy ever since. However, more recently, Baroness Warnock urged the Government to review that policy. Including pupils with special educational needs in mainstream schools is understandable, but not always desirable for such children or for the children with whom they are taught. For some children, a more specialised environment is required if their schooling is to progress. In my constituency, two schools—Little Heath school and Hatton school—provide first-class educational facilities for children with special educational needs. For that, I congratulate the London borough of Redbridge, which should be commended.

We must put in place sensible measures that encourage and reward local authorities that work together to provide a wide range of high quality special educational needs provision. In areas where such provision is not available, parents and children may be forced to make unacceptably long journeys to get to a suitable school. I have heard reports of children travelling for up to two hours to get to a school that provides the education that they need. That is not acceptable.

The Disabled Persons (Services, Consultation and Representation) Act 1986 and the special educational needs code of practice already require that young people with a statement should have an assessment of their needs as a disabled adult when they leave school. However, that is not always enough to ensure a smooth transition from school to adulthood. A recent National Autistic Society report noted that only half of those with statements were issued with transition plans, and that 45 per cent. of them were dissatisfied with the process. In this day and age, that is not good enough.

There is a real need to make available high quality training for young adults with ASD so that they can be assisted into work. Many, with the right support and the right environment, can successfully make the transition into employment. Some companies and organisations are providing suitable and rewarding employment for those with ASD, but not enough to meet the demand. We must do more to encourage employers to consider making more posts available for adults with ASD, and we must give them more support in providing long-term employment. I have had personal experience of a young adult who was taken on board by one of our blue chip companies and is now not only holding down a responsible job, but living alone and leading a productive life. We must make sure that that happens more frequently.

It must be a concern for us all that individuals pass through both the education and the health systems with autistic spectrum disorders that go unrecognised. As adults, some of those are misdiagnosed as having a mental health problem, such as schizophrenia. I know of many cases where such people have languished in prison for several years, and some are still languishing in prison. They can find themselves being prescribed drugs that are completely inappropriate for their true condition.

Existing legislation, guidance and codes of conduct are far from silent on what services and assistance should be made available to autistic children and their families. There is no lack of good will, but often we fail to follow through existing laws and good intentions, and in these circumstances many children are being left behind. It is the concerns of the parents of autistic children that form the basis of this Bill. Naturally, they want the best for their children, as any of us would, and they have identified a number of ways in which that can be achieved.

I thank parliamentary colleagues from both sides of the House who have been most generous with their support and their advice. This is not a party political matter and we can achieve real progress if we work together. I also thank Lord Adonis for meeting me last week and discussing the various issues that I raised. My Bill is a simple measure addressing a narrow range of matters, but it would move things in the right direction. For that reason, I urge the House to support it.

Question put and agreed to.

Bill ordered to be brought in by Mr. Lee Scott, John Bercow, Stephen Hammond, Bob Russell, Mr. Charles Walker, Mr. John Leech, Mr. Brian Binley, Mr. Iain Duncan Smith, Harry Cohen, Mr. Peter Bone, Mike Gapes and Philip Davies.

EDUCATION (CHILDREN WITH AUTISM)

Mr. Lee Scott accordingly presented a Bill to make provision about the education and training of children with autism and Asperger's syndrome; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Friday 9 May, and to be printed [Bill 56].

Opposition Day

[6TH ALLOTTED DAY]

National Insurance Numbers and Illegal Immigrants

Mr. Speaker: We now come to the first debate on the Opposition motions. I have selected the amendment in the name of the Prime Minister.

12.43 pm

Chris Grayling (Epsom and Ewell) (Con): I beg to move,

That this House expresses its very great concern that National Insurance numbers appear to have been issued to illegal immigrants.

Britain today has nearly 5 million people claiming out-of-work benefits. Despite £3 billion spent on the Government's new deal, we have higher youth unemployment than 10 years ago. We have half a million people under the age of 35 claiming incapacity benefit. According to Ministers, a million IB claimants in all want to work. We have parts of Britain where as few as one in four adults of working age are working. We have a greater proportion of children being brought up in workless households than any other country in Europe.

What are the Government doing? They are handing national insurance numbers to tens and possibly hundreds of thousands of illegal immigrants. Some people might call that incompetence. Just when the Secretary of State thought that things could not get any worse, the chaos spreads to another part of his job. What we know for certain is that 6,000 illegal immigrants have been issued with national insurance numbers by his Department, giving them an official stamp of approval to go and get a job. We have figures that strongly suggest that the real number is much higher. That is Britain today under this Government. All that happened while the Secretary of State was too busy getting on with his two jobs in government to sort out the confusion with his campaign finances. What utter chaos.

To be frank, in the past few months we have seen a whole series of calamities for the Secretary of State on this important issue. We first had a sense that something was wrong last September, during the fiasco over the statistics on migrant workers; you will remember that, Mr. Speaker. The Secretary of State told us then that only 700,000 of the jobs created in Britain since 1997 had gone to migrant workers. We disputed his figure and suggested that the number was much higher. "No," said the Secretary of State, "It's 700,000." A month later he said, "We've got the figure wrong—it's not 700,000, but 1.1 million." We know that the Secretary of State is not much good at adding up, but losing 400,000 people is almost as improbable as losing £100,000 of campaign contributions. Even the 1.1 million figure may not be right; the Office for National Statistics has since told us that it thinks that as many as 80 per cent. of the new jobs created since 1997 may have gone to people moving to the UK from overseas. No wonder the Secretary of State wanted to keep things private. Can he really tell the House today exactly how many people from overseas have come to Britain to work in the past 10 years?

Keeping things private is becoming a bit of a habit with the Secretary of State. We have been trying to get answers about national insurance numbers and this issue ever since it became clear, two months ago, that thousands of illegal workers were being cleared to work in the security industry. The written questions remain unanswered to this day. On 13 November last year, my hon. Friend the Member for Hertsmere (Mr. Clappison) asked the Home Secretary about the issue during questions on the Security Industry Authority. She waffled and said almost nothing, telling us that sharing intelligence would be important in the future. It seems that the Secretary of State is not alone in wanting to keep us guessing about what is really going on.

I believe that yesterday's admission represents the tip of the iceberg of what is really going on with the Department for Work and Pensions' management of the system for migrant workers coming to Britain. We now know with cast-iron certainty that at least 6,000 people, illegally in the UK, have been given national insurance numbers by the Government. Yet nearly two years ago, the Government promised us that in future no national insurance numbers would be issued to anyone who did not have a right to work in the United Kingdom.

If the Government had done their job, those latest revelations should not have been possible. On 5 June 2006, Ministers told both Houses of Parliament:

"Any individual applying for a NINO"

that is, a national insurance number—

"...who does not have the right to work here legally will be refused one."

They passed regulations that were supposed to enforce that. The guidance notes state clearly that an individual applying for a national insurance number because they are in employment or self-employment must provide a specific document proving that they have the right to work in the United Kingdom. That was nearly two years ago, but we now know that every single one of the illegal immigrants in the security industry who caused such controversy before Christmas had been issued with national insurance numbers. Even when the regulations were passed, the Government strongly implied that the problem was small in scale. They had managed to find only about 3,000 cases in which something was amiss. It is now clear that that was a hopeless underestimate; the figure is much higher.

The Secretary of State for Work and Pensions (Mr. Peter Hain): The hon. Gentleman asked about an outstanding answer to a written question. May I give him the information? The answer has remained outstanding because it has taken time to understand the extent of the national insurance number-related element captured as part of the Security Industry Authority review. As the review is nearing its completion, we now have a better understanding of the issue and we will be making the necessary checks against the SIA data. That is the answer to the hon. Gentleman's question; we wanted to give an accurate one.

Chris Grayling: I am grateful to the Secretary of State for that answer. However, given that the Security Industry Authority said yesterday that every single one of those people had national insurance numbers, I am at a loss to see what review needed to take place, as all those people were affected.

The original figure cited by the Government 18 months ago referred to 3,000 cases, but that is a hopeless underestimate of the level of the problem. Over the past three years, the Government have issued work permits to 270,000 people from outside the European economic area.

Mr. Henry Bellingham (North-West Norfolk) (Con): My hon. Friend is making an extremely impressive case. Is he aware that the Department that is to reply to this debate estimated in May 2004 that there would probably be 15,000 workers from the EU accession countries working in this country, yet in fact the figure is nearly 700,000? Is it not deplorable that a Government Department got its figures so catastrophically wrong?

Chris Grayling: I am grateful to my hon. Friend for those comments, which amplify the point that the Department is in a state of chaos as regards dealing with the whole system of migrant workers coming to the UK to work.

That is highlighted by the comparison between the number of work permits issued and the number of national insurance numbers issued. Over the past three years, 270,000 people from outside the European economic area have been given work permits by this Government—

Paul Flynn (Newport, West) (Lab): Will the hon. Gentleman give way?

Chris Grayling: I will in a moment; let me just repeat this figure to the hon. Gentleman, because he may be particularly struck by it. The Government have issued 270,000 work permits to people from outside the EEA, but at the same time they have issued nearly 900,000 national insurance numbers—that is a difference of more than 600,000. Before I give my thoughts on what the meaning of that may be, perhaps the hon. Gentleman would like to give us his.

Paul Flynn: I am one of the many Members who wished to come here today to draw attention to the Government's very creditable record on dealing with pensioners. Is it not clear from the hon. Gentleman's remarks that he is denying us that opportunity in order to pursue a nasty, vindictive witch hunt against the Minister?

Chris Grayling: I look forward to debating pensioner poverty with the hon. Gentleman at the earliest opportunity, as we have every intention of holding that debate. However, I think he will agree that these issues have a direct correlation with levels of worklessness and child poverty, and when we, as the House of Commons, discover that the Government are failing as they now clearly are, it is right and proper that we should bring Ministers to this House to hold them to account as quickly as we possibly can.

Mr. Stewart Jackson (Peterborough) (Con): My hon. Friend may share my concern that the Government's sheer incompetence in their handling of immigration means that in housing, for instance, we have a situation whereby the Under-Secretary of State for Communities and Local Government, the hon. Member for Hartlepool (Mr. Wright), wrote to tell me:

"Information is not available centrally on the local impact of migration on household growth." [*Official Report*, 25 October 2007; Vol. 465, c. 516W.]

He informed me, however, that one third of projected new housing would be allocated for new immigration. Is that not a disastrous situation that leads to further problems of community cohesion and delivery of public services?

Chris Grayling: My hon. Friend is exactly right. The reason for holding this debate is that the fact that the system is out of control has direct, human consequences as regards levels of deprivation and the serious challenges faced by many British families in many communities around the country.

John Penrose (Weston-super-Mare) (Con): Surely this shows the Government's complete incompetence in trying to pursue their stated policy objective of British jobs for British workers. If they do not even know how many people are coming here from outside the EU and how they will control their access to work, that makes it impossible for them to pursue one of the central aims that the Prime Minister has repeated in this House on many occasions.

Chris Grayling: My hon. Friend is absolutely right. I will set out in more detail why this completely undermines many aspects of the Government's current strategy.

Let me return to the gap of 600,000 between the number of work permits issued and the number of national insurance numbers issued—

Mr. Hain: Could the hon. Gentleman give the House his precise understanding of the difference between a work permit and a national insurance number?

Chris Grayling: The Government explained that at the time of the publication of their regulations. If we are to believe them, given that it is clearly not the case, a national insurance number can be obtained only by someone who has the right to work in the UK. Is the Secretary of State saying that that is no longer correct? The Government told us that that was their policy, although it is clearly not what is happening on the ground. My understanding of the difference, and I think the understanding of any employer, is that if somebody turns up for employment with a national insurance number, that is taken as a stamp of approval from the Government—the right to work in the United Kingdom. If the Secretary of State wants to tell us otherwise, I should like to hear from him.

Mr. Hain: I warn the hon. Gentleman gently, and in a friendly way, that he is digging himself into an even deeper hole. I asked him about his understanding of the difference between a work permit and a national insurance number, because he seems to think that they are the same thing.

Chris Grayling: I have never said that they are the same thing, but the Government's statements show that they regard the issuing of a national insurance number as linked directly to the right to work in the United Kingdom. They have clearly not managed the system properly given that, as we know as a matter of record from yesterday's revelations, national insurance numbers are being handed out to a large number of people who do not have a right to work in the UK. That is the point. Nearly 1 million people have received national insurance numbers: the question is how many of them really have a right to be working in the UK. We know that some of them do—for example, overseas students or dependants of people who have permits to work here.

Lest Members should have any doubts about this issue, let me give a couple of examples of why I sincerely believe that the 600,000 figure masks a significant number of people who should not be here. Over the past three years, the Government have issued 755 work permits to people from Ghana, for example, but over the same period they have issued more than 21,000 national insurance numbers to people from Ghana. Take Albania, with 110 work permits issued and more than 4,000 national insurance numbers issued. Try persuading me that all those numbers were issued under the normal— *[Interruption.]* The Minister for Borders and Immigration asks how many are students. Let me answer that question for him, because I have taken a look at the website of the Higher Education Statistics Agency, whose most recent figures show that a grand total of 235 Albanians are studying in the UK—hardly equivalent to 4,000.

What do we know about the rest of those people? We have sought to do the right thing by probing the Government to find out who they really are. When my hon. Friend the Member for Hertsmere asked Ministers whether they could provide us with a breakdown of the gap between the number of work permits that they issue and the number of national insurance numbers that they hand out, their response—surprise, surprise—was that they did not have that information. So how do we take them seriously when they tell us that they know what is going on?

Let me say what I think. I do not believe for a moment that all those national insurance numbers were issued to people who are legitimately in the United Kingdom. I have suspected for a while that the current system is simply out of control—that the Government are handing out national insurance numbers to people who have no right to be here, and that Ministers have told employers that the national insurance number system is something they can rely on when the opposite is the case.

Angela Watkinson (Upminster) (Con): What chance does my hon. Friend think that the average employer has of knowing whether a national insurance number is legitimate, given the sophistication of the scams that illegal immigrants employ to obtain them and the apparent ease with which it is possible to do so? Are they not liable unwittingly to employ somebody who is not entitled to be here?

Chris Grayling: My hon. Friend is right. If the Government themselves cannot work out who is or is not entitled to a national insurance number, why should we expect the small business down the road to be able to do it?

We now know for certain that this is precisely what is happening, not from the Government, who did not want to answer the questions—we have heard the Secretary of State's explanation, and I will leave hon. Members to reach a view on that—but from the Security Industry Authority, which had no problem in doing so. Yesterday, it confirmed publicly and openly, and Ministers finally accepted grudgingly, that every single one of the 6,000-plus illegal immigrants appointed to security posts had a national insurance number. After two months of not answering questions, in the end the truth had to be dragged out of them. Even as late as yesterday morning, the Department for Work and Pensions was still claiming that it did not know the answer, which, I have to say, stretches credibility. It was another attempt to hide bad news, this time for as long as possible. This comes at a time not just when the leadership of the Department is in a state of chaos but when the Government want more bad news like a hole in the head, and not surprisingly, on a serious issue we cannot get the information from them.

With supreme irony, this revelation comes a week after the Government launched a campaign to warn employers that they face prosecution if they hire someone who does not have a right to work in the UK. The slogans are direct:

"If you hire illegal migrant workers you're as illegal as they are"

an interesting message for the Secretary of State to contemplate. The campaign even points out that offenders can be sent to jail. The Government could not have been more direct about it.

"Illegal working attracts illegal immigrants and undercuts British wages"

I quote the Minister for Borders and Immigration, who launched the campaign last week. He also said:

"That's why the Government is determined to shut it down. The message is clear for employers we will not tolerate illegal working."

A week later, it turns out that the Secretary of State's Department is handing out national insurance numbers to illegal immigrants. How on earth are businesses and employers supposed to take the system seriously when it is quite clear that the Department has lost control of it? That is what has been so worrying about the revelations from the DWP in the past few months. Almost every month at Question Time, the Secretary of State parrots the Prime Minister's favourite slogan, "British jobs for British workers", even though it was pinched from the BNP, and even though it is illegal under European law. But how does he get British people into British jobs if he has lost control of the system for managing the flow of people into the UK coming from overseas to work?

Let us be clear. The Secretary of State may only have been in his job since last summer, but the buck stops with him, and his grasp of the situation has been sketchy to say the least. In September, when he claimed that only 700,000 of the new jobs created since 1997 had gone to people from overseas, he was obviously wrong. It did not take rocket science to work that one out; one just has to go out for a walk in any of our cities to see the change that has happened. However, when I challenged him over that and told him that I

[Chris Grayling]

thought he had got the numbers wrong, he was having absolutely none of it. Let me read to the House the letter I had from him. He emphatically stated:

"The net increase in the number of migrant workers is therefore 700,000."

He added:

"In future, I am more than happy to provide you with such clarifications in private, to avoid the need to expose such confusion to public scrutiny."

About three weeks after that, he had to make public appearances apologising for getting it wrong, so who is confused now?

Mr. Stewart Jackson: Is not the irony of this Government's appalling mismanagement of immigration the fact that the impact is felt most on low-skilled, low-wage people in a small number of communities in this constituency, including my own constituency of Peterborough? They are priced out of jobs by unfettered immigration, which causes enormous resentment and gives succour to the extremist parties on the right. I am sure that my hon. Friend will agree that the Government are responsible for that. The Under-Secretary of State for Work and Pensions, the hon. Member for Stirling (Mrs. McGuire), might think it is an amusing thing to comment on, but it is not. It has ramifications for community relations throughout this country.

Chris Grayling: My hon. Friend is right because underlying the debate is a real human cost. Getting the system wrong has real consequences for people in communities up and down the country.

If we could all see there was something wrong, why did the Secretary of State not see it? Let me ask him this question. When the security staff story first broke back in December, it was clear that there could be an issue with national insurance numbers. I have a copy of the application form here. It is quite clear, and it says that applicants are required to fill in all their details with a national insurance number. That is why we asked the questions, so why did he not answer? When did he first realise that something was amiss? Why was his Department still claiming that it did not know the answer as late as yesterday morning, when the Security Industry Authority was able to say what it knew? Why did it say that the answer was 100 per cent. when the Department was still trying to find out? Did he actually talk to it to find out what had happened, and what changes has he ordered to the national insurance number system since the matter occurred? Why has no statement been made to the House about what is clearly a problem in the Department?

This is a matter of extreme importance, not for technical reasons related to our immigration system, but because of those nearly 5 million people stranded on out-of-work benefits. Not all of them can or will work again—those who cannot will rightly need the help of the state to support them—but very many of them can and should be working again. It makes no sense to have millions of people coming to work here from overseas, or to be so lax with people coming to Britain illegally, while so many people are sitting at home doing nothing.

I am not sure the Secretary of State has fully grasped the seriousness of that issue either. When we met at the Dispatch Box last week, I pressed him about the level of child poverty in Britain. The academic evidence is clear-cut. Children brought up in workless households are more likely to fail at school, more likely to be workless themselves and more likely to end up in trouble in later life. Britain today has a higher proportion of children living in workless households than any other country in Europe, including the poorest new entrants to the EU such as Romania and Latvia. The Secretary of State does not seem to know that, because when I pressed him on the issue he said he thought we were "above the average" in Europe. I suggest that he goes back and looks at the figures again. He should cut through the Government's rhetoric, and take a look at the real picture in Britain today, where child poverty is rising again, where young people cycle on and off the new deal without finding sustainable jobs, and where, in some parts of our community, as many as one in three children are being brought up in workless households.

Mr. Speaker: Order. I say to the hon. Gentleman that what is before us is a very narrow motion, which he created. Therefore, he must keep to the terms of the motion. He is talking about the problems of families in this country, when the motion clearly expresses great concern about national insurance numbers being issued to illegal immigrants. According to his own distinction, the debate is very narrow indeed.

Chris Grayling: I am grateful to you, Mr. Speaker, but the whole point is that this is the human cost of what the Government are doing. The more national insurance numbers we issue to people who are in this country not by right, the more we cause a knock-on problem for people in communities around the country who suffer from deprivation. Those people are looking for work and those jobs are not always there. There are many people in this country who we need to get back into work, and if the Government are sanctioning, through the inefficiency of the way they operate, a flow of people into this country who should not be here by giving national insurance numbers to them, they are effectively giving a stamp of authority to employers, saying, "Actually, it is okay to hire this guy because the Government's ticked his box. It must be okay for him to be here." That takes opportunities away from people in this country, and it has a huge human cost as a knock-on effect.

Mr. Speaker: The hon. Gentleman is perfectly in order to say that, but not in depth. He can touch on that point, but not in the detail he was going into previously.

Chris Grayling: I am grateful to you, Mr. Speaker. The fact is that the Secretary of State is presiding over a Department that is focused on dealing with those issues, while at the same time it is giving national insurance numbers to illegal immigrants. That is not a record of which any Secretary of State of any Government should be proud.

The truth is that the Government's record in managing the flow of people coming to work in Britain is lamentable. They do not know how many people are

here. They do not know who is working. They do not know whether or not people have a right to work here, and they seem to be handing out national insurance numbers without question. Yet the Department overseeing all of this is run by a Secretary of State who, by his own admission, cannot add up. He said that he could not manage his own finances because of the pressures of work, but he still thought it was okay to take on the Labour deputy leader's job. He had lost control of the numbers not just in his campaign, but in his Department and all while he was trying to run not one, but two Departments of State. It all appears to be getting a bit much for him.

We know that the system he is overseeing is in a state of chaos. We know that handing national insurance numbers to illegal immigrants will undermine efforts to tackle deprivation and get people back into work. Will the Secretary of State tell the House why he believes that he is still the right man to do the job?

1.8 pm

The Secretary of State for Work and Pensions (Mr. Peter Hain): I beg to move, To leave out from 'House' to the end of the Question, and to add instead thereof:

"welcomes the new checks and controls the Government has introduced to reduce illegal working by foreign nationals, which include measures to prevent illegal immigrants being issued with national insurance numbers."

I am very pleased indeed to be responding in this Opposition debate, and I am even more pleased having heard the speech of the hon. Member for Epsom and Ewell (Chris Grayling). Up to five minutes to 4 yesterday, the Opposition wanted to debate pensioner poverty today. Now they do not, and I can understand why. They treated pensioners appallingly when they were in power and now they have nothing to say to them. For our part, we will continue to work, speak and act for justice for pensioners.

I welcome this debate, not least because it gives me the opportunity to explain to the hon. Gentleman—and he clearly needs a proper education on this—what national insurance numbers are for and what they are not for, because he does not appear to understand. In fact, when he reads *Hansard* tomorrow, or online later today, I think he will be embarrassed by what he has just said. The hon. Gentleman makes accusations about national insurance numbers and compares them with work permits, but they are not the same. Total national insurance numbers issued to non-EU nationals and the number of work permits issued cannot be compared, which he tries to do.

National insurance numbers cover categories of people who are not required to have work permits but are eligible for national insurance numbers, such as overseas students, whom we welcome into our universities and who bring the fees that help to finance those universities, and the dependants of work permit holders—relatives who are given permission to come to the UK to join a family who already live here legally. There will always be more national insurance numbers than population, as, for example, national insurance numbers for deceased persons remain on the system to ensure that their surviving dependants can get benefits based on the deceased's national insurance contributions, including the widow's pension. That would also have been the case before 1997, when our Government came to power.

Chris Grayling *rose—*

Mr. Hain: Let me explain the facts that the hon. Gentleman clearly does not understand.

European Union workers are entitled to count on national insurance contributions paid here for their pension in their country so their national insurance numbers and contribution records have to remain on UK systems after they have come and gone. That is part of the reason for the figures for national insurance numbers being greater than the hon. Gentleman might suppose.

Chris Grayling: I was making a point about national insurance numbers that were issued in the past three years. I assume that the Secretary of State has not been issuing national insurance numbers to dead people.

Mr. Hain: I think the hon. Gentleman will be even more embarrassed about those comments. Of course we do not do that. The national insurance numbers of people who die remain on the system so that their dependants, including widows, can claim the benefits that flow from their contributions.

Mr. Andrew Robathan (Blaby) (Con): As Secretary of State for work, will the right hon. Gentleman explain whether it is in order under employment law for a boss to call a member of his work force "incompetent"? How does it feel?

Mr. Hain: That question does not merit an answer.

Under Labour today, a national insurance number can never be proof of anyone's right to work, as the hon. Member for Epsom and Ewell appears to believe and as he implied this afternoon. The previous Conservative Government believed that it should be and legislated to that effect. That is a crucial point. The Tories thought that a national insurance number should be a passport to work and legislated to that effect. I repeat that, under Labour today, the national insurance number on its own cannot be an automatic passport to a job. It is an administrative mechanism whereby we can track people's contributions to the national insurance system and record their entitlement to pensions and other benefits.

Of course, when the Conservatives were in power, illegal immigration and working were not the global phenomena they are now. That was not because they had well thought out policies to keep them under control. The main reason was that, under their stewardship, the economy was going to hell in a handcart. No one, especially not the 3 million unemployed, associated Britain with work.

Mr. Stewart Jackson: I am listening to the Secretary of State with interest. It is clear from the quality of his speech that it was written by one of his phoney think tanks; we are not sure whether it exists or whether it is a hologram.

The motion deals with immigration. If the Government are worried about immigration, why, two years ago, did they specifically opt out of sharing criminal records data with European Union countries? There are many cases throughout the country of national insurance numbers being given to people who

[Mr. Stewart Jackson]

have a criminal record in other EU countries. The Government do not seem to know about that and, what is more, do not seem to care.

Mr. Hain: Again, I am not sure what the hon. Gentleman's comments have to do with the debate, but I am happy to answer his question. We are putting together systems and procedures to share information with Interpol and I shall tackle directly the subject of illegal immigration, its flow into illegal work and the question of national insurance. I give way.

Mr. Speaker: I call Douglas Carswell.

John Penrose: John Penrose, Mr. Speaker.

Mr. Speaker: Mr. Penrose, I apologise.

John Penrose: I keep saying that I am a lot prettier than my hon. Friend.

If someone approaches an employer saying that they are a British citizen, that they have no proof of it but they have a national insurance number, how is that employer to be sure that the person has a right to work in the UK?

Mr. Hain: Employers must make the requisite checks. I shall deal with the matter shortly because it is another false premise on which the Opposition motion has been framed.

Unemployment was dire under the Conservatives, but it is no longer the case. This morning's figures again show that employment is at an all-time high, with nearly 3 million more people in work. Inactivity is historically low and a million people are off benefits. That is our Labour Government's record. It is a record of genuine achievement and competence, not Tory abject failure and incompetence.

David T.C. Davies (Monmouth) (Con): The Secretary of State says that 3 million more people are in work. He has plenty of figures at his fingertips; can he tell us how many of those 3 million people are British citizens?

Mr. Hain: As I have been explaining, employment has gone up, including for British citizens. Wages have risen and prosperity has increased. There are more house owners and the economic picture is completely different from the one that we inherited from the Conservatives.

Angela Watkinson: The amendment announces measures to prevent illegal immigrants from being issued with national insurance numbers—a clear admission that it has been happening. *[Interruption.]* Does the Secretary of State believe that he is introducing the measures unnecessarily? Their introduction implies that illegal immigrants have been issued with national insurance numbers. What additional measures will he introduce to retrieve or withdraw the national insurance numbers that have been issued to people who are not entitled to them?

Mr. Hain: I am sorry to say to the hon. Lady that the level of ignorance and misunderstanding among Conservative Members on the matter is astonishing. Given that they chose to switch at the last moment from another topic to this one, I am amazed that they have not checked their facts. I shall describe shortly exactly what happens. I shall also describe the way in which, under the Government whom the hon. Lady supported and who were in power until 1997, the relevant procedures were inadequate and incompetent and could not nearly have dealt with the problems that we have faced with the global flows of millions of people on a scale never previously experienced in advanced European countries such as ours.

Chris Grayling: The Secretary of State accuses us of not checking our figures. However, his Department's figures show that both the proportion and the absolute number of British adults of working age in employment have fallen in the past two years.

Mr. Hain: It is important to note when considering proportion that the population has been increased— *[Interruption.]* The facts are stark: 3 million unemployed under the Conservatives, but record employment under Labour, including record numbers of British citizens.

I agree with Conservative Members that illegal working is an issue and I shall explain what we are doing about it. The hon. Member for Epsom and Ewell should know that the Conservative Government in 1996 established a clear and unequivocal statutory duty on employers to check that new employees had the right to work. However, it is worth pausing and considering the key issue that, in doing so, they said that the possession of a national insurance number was sufficient proof of a right to work. The Tories said so and legislated to that effect. Perhaps with the benefit of hindsight, it is clear that that was a stupid thing for the Tories to do—it was both administratively impractical and left the door wide open to abuse. Yet as we all know, despite the requirements on employers, illegal working has remained a problem. Employers cannot abrogate their responsibilities for that, which is a point to which I shall return later in my speech.

Stewart Hosie (Dundee, East) (SNP): Will the Secretary of State give way?

Mr. Hain: I want to make some progress, because I have been asked specific questions about changes and I want to answer them. Then I will give way.

The situation has evolved over the years. It became apparent to us that some employers, either wilfully or inadvertently, were employing illegal workers, in part because those people had been issued with national insurance numbers. Some of those NINOs will have been issued to students who then overstayed, for example. In other cases, employers will have created their own reference numbers, to record tax and national insurance deductions, which are not recognised by either the Department for Work and Pensions or Her Majesty's Revenue and Customs.

We have therefore taken action, and I have been asked what we have done. In 2004, we changed the legislation inherited from the Conservatives to provide that a national insurance number alone is not enough

to prove an entitlement to work, as it had been under the Conservatives. Since July 2006, all employment-related national insurance number applicants have to prove that they have the right to work in the United Kingdom, which is something that no previous Government—and certainly not the previous Tory Government—ever required. That has made a real impact.

Since July 2006, more than 8,000 national insurance number applications have been turned down because they did not satisfy the right to work. Before someone can be given a national insurance number, they have to undergo an intensive face-to-face interview by a specialist member of Jobcentre Plus staff—I was asked about that by, I think, the hon. Member for Upminster (Angela Watkinson), although it may have been one of her colleagues. Did that system exist when the Conservative party was in power? We all know the answer to that: no.

The fact that we have tightened up the national insurance number system does not mean, however, that we have changed the fundamental responsibility of employers to check that their employees have the right to work. It is positively irresponsible for the hon. Member for Epsom and Ewell to go on the airwaves and try to mislead employers and the public into thinking that national insurance numbers prove the right to work. That positively encourages rogue or ignorant employers to flout the law. What the Opposition are saying demonstrates not only that they do not understand the first thing about the system, but that they are far more interested in making political points than in doing anything about illegal working.

The fact that some employers continue to ignore the law is the reason we are tightening up enforcement still further, by introducing increased fines from next month and, in extreme circumstances, prison for rogue employers, and why we are telling employers what their responsibilities are, through a major public awareness campaign. Will the hon. Gentleman put his and his party's weight behind those proposals? I give him the opportunity to answer that question.

Chris Grayling: We would be delighted to see any proposals that tightened up the system. The point that the Secretary of State appears to be missing, however, is that Ministers told the House in 2006:

> "Any individual applying for a NINO in connection with employment who does not have the right to work here legally will be refused one."—[*Official Report, House of Lords*, 5 June 2006; Vol. 682, c. WS68.]

That is clearly not happening. Why not?

Mr. Hain: But it is happening. The hon. Gentleman is sticking to his pre-rehearsed script. He came to the House brandishing a speech that he thought would demolish everything before him, but it is based on a total misunderstanding of the facts and the realities.

The hon. Gentleman asked about this, so let me remind the House what the Opposition's position was when the Security Industry Authority was established. Also, the motion that we are debating was inspired by problems that the SIA has been seeking to address and which are being addressed by the Home Secretary—

Bob Spink (Castle Point) (Con): Will the Secretary of State give way?

Mr. Hain: I need to answer this point, and then I will come back to the hon. Gentleman.

Let me remind the House what position the Opposition took when the Security Industry Authority was established. Their spokesman said:

> "The Opposition's approach to the Bill is that it should not place unnecessary, overly complex, bureaucratic or burdensome regulations on the legitimate sector of the industry…A large company can afford to employ people in compliance and administrative departments to ensure that regulations are satisfied. However, for people legitimately trying to run a small company…extra bureaucratic regulation is a huge problem."—[*Official Report*, 28 March 2001; Vol. 365, c. 980.]

The Conservatives will certainly get the gangmasters' vote with that attitude. Here they are, complaining about a lack of due attention and proper regulation, but when we were putting the necessary legislative changes in place, they spoke out against the tight controls that we introduced.

David T.C. Davies: I am grateful to the Secretary of State for giving way. If the Security Industry Authority and the Home Office, which has been found to be employing illegal cleaners, cannot determine who can and cannot legitimately work in this country, how on earth does he expect a small shopkeeper, a restaurant keeper or a small business man to do so?

Mr. Hain: That is exactly why we need compulsory identity cards for foreign nationals, but the hon. Gentleman is opposed to that policy. As I will explain in a moment—clearly he does not understand the situation either—compulsory identity cards will be a crucial weapon in stamping out the illegal working that, in supporting his party's motion, he professes to be concerned about.

Mr. James Paice (South-East Cambridgeshire) (Con): I want to return to the Secretary of State's reference to gangmasters. The Government introduced the Gangmasters Licensing Authority, yet there has been absolutely no diminution in the number of unlawfully operating gangmasters, who completely exploit usually illegal immigrants, who are housed disgracefully and paid a fraction of what they should be paid. That is because the Government have completely failed to provide the Gangmasters Licensing Authority with the powers and the resources to do the job that everybody in the House believes it should be doing.

Mr. Hain: I just do not recognise that description of the situation at all.

John Penrose: I thank the Secretary of State for giving way a second time. He is talking about the importance of employers making the necessary checks. However, if an employer is faced with a legitimate British citizen who does not have a passport, how is that British citizen supposed to prove that he or she has a right to work in this country, and how does that affect the Secretary of State's point about national insurance numbers not necessarily being a guarantee of a right to work?

Mr. Hain: There are all sorts of documents, including a passport, that employers will be able to inspect. Employers are advised by the Home Office on the correct documentary evidence that can establish the right-to-work status. A British national starting work can establish his or her right to work through a UK passport or a UK birth certificate. The Home Office guidance to employers is to be amended from 29 February. That will help to clarify any uncertainty. It is clear that the Government are taking action in every respect to tighten up the loose and unregulated system that we inherited.

Bob Spink: I am grateful to the Secretary of State for giving way—he is being most generous. He said that employers still have a duty in law to check their employees' right to work. What would he expect prosecuting authorities to do in the event of an employer claiming that he was just too busy to make those checks?

Mr. Hain: Again, I am not going to dignify that question with a response.

Several hon. Members *rose—*

Mr. Hain: I need to make some progress and then I will give way. The level of ignorance on the Opposition's far Back Benches, let alone on their Front Bench, is enormous. *[Interruption.]* Indeed, they are back to front.

Ensuring that someone whom one employs has a right to be in this country and has a right to work is not, in my view, asking too much. Neither is it "burdensome" or "unnecessary", as the Conservative party said it was when commenting on the legislation.

To help to deal with illegal workers in future, we will further tighten the system by introducing identity cards for foreign nationals from the end of this year. I can confirm that, as the ID card system for foreign nationals comes in, anyone who applies for a national insurance number must produce their identity card, so we are introducing an extra clamp-down on illegal working. Will the Conservatives support this absolutely vital tool for achieving that objective?

Mark Pritchard (The Wrekin) (Con) *rose—*

Mr. Hain: I will give way to the hon. Gentleman. Perhaps he will tell us whether he will support compulsory identity cards for foreign nationals.

Mark Pritchard: I am grateful to the Secretary of State for giving way. He will know that confidence in a Government, of whatever political colour, is very important indeed. In that regard, will he give the House a guarantee that there are no illegal workers at the Wales Office or the Department for Work and Pensions, so that people listening to the debate, or reading about it tomorrow, can have confidence in his Government?

Mr. Hain: We have extremely strict procedures in the DWP on these matters. Many Conservatives are intervening on me, and I am happy to take all their interventions, but it is interesting that they are asking me questions on virtually anything except the issue that they have put down on the Order Paper. That is because they are embarrassed now that they have realised that it was based on an entirely false premise. When I—

Several hon. Members *rose—*

Mr. Hain: I am happy to take all and sundry—*[Interruption.]* Most of it is sundry. I am more than happy to take interventions, however.

What is really embarrassing for the Conservatives about this debate is not just that they do not understand the issues, or the fact that the proposition on which they have sought to censure the Government is based on an entirely false premise, but that they will not support the proposals for the single weapon that would stem this problem at the outset—the introduction of compulsory identity cards for foreign nationals. That would enable regulations to be introduced that would be of enormous benefit to employers and everyone else.

Mr. Stewart Jackson *rose—*

Mr. Greg Hands (Hammersmith and Fulham) (Con) *rose—*

Mr. Paice *rose—*

Mr. Hain: Which one shall I take first? I give way to the hon. Member for Hammersmith and Fulham (Mr. Hands).

Mr. Hands: The Secretary of State seems to be blaming everyone else for this incompetence. He is blaming the Conservative Opposition and hard-pressed business people. May I take him back to the process of issuing national insurance numbers? His chief economist gave evidence to the Home Affairs Committee two years ago, stating that Jobcentre Plus staff routinely issued national insurance numbers to all comers and that

"it is not about ascertaining whether someone is legally in the country or has a right to work".

Is that still the case?

Mr. Hain: I am not sure whether the hon. Gentleman has just traipsed into the House a little late, but he obviously has not heard what has been said. As this is an issue, however, perhaps I can explain the situation to him. The question that he has just asked is based on woeful ignorance. It is worth putting on the record the process for the allocation of national insurance numbers.

To apply for a national insurance number, the applicant will need first to telephone the Jobcentre Plus national insurance allocation service helpline. When initial contact has been made, Jobcentre Plus will ensure that the applicant needs a national insurance number and does not already have one. After confirming that one is needed, a face-to-face interview will be arranged to establish evidence of identity. The customer will then receive a letter confirming their interview date and the types of documentation needed to support their application. The interviewing staff will

complete a claim form and establish the applicant's identity by asking a series of questions relating to personal information.

The interviewing officer will also establish that the applicant has the right to work in the UK by checking such evidence as Home Office documentation or a valid passport endorsed with the applicant's entry conditions. Any documents provided by the customer will be thoroughly checked using specialist document-checking equipment, and the completed application form and supporting documentation will be sent to the central control unit, where further checks are undertaken. The central control unit will conduct specialist tracing action to ensure that a national insurance number does not already exist, to check that the information supplied by the customer at the interview is correct, and to decide whether to allocate a national insurance number to the customer. Following the allocation of a number, documentation will be passed to Her Majesty's Revenue and Customs to register the number.

The checks that we make are extremely scrupulous and careful. It was absolutely necessary to introduce those extra checks and to change the law inherited from the Conservatives—the party that is seeking to attack us—to combat the abuses that would otherwise still be taking place. Yet the Conservatives will not support one of the single most important changes that we want to introduce—compulsory identity cards for foreign nationals. They will not give us the tool to do that.

Chris Grayling: Why did all those 6,600 illegal security staff applicants have national insurance numbers?

Mr. Hain: Our staff are checking and working with the Home Office to establish precisely why that happened, and whether it was because employers were employing illegal workers or for some other reason that has not been identified. We are keeping oversight of the matter at ministerial level, and the Home Secretary has made it clear that she has agreed to report to the House when we are certain what happened.

Mr. Paice: The Secretary of State keeps referring to the fact that the Opposition have misunderstood the situation. May I take him back to a very short statement—namely, the motion that we are debating today? It states that

"this House expresses its very great concern that National Insurance numbers appear to have been issued to illegal immigrants."

It says nothing about work or employment; this is simply a question of whether NINOs have been issued to illegal immigrants. Have the Government given NINOs to illegal immigrants in the two and a half years since the last general election—yes or no?

Mr. Hain: It is interesting that that is not what the hon. Member for Epsom and Ewell has been asking. It is not the burden of the Conservative Front Bench's argument. For the benefit of the hon. Member for South-East Cambridgeshire (Mr. Paice) and for the whole House, perhaps I should explain the safeguards that are in place to ensure that a person has the right to reside and work in this country when they make an application for a national insurance number. I have already explained the procedure.

When an appointment is booked at the nearest national insurance number hub, a customer is advised of the supporting documentation required to make an application. It is made clear that that includes a passport, a birth certificate, a registration certificate, Home Office documents, work permits and identity cards. After all the initial checks are made, the process is followed through in the way that I have described.

The Conservatives appear to be suggesting that national insurance numbers are just being dished out to anybody who applies for one—*[Interruption.]* The hon. Member for Peterborough (Mr. Jackson) is nodding in agreement.

Mr. Stewart Jackson *rose—*

Mr. Hain: I need to finish this point, then I will of course give way.

I have just explained that the most stringent safeguards are in place, and they have been steadily tightened up as the global phenomenon of illegal immigration has increased right across Europe and elsewhere across the industrially advanced, prosperous world. We have tightened them up bit by bit, yet some of the measures that we have introduced have been opposed or criticised by the Conservatives.

Mr. Jackson: I thank the Secretary of State for his generosity in allowing interventions. By his own admission, either by omission or commission he has not been straight with the Labour party's national executive. Perhaps today he will be straight with the House. Why does he think that it was not the Conservatives or the Liberal Democrats but the Chairman of the Home Affairs Select Committee, the right hon. Member for Leicester, East (Keith Vaz), who was prompted to say today:

"There needs to be immediate action taken to stop the issuing of National Insurance numbers to those who are here illegally. It is not acceptable—especially as this was first seen to be a problem way back in 2006"?

The Government have had two years to take this issue on board and deal with it properly, but they have clearly failed to do so.

Mr. Hain: The hon. Gentleman has stumbled into the Chamber this afternoon clutching a rehearsed question, but I have already given the answer and I will explain other aspects in a few moments.

I was talking about compulsory identity cards for foreign nationals and it is worth noting that foreign nationals, the subject of today's debate, feature in the Conservative motion. Yet if Conservative Members had the power to impose compulsory ID cards on foreign nationals, they would not do so because they are fanatically opposed to ID cards in any shape or form. Last week, my right hon. Friend the Prime Minister twice asked the right hon. Member for Witney (Mr. Cameron), the leader of the Conservative party, whether he and his party would support the introduction of ID cards for foreign nationals—and he twice refused to agree to that. If the Opposition were serious about protecting Britain's borders and about the problem of illegal working, they would support ID

[Mr. Hain]

cards, especially compulsory ones for foreign nationals. ID cards are supported by Sir John Stevens, the chairman of the Conservative leader's working group on border police, and by Dame Pauline Neville-Jones, chair of the Conservative leader's national and international security policy commission. I gladly give the hon. Member for Epsom and Ewell the opportunity to say yes or no, right now, to compulsory ID cards for foreign nationals. I gladly give way to him on that point—*[Interruption.]* I note that he will not rise to say yes or no. I have been happy to take his interventions throughout the debate, but he will not get up to say yes or no to compulsory ID cards for foreign nationals.

Chris Grayling *rose*

Mr. Hain: It looks as though he will now.

Chris Grayling: Why should the Opposition give yes or no answers to the Secretary of State when he will not give yes or no answers to my hon. Friends about the issue outlined in the motion? Will the right hon. Gentleman answer the question whether his Government have issued national insurance numbers to illegal immigrants over the last two and a half years? Yes or no?

Mr. Hain: I have just explained to the hon. Gentleman that we have put in place the most stringent checks. If we find that a national insurance number has been issued to illegal workers, presumably through deception, we will see whether any further checks and measures are necessary, particularly in the security industry cases. In that case, we hope that, unlike in respect of ID cards for foreign nationals, the hon. Gentleman will support us.

Mr. Hands: Will the right hon. Gentleman give way?

Mr. Hain: Not for a moment.

It is no good the hon. Member for Epsom and Ewell fulminating about illegal working when he wants to deprive Britain of an essential weapon—compulsory ID cards for foreign nationals—to defeat it.

Lest we forget, I shall detail some of the other measures that the Opposition have felt unable to support on this matter: fines for hauliers who attempt to smuggle illegal immigrants into the country to work illegally; limits to benefits for asylum seekers; measures to refuse asylum to convicted criminals sentenced to two years' imprisonment—so much for the high and mighty condemnations of the Government that we have heard this afternoon.

We are now in the middle of the biggest ever shake-up of Britain's border security, intended to tackle these problems: we are introducing a single border force to guard our ports and airports with police-like powers for front-line staff; we are checking fingerprints before we issue a visa for anywhere in the world; we are counting foreign nationals in and out of the country; and we are introducing compulsory watch-list checks for all travellers before they land in Britain and, for high-risk countries, before planes take off. We are also introducing a new points system like that in Australia so that business can bring in legal migrants to work here legally as we need them.

Conservative Members express "very great concern" on the issue of illegal immigration. They are concerned if they think they can get a vote or two out of it, but not concerned enough to do anything about it or to back those such as the Government who will. As has been shown graphically this afternoon, this is a contrived debate. What Channel 4 news ran last night, the Opposition re-heat today, which is a fine example of what the hon. Member for Epsom and Ewell does best—putting a crust on a soufflé.

1.44 pm

Danny Alexander (Inverness, Nairn, Badenoch and Strathspey) (LD): It is a pleasure to follow the Secretary of State in such an important debate. It is rather disappointing, as the hon. Member for Newport, West (Paul Flynn) noted earlier, that we do not have an opportunity to discuss pensioner poverty today—a hugely important issue on which so many hon. Members have much to say. I hope that the hon. Gentleman lives up to his commitment to find another opportunity to debate that important subject—*[Interruption.]* Today's subject is none the less important, but the exchanges so far have generated more heat than light, so I shall do my best to shed a little light on the issue.

I appreciate that this may be a difficult day on which the Secretary of State has to respond to the Opposition motion, given that yesterday, in another context, the Prime Minister used the word "incompetence" to describe him. At the outset, the Prime Minister certainly made it clear that he intended to have a Government of all the talents; we did not expect that incompetence would be among them. Today's debate is certainly about incompetence, particularly historical incompetence, and the question remains whether such incompetence continues today. No one can doubt the extent of the serious problems that arose in the past, so we need to focus on the extent to which the Government's changes are delivering a more watertight system. Or is it the case that the revelations on Channel 4 News last night about security workers suggest that more needs to be done to surmount the problems highlighted?

National insurance numbers are important because they have a number of uses, which the Secretary of State has enumerated in detail. They relate to work and are also important as part of the process of claiming benefits—an issue that I am surprised to note has not cropped up in the debate so far. The relationship between a national insurance number and a benefit claim needs to be addressed if we are to deal seriously with all the questions surrounding national insurance numbers.

We have heard regular and repeated assurances—we heard them again today from the Secretary of State—that the problems identified with the national insurance number allocation process are being dealt with and that new processes are being introduced. I have seen information on a Department for Work and Pensions website, setting out precisely how the Government intend to apply the rules to ensure that all the relevant checks are made. As reported on Channel 4 News last night, however, 6,653 workers in the security industry, who were not allowed to work here as they were in the country illegally, none the less had

national insurance numbers. The Secretary of State said that processes were now in place to ensure that workers who are here illegally cannot apply for or receive national insurance numbers. What checks have been made to find out what proportion of those in the security industry gained their national insurance numbers before July 2006, when the new system was brought in, and what proportion received them after that date? That answer is key to establishing whether the system has changed in reality.

Mr. Hain: In respect of this inquiry, it is important to put on record—I am grateful to the hon. Gentleman for giving me the opportunity to do so—that the Home Secretary advised the House on the basis of further checks that around 70 per cent. had the right to work in the UK. The Security Industry Authority has written to the vast majority of the remainder—more than 10,500 individuals—to advise them that it is minded to revoke their licences. Applicants were given until 11 January to respond and if the evidence is not forthcoming, licences will be revoked.

I should add that, according to initial indications, many SIA applicants have quoted non-valid national insurance numbers. Those will not have been allocated by the DWP, and as such will not be recorded on DWP systems. Some of the numbers quoted may well be fictitious. For that reason too, I think that the premise on which the motion is based is entirely false.

Danny Alexander: The Secretary of State makes the important point that there is a range of possible ways in which national insurance numbers have been come by. They may have been invented or fictitious, but equally—and I note that the Secretary of State does not exclude this possibility—they may have been legitimately obtained by means of procedures that the Government have introduced. Given that, as the Secretary of State said, there are people who are here illegally—although I accept that, as he said, many are here legally—if those people had national insurance numbers that were obtained legitimately after July 2006 there is clearly a further problem in the system that needs to be addressed, and it is incumbent on the Secretary of State and his Department to make absolutely certain that that is done. In my opinion, that point could reasonably be made by Members in all parts of the House.

The Secretary of State defended the system staunchly in his speech, and seemed to imply that the problems were no longer occurring. I think it important for the Department to conduct a proper investigation, based on the information that we now have about those workers in the security industry, to establish that that is indeed the case. I hope that the Secretary of State, or the Minister who replies to the debate, can assure us that such an investigation will be forthcoming. The Secretary of State said that some 8,000 applications had already been rejected on the grounds that the applicants were here illegally, and it is clear that some are indeed being rejected, but if—despite whatever changes have been proposed and made—the system for the allocation of national insurance numbers is still allowing numbers to be allocated to those who are here illegally, that needs to be investigated and further changes made if necessary. The Secretary of State does not appear to demur from that, but I will give way to him if he wishes.

Mr. Hain: The hon. Gentleman is making his points in a reasoned way. He is keeping me accountable to the House, which is his job, and I respect him for that. However, I have explained the way in which we have tightened up the system. If anything that comes to light as a result of the latest episode suggests that we should introduce further checks, we will introduce them. The hon. Gentleman may wish to write to me suggesting possible measures.

It is interesting to note that the hon. Member for Epsom and Ewell (Chris Grayling) has no idea what he would do. He has made no suggestions so far. We inherited a mess from the Conservative party, and if the hon. Gentleman has any suggestions of his own, I will of course consider them.

Danny Alexander: I am grateful to the Secretary of State for what he has said. I will make one specific suggestion now. I think that the Department needs to find out as soon as possible when the national insurance numbers in the 6,653 cases that have been highlighted were allocated, and tell the House what proportions received their numbers before and after July 2006. I realise that the task might be labour or IT-intensive, but it is important to shed light on whether the existing checks work or not. I hope that the Minister will feel able to commit the Government to doing that.

Clearly, national insurance numbers have been issued in the past to people who were not entitled to receive them because of their immigration status—in other words, because they were not entitled to be in the United Kingdom. I confess that I do not know what this would involve, but what steps is the Department taking to ensure that those numbers are revoked and removed from the system and people cannot continue to use them in a way that, while not in itself sufficient to gain them employment, is nevertheless part of the process of gaining employment and might, in some cases, lull employers into a false confidence that those with whom they were dealing had a legitimate right to work or indeed to claim benefit, a subject to which I shall return shortly?

This is, of course, not a new problem. In 2005, serious concerns were raised with Her Majesty's Treasury about people claiming tax credits who, although not in the country legitimately, had national insurance numbers. It seems that in 2000 it was decided, perhaps by officials, that it was too costly to check immigration status before issuing national insurance numbers. In the light of the latest events, the basis and purpose of that decision must be questioned.

We must ask what are the implications of these events. As was pointed out by the hon. Member for Epsom and Ewell (Chris Grayling), they are linked to the problem of the number of foreign workers in the United Kingdom, and the ability to count people in and out. The Secretary of State announced back in November that the figures had been miscalculated, and that there were 1.1 million foreign workers in the UK rather than 700,000. The aspect of benefit fraud is also important. According to the DWP's website,

"A National Insurance (NI) number is a personal number used: to record a person's NI contributions and credited contributions"

and

"because it is needed when claiming social security benefits".

[Danny Alexander]

As was shown by a report published just before Christmas, nearly £2 billion is still being lost through fraud and error in the benefits system. That is a staggering figure with which I do not think anyone in the House can be satisfied. The most recent report showed that the amount of benefit being lost through both fraud and error had risen. While it is fair to say that in earlier years there was a steady decline in fraud, that seems to have stopped, and the amount of error is increasing. Given that national insurance numbers are necessary for the claiming of benefit

David Taylor (North-West Leicestershire) (Lab/Co-op): They are not sufficient.

Danny Alexander: They are necessary for the claiming of benefit. I ask the Secretary of State and his colleagues also to investigate whether benefits have been claimed by people who were not entitled to them by reason of their immigration status, but who had national insurance numbers that had been inappropriately obtained. While the position should be viewed in a rational manner, it is important to investigate all the possible outcomes. There seems to be no doubt that at some stage, at least, people have been allocated national insurance numbers when they were not entitled to them.

David Taylor: I am sure that the hon. Gentleman would not wish to mislead the House. Certainly national insurance numbers are necessary to the claiming of benefits, but they are not sufficient. A range of other checks, hurdles and barriers must be negotiated before entitlement is established. It is wrong to suggest that the two are synonymous.

Danny Alexander: I did not suggest that they were, as I think the record will make clear. Nevertheless, possession of a national insurance number is an essential starting point for a benefit claim. If the number has been obtained through the proper procedure, even if the person concerned is not entitled to it, that will allow the person to enter the process of claiming, although other information would have to be provided—in this instance, fraudulently—for the claim to be made. If, however, there is still a loophole, a problem, a mistake or incompetence in the system for the allocation of national insurance numbers, there are potential implications for the benefits system that need to be examined. I make no stronger claim than that, and I trust that the hon. Gentleman does not disagree with it.

I could not agree with the tone of some of what the hon. Member for Epsom and Ewell said about the nature of the problem of foreign workers. He was, of course, right to stress the need to ensure that the maximum number of British claimants of incapacity benefit, for instance, are given the skills and support that will enable them to return to work. That is a critical factor. It is also true that there must be strict rules governing which people from other countries are and are not entitled to work in this country. It would be wrong, however, for the tone of the debate to give the impression that the large number of workers in the United Kingdom who are from foreign countries, whether inside or outside the European Union, are not making a valuable and in some cases an essential contribution to our economy, our public services and so on.

In my constituency, a large number of citizens from other European countries—I have discussed this with the Minister for Borders and Immigration—are making an essential contribution to the economy of the highlands and islands. That is not to say that people should be entitled to work if they are here illegally, but we need to conduct these debates in measured tones and to make it clear that those people are welcome in this country and are doing essential work. Of course, the pattern of migration will change over time, and it is critical that we ensure that as many people as possible get off benefit and into work. My point is perhaps more about tone than anything else.

Stewart Hosie: I wonder whether the hon. Gentleman might amplify that point. It is not merely that Inverness is booming and that excellent work is being done in Aviemore by a large number of mainly youngsters from eastern and central Europe. In the past three years, the populations of Dundee and Glasgow have risen after decades of decline, and the population of Scotland has increased, when it was forecast to decline over the long term. By and large, the general experience, both for those coming in and the people already living there, has been a happy one.

Danny Alexander: The hon. Gentleman is right. That is one of the reasons why both the previous Scottish Executive and the current Scottish Government continue to encourage inward migration to Scotland. Certain essential jobs would not be done were it not for foreign nationals. It is important, therefore, that we do not conflate the two categories of people: those who are here legally and those who are here illegally.

Chris Grayling: The hon. Gentleman is right, of course, that the tone needs to be appropriate and that we have to be clear in saying that many of the people who come to work here have every right to do so and have made a positive contribution. Undoubtedly there will be others who will do so in future. Does he agree, however, that we need proper and clear controls on the number of people we allow to come here, and that the challenge is exemplified by the city of Glasgow, where people have been coming in to work, but at the same time a substantial proportion of the adult population is not currently in work? That demonstrates the challenge that we face in ensuring that more people who are on benefits in this country have the opportunity to get back into work. Controls on the number of people working here are a part, but only a part, of the challenge that we face in trying to ensure that that happens.

Danny Alexander: I agree with much of what the hon. Gentleman said. I do not agree—but perhaps he was not making this point—that the two equate. We must work to get people off benefit and into work. He mentioned Glasgow and we could mention many other parts of the country, including my constituency. There are very good reasons to work extremely hard to address the issue. I have a lot of criticisms of the Government's approach to that matter, but they would probably be outwith the scope of the debate. Work is

important not just for economic reasons but for reasons of the dignity and self-worth of the individuals themselves and the wider non-financial benefits of working. However, it is not a zero-sum gain. I am not saying that we need to get those on benefit into work, so that we can have fewer foreign workers; I think that we need both.

Mr. Stewart Jackson: The hon. Gentleman touches on an interesting point, which is that, away from the heat and light of this debate, there is quite a broad consensus on some of the consequences of the impact of unfettered immigration. Indeed, the Secretary of State's colleagues, the hon. Member for Dagenham (Jon Cruddas) and the right hon. Member for Birkenhead (Mr. Field), and organisations such as the Scottish TUC have made the point about the impact of immigration in entrenching welfare dependency and exacerbating community tension. The hon. Member for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander) is right to elucidate the consensus on that issue.

Danny Alexander: I am grateful for that intervention. Without wishing to venture too far outside the scope of the debate, I recognise some of what the hon. Gentleman said. What I do not recognise—I am thinking of the experience in my own part of the country—is the belief that the reason why many people are on benefit is that foreign workers are taking their jobs. There are lots of reasons why people are on benefit when they should not be, and they should be helped back into work. That is critical, but the two things are separate. For reasons of ensuring that this debate is conducted correctly, that separation needs to be made clear. Perhaps in his constituency, those are not separate considerations, in which case I would equally well accept that point from him.

Mr. Hain: I intervene because the hon. Gentleman made a valuable point for the House, which is that migration adds a lot to the British economy. I am glad that the hon. Member for Epsom and Ewell for once agrees on that point. In 2006, it contributed £6 billion to the British economy, accounting for about one sixth of the growth that year, so it is valuable. But it has to be legal.

Danny Alexander: I think that we have said enough on that point. The Secretary of State is right and the point about how the debate is conducted is important.

It is worth pointing out that problems with the administration of national insurance numbers have also occurred under previous Governments. For example, if it were not for the work of my hon. Friend the Member for Northavon (Steve Webb), we might never have known about the failure of home responsibility protection. Because of problems in administration, no checks were made by the child benefit office to verify national insurance numbers until 1994. Women did not have to supply those details on the forms and it was not until May 2000 that it became compulsory for child benefit customers to do so. If it had not been for the work of my hon. Friend in highlighting that issue, many women would have been denied significant proportions of their pensions, because of the absence of proper checks on national insurance numbers. Such important matters must be got right, but at various times and at various levels, different Governments have made mistakes in the administration of the national insurance numbering system, and charges of incompetence could equally justifiably be levelled in both cases.

This important issue must be addressed in a balanced manner. Above and beyond the short-term issue of the damage done to the Secretary of State's political credibility by recent revelations—it is very dear to his heart but it is none the less short term—this is a long-term issue that needs to be resolved, whether by him or by whoever follows him, should that eventuality arise. The Government need to do much more to ensure that there is confidence in the system. I have suggested that some investigations at least need to be carried out. For there to be confidence in the system, competence is required, including from the Secretary of State and his ministerial team.

Mr. Hain: On the question of a competent series of controls, will the hon. Gentleman support compulsory identity cards for foreign nationals to help to deal with the problem?

Danny Alexander: No. As the Secretary of State will know, my party has supported the introduction of biometric visas for foreign nationals that would be included in passports and could be used in the checking process. When I looked at the DWP's website this morning and at the process for getting a national insurance number, one of the pieces of documentation that needs to be checked is the passport. A passport with a biometric visa included within it should, if that system is working properly—I see that the Minister for Borders and Immigration, who is responsible for these matters, is in his place—provide the means to check those things that the Secretary of State needs to be verified.

The arguments against ID cards are much more wide ranging than the scope of the debate. To have a competent system, we need the appropriate checks to be in place, managed and administered correctly, and the appropriate leadership from the top. We need to be reassured about that during the debate.

2.8 pm

Mr. Greg Hands (Hammersmith and Fulham) (Con): I am delighted to take part in the debate. I was staggered, although I should not necessarily have been particularly surprised, by the news that came out of the Channel 4 investigation and was further highlighted today. It seems to me that the Secretary of State is lucky to have two jobs. There are many people out there—illegal immigrants in this country—who seem to have many jobs, so I think that he should consider himself lucky, at least for the time being, while he ties those two down.

We are talking about very large numbers of people here. We are talking about, in the past three years, almost 900,000 national insurance numbers being issued to non-EU nationals, but in the same period only 270,000 work permits have been issued. The big question before us is: what has happened to the other 600,000 people? As the Secretary of State rightly pointed out, some of them will be students, and others

[Mr. Greg Hands]

will be here entirely legitimately. Nevertheless, that is a huge number of people, and we need to explore who they are. In my experience, however, when this Government do anything that involves both counting people and the administration of migration it always leads to disaster, so having the two together in counting migrants may combine to make a double disaster.

Immigration casework accounts for an enormous amount of my constituency case load. The Home Office, which, as we know, is pretty much incapable of counting anything, publishes each year a league table of the amount of immigration casework that Members of Parliament do, and I am regularly the top Conservative—I am ranked between sixth and eighth overall. All the Members at the top of that table are London MPs. I currently have between 700 and 800 immigration cases outstanding—cases where the person's status has still not been fully clarified or they are waiting to receive a document. That is a huge number of people in a constituency of 81,000. Some London MPs—particularly inner-London MPs—even have dedicated immigration case workers. The answering machine message of one of my neighbouring MPs says: "If you wish to speak to me on anything else then leave a message here, but if you wish to speak to me on immigration then you need to speak to the specific case worker."

Our country faces a problem. There are many people who are legitimately in this country but who have been left for years waiting to have their status clarified, which cannot be in anybody's interest—either that of Britain as a whole in terms of our national economy, or certainly that of the applicant. On the other hand, there are hundreds of people who should not be here and have been told that they must make preparations to leave. I think of all the letters I have received that say, "Dear Mr. Hands, your constituent should make immediate preparations to leave the country, here is how we might be able to provide assistance and this is what he needs to do". Those letters might date from many months and sometimes years earlier, but nothing has happened as a result. That leaves me with no confidence in this Government's ability to police the people—and the nature of the people—coming in and out of the country.

Mr. Stewart Jackson: Does my hon. Friend share my concern that at the very time when there is such manifest Government incompetence in dealing with the wide range of people who are here illegally, we are removing to places such as Darfur and Zimbabwe people who should be given a chance to make a life in this country? They are being removed back to persecution and imprisonment, and possibly to death. That is the level of this Government's incompetence.

Mr. Hands: My hon. Friend is absolutely right. The disparity between the treatment of different types of migrants to this country is shocking, especially in relation to their country of origin.

Absurd situations can arise. A constituent of mine who is a Bulgarian national was asked only months before Bulgarian accession to produce a set of 25 different documents, including her school records from back in Bulgaria—if only the tests on getting a national insurance number were as thorough. I am unsure what relevance her school records in Bulgaria might have to her immigration status, but that shows that the UK has a perverse inability to get the regulations right.

Hammersmith and Fulham has a long tradition of welcoming migrants. It has an excellent record of harmonious community relations. It is home to a wide variety of cultures and religions; more than 60 languages are spoken by people from literally every continent. We have large communities from Africa, Pakistan and India, and many people from the nations of eastern Europe, notably Poland. I point all that out as background, as I will talk about some of the statistics on the sheer volume of people coming to my constituency and applying for a national insurance number and being given one.

Two points arise from the controversy that we have before us today. The first is a total failure on the part of Government to give accurate figures on the number of people coming in and out of this country—the number of foreign nationals in employment, the number of foreign nationals who are here and legitimately in employment, and so forth. The second point is also important, and it is not just a pure political issue about migration: the knock-on effect on public service provision of failing to account properly for those numbers, particularly in terms of local authorities.

The figures for new national insurance numbers are staggering, even before one considers whether they are legitimate.

Mr. Jim Devine (Livingston) (Lab): Will the hon. Gentleman give way?

Mr. Hands: Of course.

Chris Ruane (Vale of Clwyd) (Lab): A Devine intervention.

Mr. Devine: I will try to live up to that description. If the Conservative party were in power, what the immigration figures be? What levels would the Conservatives allow? Conservative Members talk about the importance of assessing local service needs and other issues, but what would the limits on immigration be?

Mr. Hands: I thank the hon. Gentleman for that intervention. It is difficult for us to put a number on that. The party says that we will put an annual cap on immigration, but it is difficult to know exactly what will be the economic circumstances at the time. There will be many variables in determining what that number should be, which is right. A lot will depend on the state of the economy come the next Conservative Government, perhaps as early as next year.

My constituency has the fifth highest number of national insurance registrations by overseas nationals as a proportion of the population. As I have said, the figures are staggering. In 2006-07, 9,310 foreign nationals registered for national insurance numbers in the borough of Hammersmith and Fulham. To put that in perspective, that amounts to 5.2 per cent. of the total population of the borough in just one year. That

figure applies only to foreign nationals applying for a national insurance number, and only in a one-year period. If all those national insurance applications are legitimate, it suggests that the work force in Hammersmith and Fulham increased by between 10 and 15 per cent. in just one year. To put that in another perspective, that number—9,310 people—is larger than the number employed by the largest employer in my constituency, which is the BBC. It is also larger than the total number of people working for Hammersmith and Fulham council. Yet still the Government say that 9,310 foreign nationals registered for national insurance numbers.

David Taylor: Surely it is the case—this applies to the settled population as well—that people apply for national insurance numbers for a range of reasons, so such figures are far from restricted to or identical to the number of people who intend to work?

Mr. Hands: The hon. Gentleman makes a fair point, but we cannot get away from the magnitude of those numbers: more than 9,000 is a huge number of people in a small London borough such as Hammersmith and Fulham. That is by no means the worst case; as I said, it is the fifth highest area in the UK for this phenomenon.

There is a huge controversy about properly accounting for population, which this debate exemplifies. Local authorities in particular are either unable to provide services or have difficulty in doing so when they do not know how many people are living in their local authority area. I was interested to note that my council made a good submission to the Treasury Committee on the subject of accounting for population. One of the most popular means of accounting for local population is national insurance number registrations, which is one reason why we need to have absolute confidence in the legitimacy of the national insurance number allocation process.

Mr. Stewart Jackson: My hon. Friend is making a powerful and compelling argument, and we have worked together on bringing to the attention of Ministers this particularly difficult problem. The methodology that is currently used to allocate block grant from the Department for Communities and Local Government is based on fertility and mortality rates, for example, and it is completely skewed when account is taken of the significant increase of EU migrants in particular into the UK. Let me bring to my hon. Friend's attention the comments of Karen Dunnell, the national statistician, in May 2006, which still stand:

"There is now broad agreement that available estimates of migrant numbers are inadequate for managing the economy, policies and services."

What has changed?

Mr. Hands: My hon. Friend is absolutely right, and he and I have taken part in Westminster Hall debates on this matter. The projection of migration numbers in my constituency is currently based, if I am not mistaken, on a trend from between 2001 and 2003. That is all very well, but if the trend line of migration or type of trend alter fundamentally—as they would have done, for example, following the accession on 1 May 2004 of eight new EU countries—that will have a severe impact on population estimates for a borough and its provision of public services. This is what my local council had to say in its submission to the Treasury Committee:

"The important role that population data plays for local authorities does not appear to be reflected within the current procedures for producing population estimates. Sample sizes regarding migration levels are remarkably small for such critical information. Local authority funding can go up or down by several million pounds based on a handful of interviews."

Let me just outline how getting one's data wrong can have a big impact. Again, national insurance registration plays an important part. Every council's local development framework is based on its population figures, as are councils' and partners' strategy documents. The statistics are also essential for determining school places. There is controversy in my constituency about surplus places in schools. One of the main arguments being used against any moves to reduce or change the number of schools is an increase in population, yet nobody can be in any way certain or even confident that their data on population increases, such as those brought out by national insurance numbers, can be justified. Not only the sheer numbers involved, but the age groups and also the origin of people coming into a borough, can have a big impact on how a primary care trust and a hospital trust caters for the health of its local population. This is very important stuff. It goes beyond the immediate issue of whether illegal immigrants should be given national insurance numbers to start with, because the results can have a big impact on local authority and other service provision.

The population estimates are so wildly different partly because of national insurance numbers being given out. I shall quote one or two people in support of what I am saying, despite their not being from my party. I am delighted to see that we are joined by one of the hon. Members who represents Sir Robin Wales's borough of Newham, in east London, because he has said:

"Our electoral register has gone up by 23,000 over the past few years yet they're saying"

they being the Government—

"it's gone down...It's ludicrous. We've nothing against migration—it is great for the economy and great for Newham."

Lyn Brown (West Ham) (Lab): Does the hon. Gentleman agree that Sir Robin's point was about whether the Office for National Statistics had got its sums wrong, and not about the issue of national insurance numbers?

Mr. Hands: I thank the hon. Lady for that intervention. She is right to a certain extent, but one of the sets of statistics cited against the ONS statistical base, sometimes with good reason, is national insurance registrations. The people involved will not necessarily be picked up by the ONS, which has more or less admitted that its population calculation techniques are wrong or at least flawed. One of the alternative sources of such information is national insurance number registrations.

Sir Robin went on to say:

[Mr. Hands]

"We would be willing to pay for a census just to rectify these figures. It would cost us a lot of money, but these inaccurate figures are costing us even more."

The ONS estimates that Slough has received 1,100 extra migrants since 2002—those are the official figures—but the local council estimates, partly from national insurance data, that at least 10,000 Polish people alone have arrived to work in the town since 2004. Migration figures released by the ONS in 2007 suggested that approximately 56,000 Poles entered the UK in 2005, but the Department for Work and Pensions issued figures suggesting that more than 170,000 Polish citizens applied for national insurance numbers in the same year.

Such mistakes and inaccuracies in data can have a big impact on the funding and service provision of boroughs such as Hammersmith and Fulham. As I said, 9,310 foreign nationals were issued with national insurance numbers in the financial year 2006-07, which is 5.2 per cent. of the borough's population, yet the Government perversely say that our population is falling. If they took one look at their own national insurance data, they would ask who all these people are. They say that these people are not living in Hammersmith and Fulham, but they have all succeeded in getting national insurance numbers. Somebody urgently needs to do a study.

The Minister for Employment and Welfare Reform (Caroline Flint): Does the hon. Gentleman acknowledge and understand that the fact that someone has had a national insurance number issued to them does not necessarily mean that they will remain in that particular area for ever? Many of those who come to work in the UK from EU countries come for a period and then return to their country of origin. It is thus wrong just to examine national insurance numbers as the basis for population figures, but I agree with the point he has made. That is why, through the migration impacts forum, we are looking much more closely at the impact on local authorities, the communities that they serve and local services of population changes and how static or fluid populations are.

Mr. Hands: The Minister makes a similar point to that made by the hon. Member for Livingston (Mr. Devine). Of course those are other factors, and there are other reasons why people apply for and are given a national insurance number. I am talking about magnitude. As I said, nobody can be precise or even close on population figures. We can only examine the magnitudes involved. Of course people are coming here and then leaving. I can tell the Minister that Hammersmith and Fulham has a population turnover of between 20 and 25 per cent. per annum, so we are well used to such turnover. The local council tells us that it should be funded to help people who are here for a short time—the fact that people are here for less than one year does not mean that they are not accessing public services.

Mr. Stewart Jackson: Does my hon. Friend share my incredulity at the sheer brass neck of the Minister and the complacency shown? We are debating national insurance numbers because they are practically the only way in which we can gauge the level of migration and immigration in this country. Otherwise, we are really talking about a few people with clipboards at airports and ports. No one takes the worker registration scheme seriously; it is completely flawed, as is the accession monitoring report. The Minister mentions the migration impacts forum, but it took the Government three years to establish it. They did so because their own supporters in their own local authorities, diminishing as they are in number, told them that what they were doing was disastrous for community relations.

Mr. Hands: My hon. Friend is right. He and I have been urging the Government to examine all these problems, as have a number of local authorities, controlled by different parties, from across the country. We still have not got this issue right. I am looking forward to the day when Britain can say with confidence that its population data, both nationally and locally, are accurate.

Caroline Flint: On the point raised by the hon. Member for Peterborough (Mr. Jackson), it is clear this afternoon that the hon. Member for Hammersmith and Fulham (Mr. Hands) and his colleagues do not support issuing identity cards to foreign nationals and have not supported our plans on biometric visas. Given the previous point made, they clearly do not support the measures that we are taking to count people in and out. I understand that the Conservative party is in favour of a cap. Can the hon. Gentleman say what that cap is?

Mr. Hands: I was under the impression that interventions, even from Ministers, should somehow relate to the context and content of the speech that is being made, Madam Deputy Speaker. I do not believe that I have mentioned anything about identity cards, and they are not on the Order Paper, so I find the whole thing rather peculiar.

I want to continue dealing with the impact that these poor quality data can have on a local authority. As a result of adjustments to estimates of international migration, the population in my borough is estimated at 8,500 people fewer than the previous estimate for 2005—the same year in which the 9,310 foreign nationals registered for national insurance numbers. As a result, there has been a net loss to the borough of a huge amount of money in the calculation of local authority support grants and so on.

The solutions for local authorities must lie in proper and robust population data, including, if not especially, on national insurance registration and on gateway authority funding for local authorities that are facing a big influx of migrants, whether legal or illegal. I want to make a few points on that particular controversy. I think that the Secretary of State was saying that that process is now very stringent when someone applies for a national insurance number, and, if I am not mistaken, he read out a series of hurdles that someone now has to jump over to get their number. I can only assume that the system has changed radically since his chief economist gave evidence to the Home Affairs Committee in 2005, when he said that applicants are essentially issued with a national insurance number and

that it was not about ascertaining whether someone is legally in the country or has the right to work, because they are given one anyway.

Some 300,000 national insurance numbers are issued to foreign nationals annually. I was interested in a parliamentary answer given to my hon. Friend the Member for Welwyn Hatfield (Grant Shapps). He asked how many fraudulent applications for national insurance numbers there had been in each of the past four years. The Minister responding said that the number of applications that had been refused in the previous year because there was a doubt about the identity of the individual was only 1,020. So 300,000 national insurance numbers were granted to foreign nationals and only 1,020 were refused across all categories. That seems to me a sign that the processes that the Secretary of State laid out may be all very well in theory, but there is doubt about whether they are happening in practice. If they were, the refusal rate would necessarily be much higher than 0.33 per cent.

The Secretary of State seemed to suggest that business was at fault. Businesses clearly have a role in ensuring that the people who work for them have the legal entitlement to do so, but it cannot be primarily the duty of businesses to determine that. In 2006, the CBI said:

> "Employers face real difficulties in vetting potential employees because of the sophistication of scams by illegal immigrants seeking work. The apparent ease with which National Insurance numbers can be obtained makes an already-complex situation even more complicated."

The Secretary of State read out a huge list of hurdles that people supposedly have to get over to get a national insurance number. I question the practicality of employers, especially small employers, being able to vet all that documentation.

My final point is the incredible delay by the DWP in checking the situation. I understand that the Secretary of State has been otherwise involved on several other fronts in recent months, but surely he cannot have failed to notice that there has been an ongoing controversy in Parliament and in the media about foreign nationals working illegally in the UK. I have been given a chronology of all of the events since 12 July 2007, when the Home Secretary first saw a paper on the subject of illegal foreign nationals working in the Security Industry Authority. The chronology includes 18 different events, and bizarrely only the 18th—the publication by Channel 4 of its investigation last night—implies that the DWP at any point checked the facts of the case. I find that staggering, considering that the issue related to illegal foreign nationals.

Let us contrast the situation in the UK with that in the US. Many of my constituents have worked at one point or another in the US and they know of the elaborate and laborious process that it uses to allocate social security numbers.

Mr. James Clappison (Hertsmere) (Con): My hon. Friend makes an excellent point about delays and the lack of co-ordination between the Home Office and the DWP, which are jointly responsible. However, he was a little too kind to the Home Secretary when he referred to July. In her statement of 13 November 2007, she said that Ministers were informed in April 2007 by the Border and Immigration Agency that something was going wrong. There has been delay all along the line between both Departments.

Mr. Hands: It really is a staggering fact that nine months have passed, and it was only when Channel 4 went on air last night that the DWP seemed to be taking the issue seriously. The Secretary of State has already been called incompetent, admittedly in a different context, but that length of time does not give anybody any confidence.

As I was saying, any British subject who has worked in the US will have complaints about the lengths to which the system goes to check applicants for social security numbers, although most people realise that that is actually in everybody's best interests. It can take months and the tests are strictly enforced, because the US knows that social security numbers are a gateway to its entire benefit and pensions system. That system works in almost the same way as our system, and I hope that the DWP will agree to examine how the US social security number system works. The DWP would learn a great deal and would be able to do something to prevent a similar fiasco from ever happening again.

2.35 pm

David T.C. Davies (Monmouth) (Con): A couple of months ago I was shopping for a rucksack in Victoria when I heard the gentleman in the shop picking up the phone and speaking in a strong Cockney accent. I was so surprised by that that I had the urge to say to him, as one might in a foreign country if one heard someone from one's own town, "My goodness me, are you from London? What on earth are you doing working in a shop in this place?" I really felt that, because it is so unusual in London or any other major city—even in some of the smaller towns—to meet in shops or restaurants someone who actually comes from the UK. *[Interruption.]* The Minister may say "Disgusting", but it is a fact. She needs to get out of Westminster a bit more and go into shops if she does not think that that is the case.

We now learn today that many of these people are not here legally or entitled to work at all. The Government do not seem to be in the least bit worried about that. They seem to have swallowed their own propaganda and the view that having millions of people working in this country, many of whom are not legally entitled to do so, is somehow good for the economy. It is certainly good if one wants a cheaper meal in a nice restaurant, because it means that lower wages are probably paid to the staff who work there. The CBI has said that immigration has had a good impact in keeping wages down, especially for those at the lower end of the wage structure. However, it has been very bad for unemployment in this country. The Minister may say that only smallish numbers of people are unemployed—just under 1 million—but we all know that more than 2 million people are on various forms of sickness benefit. The Government say that many of those people are perfectly capable of working and are introducing all sorts of schemes to try to get them into work. It is therefore a little rich when we are discussing unemployment figures for the Government to try to pretend, when it suits them, that those people are far too ill to work.

[David T.C. Davies]

The impact on the environment is vast. Everyone coming into this country will need access to public transport. They want cars and houses. There is an impact on public services, a point that my hon. Friend the Member for Hammersmith and Fulham (Mr. Hands) just made excellently. People who come here expect their children to be educated. They expect access to health care and legal aid. They want documents translated. Occasionally—I had better say that—they commit crimes, and they have to be investigated and cleared up.

The Secretary of State has left his place—he presumably has other things on his mind today—but he said earlier that the Government had calculated that the net impact of widespread immigration had been an increase of £6 billion a year in the growth of the economy. The reality is that he cannot say what the benefit to the economy is because nobody in the Government has ever bothered to calculate the costs of immigration—the cost of providing the health care, education, tax credits and all the other things that are on offer to British citizens. Therefore, it is impossible for anyone to say that immigration has been a benefit to our economy.

Danny Alexander: I made a point in my speech about the tone of this debate, and I was pleased that the hon. Member for Epsom and Ewell (Chris Grayling), the Conservative Front-Bench spokesman on this issue, agreed with what I said. I have to say that, having listened to the tone of the remarks by the hon. Member for Monmouth (David T.C. Davies)—including his references to "them" and his implication that all immigration is a bad thing—he has lowered the tone of the debate substantially. Is he aware of the experience of Mr. Nigel Hastilow, who was at one stage a Conservative candidate in Birmingham, and does he expect that the tone of his remarks will lead him to suffer a similar consequence?

Madam Deputy Speaker (Sylvia Heal): Order. I remind all hon. Members that temperate and moderate language should be the tone of this debate.

David T.C. Davies: I challenge anyone to tell me what exactly I have said that is intemperate. Pompous, sanctimonious language such as that used by the hon. Member for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander) is precisely the sort of thing that is playing into the hands—

Madam Deputy Speaker: Order. I have just advised hon. Members to use temperate and moderate language in the debate. Perhaps we can continue now.

David T.C. Davies: I would be the first to do so, Madam Deputy Speaker. I like to say things as I see them. I do not believe that anyone should be discriminated against or treated badly because they come from another country; I make that absolutely clear. However, Members of Parliament for all parties have a duty to begin to speak out for many of our constituents. They are concerned about what is happening around them and find that politicians are all too willing to slip into sanctimonious language such as that which we heard earlier from the hon. Member for Inverness, Nairn, Badenoch and Strathspey rather than standing up for their rights and putting things in the way in which they want to hear them put. The extremist right-wing parties are garnering support in this country precisely because too few people are willing to do that. I regret that very much.

Madam Deputy Speaker: Order. Will the hon. Gentleman please relate his remarks to the motion before us for debate?

David T.C. Davies: When the Secretary of State was in his place, before he slipped off to do other things, he told us that the Government have put all sorts of hurdles in place to prevent people who should not have access to national insurance numbers from getting them. He listed those hurdles, and no doubt they will be very costly, too. However, he made the point early on that a national insurance number does not mean that one is entitled to work in this country and that employers therefore have a duty to undertake checks such as those that he is putting in place. He seems to think that employers should have another raft of checks to find out whether those with national insurance numbers are entitled to work. That is absolutely ridiculous.

I have employed people in my life, and I assumed that if someone came along with a national insurance number, they were legitimately entitled to work. If we are being told that that is not the case, I have learned something new today. The Minister for Employment and Welfare Reform must agree that many employers would feel the same if someone turned up with a national insurance number—the assumption would be that they had the right to work. If the Secretary of State meant that employers have to put checks in place, as a member of the Select Committee on Home Affairs I have heard that if they decide to run checks merely on non-EU nationals they might become the subject of a discrimination lawsuit. Presumably, employers will have to put in place a raft of checks that apply equally to someone from outside the EU and to someone with a full British passport. Perhaps the Minister can explain that in a little more detail.

Caroline Flint: Is the hon. Gentleman aware that in 1996, the Conservative Government passed legislation to enshrine in the law the employers' obligation to establish the right to work of anyone whom they employed?

David T.C. Davies: That may well be the case, but presumably employers assumed that anybody who was given a national insurance number already had the right to work. If that is not the case, as an employer at the time I was not aware of it. I wonder how many employers were aware. How many are now?

The Home Office has been found to have employed illegal immigrants as cleaners and the Security Industry Authority, which is ultimately answerable to the Home Office, has been doling out security permits left, right and centre to security guards, some of whom ended up guarding the Prime Minister's car. Given that all that is going on, how on earth does the Minister think that someone running a small business will be able to put in place the checks and balances to ensure that someone

in possession of a national insurance number is legitimately entitled to work? What checks would an employer have to make to ensure that someone was entitled to work? If the employee has a national insurance number, what else does the employer have to do to establish whether they have the right to work? I look forward to being told the answer by the Minister.

The Department has shown a complete lack of competence. I have asked it whether it runs checks on the national insurance numbers of people who have escaped from prison. Hundreds of people have escaped from prisons over the years, although escaped is probably the wrong word, as they have just walked out of open prisons. They are not all living in the woods like Australian outback men, but are probably back in their flats, claiming benefits. If the Minister checked whether the national insurance numbers of people who have escaped from prison were being used to claim benefits, she would probably be able to round them up tomorrow, but the Department will probably not be in the least bit interested. She will be unable to answer any questions on the subject; I have tried this approach before.

The Department is paying benefits to thousands of people of working age who are not even living in this country. How on earth can we expect it to have any control over who gets a national insurance number? The Department is pushing the whole thing back on to businesses, so that it has an easy Aunt Sally to blame when the next scandal about the number of people working here illegally becomes public.

I am married to someone who came to this country from outside the EU. I know full well how people take advantage of the system, because they openly tell me about it. They have a good laugh about it. If the Minister got out a little more, she would know about that, too. If my language is intemperate in this place, hon. Members should hear how intemperate it is outside when I think about how much money is lost in this country because the Government cannot get their act together.

2.45 pm

Mr. Stewart Jackson (Peterborough) (Con): It is a sign of the political bankruptcy of the Government that they cannot even muster one Back Bencher to defend their record—their only Members in attendance are from the Treasury Bench or are Parliamentary Private Secretaries. The Government are arrogant and disdainful of the views of the people of this country as well as those of the people who are elected to represent them. This is a sign of the disintegration of the Government and the hubris that will come to its nemesis in June 2010 when they are thrown out of power.

Immigration is the reason, more than any other, that the Government should fall, because of the sheer incompetence that they have shown in dealing with the matter over a great number of years. If the Government think that they can get away with the disdainful attitude that they have shown today by not fielding any Back Benchers to listen to or contribute to the debate, I promise every single Labour MP in a marginal seat that we will tell their electorate that they do not care about this vital issue of national insurance numbers and illegal immigration. We will share that with the electorate and repeat it, and we will let those MPs face the electorate properly and explain themselves at the coming general election. Of course, they have taken their lead from the Secretary of State for Work and Pensions, who believes that abiding by rules and the law that he and his party put in place in 2000 is only for the little people.

Madam Deputy Speaker: Order. That is not a subject for debate today.

Mr. Jackson: As ever, Madam Deputy Speaker, I am pleased to take your guidance and will be happy to observe it.

Martin Linton (Battersea) (Lab): Will the hon. Gentleman give way?

Mr. Jackson: If his intervention is on this subject, I shall give way to the hon. Gentleman—while he is still the hon. Member for Battersea.

Martin Linton: Since the hon. Gentleman is so keen that Government Back Benchers should take part in the debate, will he explain why, as he is concerned about illegal workers getting national insurance numbers, he cannot persuade the leader of his party to come clean about whether he supports identity cards for foreign nationals?

Mr. Jackson: This might, perhaps, pre-empt you, Madam Deputy Speaker, but perhaps the hon. Gentleman has had a reasonable lunch and has just ambled in for a little mild peroration for the benefit of the good burghers of Battersea, but the situation that we are debating has nothing to do with ID cards. He will have to ask the Whip for a better brief next time.

This is the Government who gave us one-legged Romanian roofers, who cost the job—

Martin Linton: Will the hon. Gentleman give way?

Mr. Jackson: The hon. Gentleman has an engaging smile, so I shall give way.

Martin Linton: As I have not returned from a lunch but a constituency engagement, I want to point out to the hon. Gentleman that the best way to ensure the integrity of national insurance for foreign workers would be an ID card system. He knows that.

Mr. Jackson: There is no empirical or academic evidence to support that view. That is the rather limp line taken by the Government—although not by Labour Back Benchers, since none have bothered to turn up. As we are talking about clear, unambiguous answers to questions, at the start of the debate my hon. Friend the Member for Epsom and Ewell (Chris Grayling) asked whether the DWP had given national insurance numbers to illegal immigrants. I hope that the Minister will answer that question in her closing remarks, as the Secretary of State failed to do so. I ask again: have the Government presided over the distribution of NI numbers to illegal immigrants?

The present Minister for Children, Young People and Families used to be the Minister responsible for immigration. She lost that job due to the debacle over one-legged Romanian roofers, but this Government have also failed to deport almost 1,000 foreign

[Mr. Stewart Jackson]

prisoners, while the Home Office has employed illegal immigrants to guard the Prime Minister's car. We should not be surprised by that, as the memo leaked from the DWP in 2006 made it clear that it was official Government policy not to make any inquiries about the nationality status of people seeking NI numbers. That policy was attacked by the Labour peer Lord Grabiner as long ago as 2000. He made it clear that he considered what was happening to be a scandal, but the Government turned a blind eye and continued to do nothing about the problem.

We should not be surprised either by the dodgy figures used by the Government when they predicted that 15,000 people from the eight EU accession countries would come to the UK from May 2004. That estimate was out by a factor of about 50, as the reality is that some 700,000 people from those countries have come here. That has had a commensurate impact on community cohesion, housing and jobs for low-paid and low-skilled workers, who resent such unprecedented immigration.

I stand here to defend and speak for the people who are being pushed out of jobs, as no one in the Government will do so. Those people do not want to be resentful of incomers from outside their communities, but they do resent them because they see what is happening as a result of the Government's obvious mismanagement of the economy.

Earlier, I mentioned the problem of criminal records. That is important, because giving NI numbers—and therefore de facto citizenship and nationality—to people from the EU who have serious criminal records is something that we need to know about. Again, the Government have turned a blind eye to the matter.

Immigration has had a massive impact on local economies. My hon. Friend the Member for Hammersmith and Fulham (Mr. Hands) said that the equivalent of 5 per cent. of the population in his borough had received NI numbers. That is a fantastically high figure, but the experience has been similar in my constituency, where more than 8,500 people were given NI numbers in the first two years after May 2004. I am not even talking about the whole of the Peterborough city council area, either. My hon. Friend the Member for West Cambridgeshire (Mr. Vara) represents nine of the city council wards, but the figures that I have quoted refer only to what has happened in the other 15 wards covered by my constituency.

Because keeping track of NI numbers is practically the only way to measure migration from the other EU countries, we have not been able to make proper plans for primary health care, primary education, housing and all the other elements that contribute to community cohesion. At the same time, however, good and decent young men in my constituency—asylum seekers from Darfur—are being returned to their possible deaths in Khartoum because the legal processes that they were using to fight to stay in this country and make a contribution here have been exhausted. They are being forced to eat bread and soup, to sleep on other people's sofas and to rely on the good offices of the Red Cross—an organisation for whose work in the Peterborough area I should like to take this opportunity to express my huge gratitude.

The Government's failure to control immigration properly has given sustenance to the wicked and pernicious drivel that we hear from the British National party. We have heard that drivel already in Barking and Dagenham, for example, and we are beginning to hear it in the west midlands, Yorkshire and Lancashire as well. Such talk always emerges when there is a Labour Government in power. It emerged between 1974 and 1979, and it may be emerging again. We do not want that to happen in our towns and cities, and we can prevent it only if we control immigration properly.

The irony is that, in many respects, a consensus exists. The Prime Minister's party political rhetoric and point-scoring has led him to use slogans such as "British jobs for British workers". He knew when he said it that it was illegal and that it could not be put into practice, but when we get beyond all that it is evident that there is a consensus about immigration in this country.

The Conservative manifesto of 2001 supported the points system used in Australia. We were demonised, of course, by people like the Minister and her colleagues, and branded as closet racists, xenophobes and all the rest of it. My party also proposed the establishment of a border agency, and again we were told that we were xenophobes who wanted to keep out everyone who did not look or sound like us. Such claims were absolute nonsense, because we always made it clear that our proposal was based on what the country needed, irrespective of immigrants' creed, colour, religion or cultural background.

What has happened since the Conservative party made its proposal? The Government have adopted our policy and established the Border and Immigration Agency. I was privileged to serve on the Committee considering the UK Borders Bill and I have reservations about the agency's effectiveness, but the Prime Minister and Ministers in the Home Office have made their commitment to it clear. We now have a points-based immigration system that is based on a policy filched from the Conservative party election manifestos of 2001 and 2005. Despite what the Government say, therefore, it is clear that there is some meeting of minds on this subject.

This has been an important debate. The Opposition are committed to debating the issues surrounding pensioner poverty, but we also believe that the news and figures appearing in the media over the past few days mean that we had a duty to bring the Secretary of State and other DWP Ministers to the House to hold them to account for their actions. We also wanted to make the right hon. Gentleman accountable for his plans for the Department's operational direction over the next few years—if he is still in place.

People in some parts of our country feel a sense of alienation and believe that they cannot trust any politician. They feel anger and resentment towards people who do not look and sound like they do, and that is wrong. Most people are decent. Wherever they come from, people come here to make a better life for themselves, and who are we to second-guess that? That applies even to those coming from the EU countries. If people are likely to earn five times what they could get

in Estonia, Lithuania and the Czech Republic, what is wrong with their sending some money back home to their families?

It is not my place to argue about that, but we can plan our immigration system and the delivery of public services properly only if we know what the numbers are. For that, we need honesty and transparency, rather than obfuscation and duplicity. The Department could make a start by answering questions properly, and it should not respond by saying, "This information is not collected in this format", or "The information could be collected only at disproportionate cost."

The Minister should work with us to defeat the extremists and to ensure that we have community cohesion in a civil society that we can be proud of, where everyone gets on well with each other. After all, the Conservative party is as opposed to the problems with Muslim extremism that have arisen in some parts of the country as she and the Government are, but working together requires a degree of honesty.

I believe that the Minister must concede that the Government's management of immigration in the past few years has been lamentable. If she really thinks that things can change, she must honestly accept that the Government have given some NI numbers to illegal immigrants. If she is not willing to do that, she must give a full explanation of the eminent failure that we have seen over the past few years.

I had hoped that more Labour Members would attend this debate, and I am sorry that they have not done so. This is a vital issue, and we will share with constituents around the country the results of the debate and the Government's disdain for the views expressed in this House. I hope that the Minister is able to show some humility and honesty when she winds up, as we need an immigration system that works. We need a system that will give this country a sound future and decent communities, in which people can work together irrespective of race, religion or country of origin.

2.59 pm

John Penrose (Weston-super-Mare) (Con): I had not intended to speak in this debate, but I want to make a short contribution for the simple reason that I am deeply disappointed that so far no Labour Back Bencher at all has spoken. Sadly, that is an example of the way in which the Government treat the issue. They wish to look the other way and bury their heads in the sand on a particularly important and difficult issue that deserves much greater attention.

Martin Linton: By the sound of it, the hon. Gentleman is devoting his speech to the absence of Government Back Benchers. As he is so concerned about the issue, let me tell him that it seems facile for his party to hold a debate on national insurance numbers for illegal workers while opposing the one measure that will, as he must know, do the most to enable the Government to make it impossible for illegal workers to come here, namely the introduction of identity cards for foreign nationals. At Prime Minister's questions last week, the leader of the Conservative party was asked three times whether he supported ID cards for foreign nationals—a measure that is due to be introduced in November this year. There was no reply. Perhaps the hon. Gentleman will do Government Back Benchers the favour of giving an answer now: does he support ID cards for foreign nationals?

John Penrose: I am glad to have the opportunity to respond. Perhaps the hon. Gentleman could have made a proper speech on the issue, instead of just intervening on me. I plan to address the subject, because as he will know, an employer faced with a job applicant who says, "I am a British citizen and I do not have a passport" does not have any way of checking whether the applicant has a right to work. I am sorry, but compulsory ID cards for foreign nationals is no solution to the problem, if the person concerned says that they are not a foreign national. That is yet another example to show that the Government's arguments on ID cards, both on the hon. Gentleman's point and more broadly, are deeply flawed.

As for the history, the Government's approach to the issues over the past 10 years was ably summed up by my hon. Friend the Member for Peterborough (Mr. Jackson). Their usual stance is first to deny that there is any problem, and then to say that anyone who points out that there is a problem is in some way giving succour to racists. However, we all know that unless decent, reasonable, moderate people, such as all of us in the Chamber, are willing to debate this important issue in a decent, reasonable fashion, a vacuum is created, which is filled by terrible extremists from parties such as the British National party. The Labour party's next move is to say, "Oh dear, there is a problem, and we need to do something about it. We do not have much idea of what that should be, so we'll spend the next year or so rubbishing the Conservative party's plans, and then we'll put them into action." The Government have suddenly realised that there is a problem. The scales have fallen from their eyes, and they have swiped the suggestions in the Conservative party's 2001 and 2005 manifestos. They are busily trumpeting the fact that they plan to introduce the measures suggested in them.

The problem is not just with immigration and nationality; as has been made clear in this debate, there is a problem with the administration of national insurance, too. The terrible shame of it is that there is no disagreement on principle. As was pointed out in contributions from hon. Members of my party, there is a fair amount of political consensus on how the issue needs to be handled. The Secretary of State said earlier that a modest and controlled level of immigration—the right kind of immigration—is, on balance, good for the country, if it is managed properly. I think that everyone present would agree. Huge contributions are made to the country by people who arrived here recently, and who are working their socks off to make a better life for themselves, their communities and their families. I hope that no one present would disagree with that, and it is right to make that point.

There is no disagreement on principle, but there is a problem with competence. We have a problem with administrative ability, or the lack of it. I am afraid that the Government have a long and undistinguished track record of serial errors. I start with the immigration and asylum systems, which have been hugely overloaded in the past 10 years. Waiting lists are ballooning, and there is an inability to cope with people who overstay

[John Penrose]

and with genuine applications. The system is bogged down, so people who are genuinely in need are having to wait months, and in many cases years, often with no hope of even a date on which their case will be considered and responded to. My hon. Friend the Member for Hammersmith and Fulham (Mr. Hands), who has a huge amount of experience on the issue, gave good examples of the kinds of problems that the situation creates.

As we have heard this afternoon, in addition to incompetence in the administration of nationality and immigration matters, there is incompetence in the administration of national insurance numbers. The Secretary of State was faced with the fact that roughly 900,000 people have been issued national insurance numbers, but fewer than 300,000 people have been issued with work permits. He was asked whether he could say, hand on heart, that the missing 600,000—the gap—was made up purely of people who have national insurance numbers but who are not eligible to work, such as students. I found it particularly disappointing and worrying that he ducked the question several times. He basically said, "We're looking into it." What worries me and, I am sure, everyone else who has listened to the debate is that after 10 or 11 years of a Labour Government, we should not be in such a situation—a situation in which the Government do not know the answer to such a simple, basic question.

Of course it is true that the international situation has changed, that there is far more pressure as regards migration, and that there is far more globalisation than there was 10 years ago. The systems have therefore had to be tightened up, but the problem is that they have not been tightened up quickly enough. The Government have consistently not been on the ball. That is why the problems have arisen. The issue is not one of principle but of competence, and when it comes to competence, the Government are sadly and badly lacking.

3.6 pm

Mr. James Clappison (Hertsmere) (Con): I think we would all agree that this has been a good, important debate to which there were a number of good contributions—at least from Conservative Members. As my hon. Friends have pointed out, we have not had the opportunity to cast a critical eye over contributions from Labour Members. To be fair to the hon. Member for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander), who spoke for the Liberal Democrats, he made a number of important points and asked some legitimate questions—questions that we have already asked, and on concerns that we share. He also mentioned the tone of the debate. I agree it is important that we approach the issues in a measured way, using the proper tone, but there has to be debate about facts, evidence and policy, and talking about tone is not a substitute for that. However, those are perhaps matters for another day. Certainly, the points that the hon. Gentleman made today on national insurance numbers were apt.

We have heard some excellent contributions from Conservative Members, who have shown the depth of their knowledge of both the subject and their constituencies. That is particularly true of my hon. Friend the Member for Hammersmith and Fulham (Mr. Hands), who rightly drew attention to the huge number of people involved—896,000 people from outside the European Union have received national insurance numbers since 2004. He posed the question that naturally springs to mind: what has happened to the 600,000 of them who are not work permit holders? Have we accounted for them? I shall say more on that point later. His speech was particularly valuable in bringing the issue down to an individual and local level. He spoke with great knowledge and feeling about different elements of the issue and different people in his constituency.

My hon. Friend spoke about the immense impact that the issue is having in his constituency. He said that 9,310 national insurance numbers have been issued to non-EU citizens in his constituency alone in one year. That is equivalent to 5.2 per cent. of the whole population of the borough. It inevitably follows that there must be important impacts on employment, services and infrastructure in his borough. He drew full attention to all those issues on behalf of his constituents and made some valuable points. He also mentioned a concern that is shared by a number of Conservative colleagues: the incredible delays in administration, which make all the problems so much worse.

My hon. Friend the Member for Monmouth (David T.C. Davies) also spoke about the scale of the problem. He made an important connection between it and welfare policies—a connection that we have been keen to make throughout the debate. He spoke from the position of somebody who has been a small employer, who serves in the security industry as a special constable, and who is a member of the Home Affairs Committee. He made an important contribution to the debate, examining the issue from those perspectives. We do not hear often enough in the House the authentic voice of small employers, and my hon. Friend certainly put their case today.

My hon. Friend the Member for Peterborough (Mr. Jackson) also made a valuable contribution. He reminded us of the many previous episodes of mismanagement on the part of the Government in respect of the immigration and asylum system and the work permit system. He recalled the work permit scrutiny fiasco which produced the resignation of one of the predecessors of the Minister for Borders and Immigration, the foreign prisoner scandal which in due course produced the resignation of a Home Secretary, and the failure to predict the numbers of legal migrants who would come from the A8 countries. Some of us can remember back to when the Government produced their original prediction of that. The figure produced was 13,000. Since then there has been controversy about the exact number of legal migrants, but the figure runs into hundreds of thousands. That is important because the national insurance numbers which are the subject of today's debate have been issued since 2004, when that huge and unprecedented influx of legal migrants began. The 896,000 national insurance numbers were issued over roughly the same period, since 2004, which gives us some indication of the huge pressures created. My hon. Friend the Member for Peterborough made that clear, drawing on

experience in his constituency and speaking on behalf of his constituents and drawing attention to the real problems that the Government's policies are creating for his constituents.

My hon. Friend the Member for Weston-super-Mare (John Penrose) made some important points in a brief speech which showed fully his great knowledge of and competence in the subject, as a member of the Work and Pensions Committee. He spoke with impressive authority and knowledge of detail when he drew attention to the simple problem of competence which arises in this case.

A number of questions remain, but I begin with a word of congratulation to the Secretary of State for Work and Pensions. He will not have received many congratulations lately, but I offer him mine on the fact that there is such immense satisfaction with his performance that hardly any of his fellow Labour Members of Parliament have bothered to come to the Chamber to listen to the debate and none at all has bothered to speak. It is an achievement for the right hon. Gentleman that there is such a unanimous sense of satisfaction with his performance.

I begin with the straightforward question that was asked of the right hon. Gentleman in a written question back on 14 November last year—how many of the non-EU nationals without the right to work, who were described by the Home Secretary in her statement to the House on 13 November, have been issued with a national insurance number? I have not had a reply to the original question, and I am not sure whether there has been an answer to it yet in the debate. I am grateful to the Secretary of State for Work and Pensions for his explanation of the delay in giving an answer. I understand from what he said that it is all to do with checking facts with the Border and Immigration Agency and the security industry. I thank him for that explanation.

I would be grateful if the right hon. Gentleman could give me answers to the other questions that I asked the week before about national insurance numbers issued to UK and non-UK citizens over the relevant period. I will let him into a little secret, if I may. Those questions are the responsibility of his Department, and the Department is expected to answer questions asked of it. Nobody else can be responsible for the answers to those questions.

We wait for the answer to how many of those 6,653 people have been issued with national insurance numbers. We have been given a detailed explanation by the Secretary of State of the new checks that were put in place by the Government as a result of the measures taken on 6 June, so I think we can take it as read that none of the 6,653 national insurance numbers was issued after the new system was put in place in June 2006. I look to the Minister for Employment and Welfare Reform to tell me if that is wrong and if any of them were issued after 6 June. We are still waiting for an answer to the question how many NI numbers were issued in the first place.

It is not hard to see why the Government are so reluctant to impart that information. After all, Ministers have been quick to lecture others about their responsibilities in respect of national insurance numbers. We heard a number of lectures today about what employers should and should not do and what is expected of them. The Home Secretary told us on 13 November when the matter first came to light. She said:

"Employers are expected to assure themselves that their employees have permission to work".

Employers, especially the small employers mentioned by my hon. Friend the Member for Monmouth, are entitled to ask what duties extend to the Government in respect of the same case. Surely it puts a different complexion on events if we learn that the self-same employees who should have been checked by the employers had been issued with national insurance numbers by the Government.

David T.C. Davies: Does my hon. Friend join me in hoping that the Minister will clarify that and tell us exactly what an employer has to do to establish the legitimacy of somebody with a national insurance number?

Mr. Clappison: That is a good point, which my hon. Friend makes from the perspective of small employers. It is easy for Ministers to lecture employers about what they should do. They should spend more time putting themselves in the position of small employers such as my hon. Friend, rather than scoffing at them.

We know that the 6,653 people who were issued with national insurance numbers were employees in—of all industries—the security industry. Some of them were under the Government's nose or even, apparently, guarding the site where the Prime Minister's car was parked. I think that that is what the Home Secretary admitted when she told the House on 13 November:

"One of the individuals was involved in guarding an MPS facility where modified cars would be taken for repair work." —[*Official Report*, 13 November 2007; Vol. 467, c. 531-33.]

I think that is ministerial code for the Prime Minister's car being guarded in the compound. By the standards of the present Government, that was an outstandingly transparent and candid answer.

The questions do not end there. We need to know whether the case of the 6,653 individuals was unique. Was that degree of incompetence over illegality something that the Government reserved for the security industry, or have there been other cases of national insurance numbers being issued to individuals without legal migration status?

Mr. Stewart Jackson: I am listening to the strong case that my hon. Friend is making. He is a member of the Home Affairs Committee. We are told that there are many checks and balances to enable illegal immigrants to be weeded out, yet the Home Affairs Committee commented on page 113 of its report on immigration control:

"It is not clear how individuals will prove to the DWP that they have the right to work in the UK, nor whether those who fail to prove it will be reported to the IND for investigation and possible enforcement action."

Does my hon. Friend not think that that is a disgraceful situation after nine years of Labour government?

Mr. Clappison: As a member of the Home Affairs Committee at the time, perhaps a little modesty on my part is called for. Ministers were quick to take credit for

[Mr. Clappison]

the changes made in June 2006, but they did not draw attention to the fact that the Home Affairs Committee held an inquiry into the matter, took evidence and shamed the Government into taking action. Even now, not all the recommendations have been implemented. However, I do not want to go into my career on the Home Affairs Committee too much, not least while the Minister is present. We are entitled to ask about whether the case was unique. It involved the security industry, which the Government were in charge of regulating—that could be an explanation for what happened.

However, is there a wider problem of illegal working? We simply do not know, and I do not think that the Government know. We have not been able to establish from the Government the extent of the problem and we have not had proper explanations today. Are the Government saying that, apart from the 6,630, all the 896,000 national insurance numbers issued to workers from outside the EU are held perfectly legally? Is that the Government's case, or can they tell us how far the problem goes?

We have always accepted that 270,000 of those people may be work permit holders. Whether it is desirable to issue such a large number of work permits to workers from outside the EU when so many workers are entering from within the EU, including from the new member states, is another matter—that debate is for another day. However, the 270,000 are here legally and, as has been said on both sides of the House, they are no doubt hard-working and law-abiding people. The problem is that the Secretary of State appears to have no idea about them either, because he has no idea about the scale of foreign employment, legal or illegal, in the United Kingdom.

To answer a point made in some detail by the Secretary of State in his opening speech, I remind him of what he vouchsafed to the House last year. He was shaking his head in disagreement when my hon. Friend the Member for Epsom and Ewell (Chris Grayling) was taking him through this point, so I remind him of his own words from *Hansard*. He said:

"The truth is that we have been incredibly successful in the past 10 years in tackling the main problem of those who are in and around the job market, with 2.7 million extra jobs in the past 10 years, about 800,000 of which involve those who have come from outside the country to work in Britain and are contributing to our economy." [*Official Report*, 8 October 2007; Vol. 464, c. 3.]

Three weeks later, he had to write a letter admitting that he had been wrong, that he had been less than incredibly successful, that his figure was wrong by 300,000 and that the true number of non-UK workers was 1.1 million. Furthermore, buried in the detailed note that he attached to his letter—the degree of burial would have done credit to the Prime Minister—was an admission that the major part of the increase in employment was due to an increase in foreign employment. The Secretary of State was thus less than incredibly successful, but it turns out that he may not even have been mildly incredibly successful. According to a briefing note from the Statistics Commission, helpfully prepared for the right hon. Member for Birkenhead (Mr. Field):

"The actual proportion of the employment increase accounted for by foreigners/migrants ranges from just over 50 per cent. when looking at foreign nationals and the 16-plus age group to just over 80 per cent. when looking at country of birth and excluding workers who are over state pension age."

Perhaps that puts a different complexion on things; I do not know.

From the Secretary of State's point of view, I suppose that there is another way of looking at it. Even if the UK share of employment is towards the lower end of that range, given the Secretary of State's recent record when it comes to returns on spending, 20 per cent. would be an incredibly successful outcome. For the rest of us, it is clear that when it comes to illegal and legal non-UK employment, the Secretary of State does not know what is going on. He basks in the sunshine of life and spends his time in blissful ignorance of all that is going on around him. Apparently, those near him do not care to trouble him with what little they know about what is going on; even now, he is apparently unaware of the joint plan of his Department and the Home Office—they cooked it up between them, although neither will now admit it—to bypass several million higher-paid skilled workers in this country in favour of non-EU workers, through the relaxation of the resident labour market test.

We know that the Secretary of State may have had other concerns and ambitions, but as far as British workers and taxpayers are concerned, he is the Secretary of State in charge of their interests. He is out of touch in representing them; he has no grasp of what is taking place all around this country—the legal or illegal employment of non-EU nationals. He is the out-of-touch Secretary of State who is failing the interests of British workers and British taxpayers.

3.25 pm

The Minister for Employment and Welfare Reform (Caroline Flint): If nothing else, this debate has exposed ignorance—that is not a sin—about the nature of national insurance numbers and what contribution they do, or, as in this case, do not make in respect of foreign nationals' proof of identity to work in this country. Interestingly, this week my hon. Friend the Minister for Borders and Immigration made important announcements about how this year we will continue to embed policies that have led to a reduction in illegals coming to this country and to a reduction in the something like two years that immigration and asylum cases used to take to be processed—now we are looking at less than six months. This week, my hon. Friend also outlined our measures on identity cards for foreign nationals, counting people in and out and introducing a points system. We welcome the insight and experience of other countries such as Australia, which have helped to shape our policies.

Mrs. Nadine Dorries (Mid-Bedfordshire) (Con): Will the hon. Lady give way?

Caroline Flint: I shall give way to the hon. Lady in a moment.

The Conservative party has used the tactic of dumping a debate on pensions late yesterday in favour of a debate that, as I hope to outline, has no substance in relation to the right to work. That only demonstrates

that the Conservative party has shown once again that when it wants to score populist points, immigration is its subject of choice.

Mrs. Dorries *rose*—

Mr. Hands *rose*—

Caroline Flint: I shall give way to the hon. Gentleman, who has been here through the course of the afternoon.

Mr. Hands: I am delighted that the Minister mentioned populist points, because she supports the "British jobs for British workers" policy. How does that stack up with plans, being considered at the moment, that all jobs earning more than £40,000 should be open to nationals of every country, with the abolition of the resident labour test?

Caroline Flint: I understand that the test will not be dropped. This country will continue, as and when appropriate, to welcome those with high skills to work here and share their experience and expertise.

In relation to jobs, I am glad that the hon. Gentleman has given me the opportunity to share with the House some very important statistics that were released this morning. I spent some considerable time on regional radio throughout the country, sharing with the UK—I was pleased to include Radio Scotland—the latest labour market statistics, which demonstrate that we have had the highest quarterly growth in the number of people in work since 1997. In the past three months, 175,000 more people have found a job, and—importantly, because this is not just about the numbers who get into work but matching that with the numbers who are coming off benefits—the figures on people claming jobseeker's allowance, incapacity benefit and income support are all going down. I was also pleased to share with the nation independent figures from the Office for National Statistics showing that the numbers claiming unemployment benefit fell for the 15th consecutive month to just over 807,000—the lowest figure for more than 30 years, and a fall of some 812,000, or more than 50 per cent., since 1997. For many Members, that is a world away from the unemployment statistics that hit 3 million-plus on jobseeker's allowance alone. When those numbers went down, they went straight on to incapacity benefit, which trebled between 1975 and the mid-1990s.

The figures demonstrate that more people are in work and that many of them have come off benefits. That has happened over the past 10 years, complemented by people coming from overseas. If we can get it right, that is good for this country—for the British people who live here and the businesses that need workers.

Several hon. Members *rose*—

Caroline Flint: I give way to the hon. Member for Monmouth (David T.C. Davies), who has also been here throughout the debate.

David T.C. Davies: Does the hon. Lady accept that she is unable to tell us how many of the extra jobs that have been created are for foreign nationals, although it is almost certainly between 50 and 80 per cent.? Does she further accept that many of the British people who are out of work are classed as being on the sick because they claim to have bad backs and stress? Is it not the case that British people are on the sick and foreign nationals are coming in and taking the jobs?

Caroline Flint: The key point is that there are more jobs, more people in work, more people coming off benefits, and wages are up, and that is good. I listened to what the hon. Member for Epsom and Ewell (Chris Grayling) said about benefits. There are measures that can be taken to assist people with ill-health and disabilities into the work place. Many people on incapacity benefit with long-term health conditions and serious disabilities want to work—our task is to help them to get there, but also to work with employers to recognise that they have a continuing contribution to make to the workplace. The hon. Member for Monmouth shows, as he did in his speech, that his choice of words in such debates does not always set the right tone or have the right vocabulary.

Mr. Stewart Jackson: I am delighted to see the Minister for Borders and Immigration in his place, playing a cameo role in the Chamber away from his onerous duties as Minister for the West Midlands and Labour campaign supremo for Birmingham.

The hon. Lady's Government have presided over a situation in which we have 5.4 million economically inactive people while we import people who are usually low-skilled and living in slum conditions earning less than the minimum wage. If that is the sort of society that she is proud to have after 11 years of a Labour Government, I suggest that her policies and priorities are completely awry.

Caroline Flint: All I can do is reiterate that jobs are up, wages are up and the numbers of people on out-of-work benefits are going down. That is a pretty good place to be and a record that I am very proud of.

Danny Alexander: I have listened with interest to the hon. Lady's remarks about the Government's record on unemployment and so on. Before Dr. Pangloss is confirmed in his role as her chief speechwriter, perhaps she could note that the employment rate, which is the most important measure, is still no higher than it was at the peak of the last economic cycle in 1990. That is not something to be complacent about. In relation to incapacity benefit, numbers have gone down, but by a very small amount—from 2.7 million to 2.6 million. The failure to do that more quickly is one of the greatest failures of this Government's welfare policy.

Caroline Flint: I certainly do not see more people in work and coming off benefits as a failure. I am totally with the hon. Gentleman in that nobody should be complacent. The job market is constantly changing and evolving, and we have to adjust to that. The skills and training that people need, not just today but down the road in 10 years' time, are changing too, and we must ensure that we are doing what we can as a Government to support employers and organisations that have a role to play.

[Caroline Flint]

Importantly, we have to challenge individuals who, if they can work, should work, and we should encourage them to do so.

Mr. Clappison: Will the Minister give way?

Caroline Flint: I will give way to the hon. Gentleman, but I would like to make some progress. *[Interruption.]* I think that I have until four o'clock. The main point of today's debate is to discuss the matter of national insurance numbers, and the allegation that we have given individuals a right to work when those have been issued—or not, as the case may be. I would like to clarify that in my speech.

Mr. Clappison: In that case, will the Minister simply tell us whether national insurance numbers have been issued to illegal migrants? A yes or no answer will do at this point.

Caroline Flint: I will come to that point. *[Laughter.]* No, seriously. I will come to that point, but I just want to preface it by explaining what a national insurance number is not. The national insurance number is a unique, personal reference number that exists to track tax, national insurance, social security benefits, tax credits and payments of student loans. It is not a proof of identity. I am holding a national insurance card in my hand, and on the back it says, "This is not proof of identity". It also says so on the front. In isolation, it does not provide proof of the right to work in the United Kingdom.

On the allegation that numbers appear to have been issued to illegal immigrants caught up in the review and investigation into applications for a licence to work as security personnel, my answer is as follows. At present, and during the course of the review, we have worked closely with the Home Office on that issue. The Home Office is currently checking through each record, and those records will be compared with DWP records. However, the results are not yet ready. Initial indications, as my right hon. Friend the Secretary of State pointed out in his opening speech, are that many SIA applicants quoted temporary national insurance numbers. Those are not official numbers, and they serve no purpose other than to attribute an administrative reference number for employers to use for tax and national insurance contribution deduction purposes. Since April 2004, their use has been actively discouraged by Her Majesty's Revenue and Customs. They are not recorded on DWP benefit systems, and they cannot be used for benefit claim purposes. We do not recognise some of the numbers as legitimate national insurance numbers, which is why we have to check them all to see whether they have been issued.

The reality is that in 1996, a Conservative Government introduced legislation to put a legal responsibility on employers to establish the right to work of anyone they employed. At that time, the Conservative Government made no changes at all to national insurance numbers, they made no reference to the fact that national insurance numbers should be used as proof—*[Interruption.]* It is all very well to say that it was years ago, but it is the system that operated then, and continued to do so until we tightened it from 2006, meaning that someone applying for a national insurance number had to prove that they had a right to work in this country.

Danny Alexander: I am pleased to hear that that exercise of comparing Home Office data with the DWP record will take place. Would the Minister confirm that in examining the DWP data, a clear distinction will be made between national insurance numbers awarded before July 2006 and afterwards, so that the point raised during the debate would be answered? If she can do so, it will shed further light on the answers to the questions that have been raised.

Caroline Flint: *As soon* as we have the information, we will check as far as we can the date on which they were validated.

I have to say that when I heard the reports last night, the SIA said—and I paraphrase—that the numbers looked like national insurance numbers. We have to determine whether that is the case. *[Laughter.]* Hon. Members laugh, but an accusation has been made that may be found to be invalid. That is not the right way to conduct a debate.

Mr. Clappison: Will the Minister give way?

Caroline Flint: No, I am not going to give way. [HON. MEMBERS: "Give way!"] No, I am sorry. I am not going to give way because a lot of contributions have been made, some of which may relate to the point that the hon. Gentleman wants to make, and I want to respond to them.

The hon. Member for Hammersmith and Fulham (Mr. Hands) made a point about the failure to get accurate figures for foreign nationals entering and leaving the UK. From 2008, we will start counting foreign nationals in and out of the country and we will introduce checks for all travellers before they land in Britain, and before the plane takes off in the case of high-risk countries. We have established the migration impacts forum, which gives the Government independent advice on the impact of migration. That, too, is important.

The hon. Gentleman also commented on the number of national insurance numbers allocated in Hammersmith in 2006-07. The figure is 9,310 and represents numbers in the borough at a specific time. It does not necessarily remain static—some people may have moved elsewhere, including outside the UK. The 2006 data for the UK estimated gross in-flows of 591,000 migrants set against gross out-flows of 400,000.

The hon. Gentleman also said that only around 1,000 people were refused national insurance numbers. There are separate tests. First, approximately 1,000 refusals, as cited in the parliamentary question to which he referred, were due to suspect identity documentation. More than 360 prosecutions took place in 2006-07. A further 12,602 refusals between April 2006 and November 2007 were for failing the identity test. On top of that, in the context of proof of right to work, a further 8,643 applications have been refused since July 2006, when the much stronger checks were implemented. That shows that our system is not out of control. It works.

Mr. Clappison *rose—*

Caroline Flint: No, I shall not give way.

The hon. Member for Monmouth used intemperate language. On his point about employers, I hope that no hon. Member would disagree that employers, whether small, medium-sized or large, have duties to ensure that the people whom they employ have the right to work. We are streamlining and simplifying the employment routes into the UK under the new points-based system. We have launched a major public awareness campaign, which includes press advertising and sending direct mail to approximately 400,000 businesses, to ensure that employers cannot escape their responsibilities but are supported to make decisions when recruiting in their workplace.

David T.C. Davies *rose—*

Caroline Flint: I cannot give way; I have not got enough time.

The Border and Immigration Agency runs a helpline, which provides advice and support for employers.

Stewart Hosie: Will the Minister give way?

Caroline Flint: I shall give way quickly to the hon. Gentleman because he has been present all afternoon.

Stewart Hosie: The Minister is being generous in giving way. If she finds that national insurance numbers had been wrongly issued since June 2006 and that individuals who were not entitled to them had faked, forged or stolen documentation that was sufficiently robust to get a national insurance number, does she concede that such documentation would also be sufficiently robust to con an employer? Does she therefore agree that any penalty that might normally be imposed on an employer in those circumstances should be examined and waived if necessary?

Caroline Flint: If any issues that are found through the investigation warrant further action, we will discuss the matter with our colleagues in the Home Office and in Her Majesty's Revenue and Customs. However, it is important in such a debate that we are sure of the facts and that we leave it with a much clearer understanding that national insurance numbers are not a right to work. Conservatives' implication that they are is wrong and does not help anyone understand, including employers, who may get the idea, if they simply listen to Tory Front Benchers, that national insurance numbers constitute a right to work. They do not.

Mr. Clappison: Will the Minister give way?

Caroline Flint: I am not giving way. I have Back-Bench speeches to respond to.

The hon. Member for Peterborough (Mr. Jackson) spoke about planning services. They are important, which is why we set up a forum to address the issue. I visited Peterborough jobcentre not so long ago and saw first hand the work that it does with employers and others to support people into work locally. I only hope that the hon. Gentleman will spend some time discussing with those staff and those partners the good work that they are doing to tackle any abuses in the system and, more importantly, to help the people living in Peterborough to find work.

In many respects the hon. Member for Weston-super-Mare (John Penrose) made a thoughtful contribution. However, with his experience on the Work and Pensions Committee, I hope that he would recognise that it is important to have the facts, rather than spurious allegations, to make good public policy.

The Secretary of State and I have outlined the practical steps that the Government are taking to drive down illegal immigration and illegal working. We will continue to take the necessary action, with or without the support of the Opposition. We will also continue to implement the policies that have seen continued growth in employment, with 175,000 more people in work in the past three months, swelling the total to a record 29.36 million. We will continue to implement the policies that have seen the numbers claiming unemployment benefit at their lowest level for 30 years. We will continue, too, to acknowledge the economic contribution of migration into this country. We are addressing the issues of employment, welfare, pensions, border security and the proper identification of those who should be in the country and those who should not. All that the Opposition offer are allegations based on false premises and distractions. To that end, I seek the House's support for the Government's amendment.

Question put, That the original words stand part of the Question:—

The House divided: Ayes 242, Noes 310.

Division No. 47] **[3.46 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Mr. Alan
Bellingham, Mr. Henry
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Cameron, rh Mr. David
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, Mr. Nick
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Featherstone, Lynne
Field, Mr. Mark
Fox, Dr. Liam

Francois, Mr. Mark
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Johnson, Mr. Boris
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
MacNeil, Mr. Angus
Malins, Mr. Humfrey
Maples, Mr. John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Matthew
Teather, Sarah
Thurso, John
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Richard Benyon and Mr. Crispin Blunt

NOES

Abbott, Ms Diane
Ainger, Nick
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Armstrong, rh Hilary
Atkins, Charlotte
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Dunwoody, Mrs. Gwyneth
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Michael Jabez *(Hastings and Rye)*

Francis, Dr. Hywel
Gardiner, Barry
George, rh Mr. Bruce
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGrady, Mr. Eddie
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Seabeck, Alison
Sharma, Mr. Virendra
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Dr. Richard
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Tony Cunningham and Mr. Michael Foster

Question accordingly negatived.

Question, That the proposed words be there added, *put forthwith, pursuant to Standing Order No. 31 (Questions on amendments), and agreed to.*

MR. DEPUTY SPEAKER *forthwith declared the main Question, as amended, to be agreed to.*

Resolved,

That this House welcomes the new checks and controls the Government has introduced to reduce illegal working by foreign nationals which include measures to prevent illegal immigrants being issued with National Insurance numbers.

Mrs. Theresa May (Maidenhead) (Con): On a point of order, Mr. Deputy Speaker. I wonder whether you can give me some guidance on how to ensure that Ministers place information in the Vote Office so that it is available to Members in a timely fashion. The report of the Senior Salaries Review Body on MPs' pay, pensions and allowances was made available in the Vote Office two minutes ago, although I understand that information about its content has been available to the news broadcasters throughout the day, and has been made plain on news broadcasts.

The Leader of the House is always saying that information should be made available to the House before it is made available to the media. How can I ensure, Mr. Deputy Speaker, that Ministers put that into practice?

Mr. Deputy Speaker (Sir Alan Haselhurst): I think that the literal answer is "By constant reminder". Mr. Speaker has himself endorsed the view that

[Mr. Deputy Speaker]

documents of importance to the House should be released as soon as possible, before appearing in any other forum. I can only say that I hope the document's recent arrival does not act as too great a distraction from the debate on human trafficking, to which we now turn.

I have to announce that Mr. Speaker has selected the amendment in the name of the Prime Minister, and that there will be an eight-minute limit on Back-Bench speeches.

Human Trafficking

[Relevant documents: Twenty-sixth Report from the Joint Committee on Human Rights, Session 2005-06, Human Trafficking, HC 1127-I, the Government's Response, Cm 6996, the Twenty-first Report from the Committee, Session 2006-07, Human Trafficking: Update, HC 1056, and the Fourth Report from the Committee, Session 2007-08, Government's Response to the Committee's Twenty-first Report of Session 2006-07.]

4.3 pm

Damian Green (Ashford) (Con): I beg to move,

That this House believes that human trafficking is the modern equivalent of the slave trade, and, while welcoming the Government's commitment to ratify the Council of Europe Convention on Action against Trafficking in Human Beings, regrets that this commitment has been delayed for more than a year since the Conservative Party first asked the Government to take this step, and will not come into effect during 2008; welcomes the forthcoming United Nations forum to fight human trafficking and urges the Government to take further immediate steps to help the victims of trafficking, including new measures to intercept traffickers and victims at our borders, better provision of refuge places, the use of telephone helplines, and a drive for better cooperation among national authorities within Europol and Eurojust, so that the United Kingdom can become one of the leading countries fighting human trafficking.

It is good for a number of reasons that we are having this debate 48 hours after the Home Secretary made the significant announcement that in the next 12 months the United Kingdom would ratify the European convention on action against trafficking in human beings. The first is that it was a cause of some national shame that 12 other countries had ratified the convention and we had failed to do so. The second and most important is that it may mean that the Government will stop merely talking a good game on action against trafficking, and will actually live up to their rhetoric. The third is that it shows that parliamentary opposition can have some effect in shaming a Government into doing what they know they ought to do.

It was in January 2007 that we first urged the Government to sign the convention and to take a number of other actions against the appalling trade in human beings. In March they signed the convention, and made some other efforts against trafficking which we welcomed. By January this year, we thought that the process had become alarmingly slow, so two weeks ago we returned to our call for action, this time for ratification of the convention, and last week we decided to hold this debate. Two days ago, the Home Secretary said what we wanted to hear and we welcomed it, as we do in the motion. Better late than never is the appropriate phrase to describe the Government's performance on the matter.

Mr. Denis MacShane (Rotherham) (Lab): Before the hon. Gentleman goes too far down that road, may I ask whether he is aware of the article that I wrote in January 2006 calling for such action? It took a full year for the Opposition Front-Bench team to support my proposal, and the outcome was achieved thanks to the help of Back-Bench colleagues in his party, who raised the matter again and again at Question Time. He should stop being so smug, because it is Members behind him who did it, not his absent colleague the shadow Home Secretary.

Damian Green: Being accused of being smug by the right hon. Gentleman is one of the more arresting parliamentary events of the day. Nevertheless, I pay tribute to his work in this regard. I am glad that he has brought it to our attention.

Several hon. Members *rose—*

Damian Green: I should warn the House that I shall not give way too many times because there is a time limit on Back-Bench speeches.

Mr. John Greenway (Ryedale) (Con): It is members of the Parliamentary Assembly of the Council of Europe who have taken the lead on this issue on a cross-party basis. My hon. Friend is right, and I congratulate him on securing the debate, but will he ensure that we concentrate not just on the trafficking of human beings for the sex trade, which is appalling, but on the trafficking of children and of people in boats from north Africa? Those boats have nothing else to do, because all the fish have been taken away. We should do something about stopping them in the first place.

Damian Green: I will come in a moment to the specific point about the interaction between the sex trade and the wider trafficking problem.

Mr. Andrew Dismore (Hendon) (Lab): Speaking in the same vein as that in which my right hon. Friend the Member for Rotherham (Mr. MacShane) made his intervention, may I remind the hon. Gentleman that the Joint Committee on Human Rights first recommended ratification in October 2006? I hope that he is not going to turn this debate into a party political bun fight, because so far we have worked very well across parties on the issue. I see the chairman of the all-party group on the trafficking of women and children, the hon. Member for Totnes (Mr. Steen), is nodding vigorously. We have had extensive and full debates on the issue. We have reached a huge degree of consensus and I hope that the hon. Member for Ashford (Damian Green) is not going to spoil that today.

Damian Green: A later part of my speech includes a tribute to the hon. Gentleman's work and that of the Joint Committee. I will bring it forward to this part, because that Committee has indeed done valuable work. In the absence of anyone else wishing to point out how much they are in favour of getting rid of human trafficking, which we all are, I think that we would all agree that this is the year for action. We need to see the British Government take a lead.

In that regard, to return to the point made by my hon. Friend the Member for Ryedale (Mr. Greenway), I hope that the debate on trafficking, which is a tough enough topic to deal with in itself, does not become absorbed into the wider debate about how to deal with prostitution. Not all prostitution involves trafficking, and not all trafficking involves prostitution. The debate about how to combat prostitution is important. I know that the Minister has been visiting Sweden to see how its policy is working. He will have heard views on both sides of the argument about the effects of criminalising all men who use prostitutes. Over the coming months, however, the debate, not least within Government, about the way forward on prostitution must not be allowed to delay further action on trafficking. Let us not delay action against one evil because Ministers cannot yet agree on how to tackle a related but different one.

Sadly, it would be easy to fill this speech, and indeed the whole debate, with terrible, haunting stories of women and children who have been brutalised by people traffickers, duped, sold into slavery and repeatedly raped or violently exploited in other ways. As we all know, it is a disgusting scar on the modern world and it is getting bigger. Human trafficking is the fastest growing international crime. In terms of the money that it generates, it is up there with drugs and guns as the biggest international criminal activity. It is a global problem. According to the US State Department, up to 800,000 people are trafficked every year and trafficking generates about $9.5 billion in annual revenue, according to the FBI's calculations.

The United Kingdom is sadly classified by the United Nations as a high-level destination. We are a desirable destination for people traffickers. A 2003 Home Office estimate is that the economic and social costs of trafficking in this country alone are about £1 billion, of which about £275 million constitutes the market for sexual exploitation—as it puts it. Inevitably, all such figures are fairly rough and ready.

Many Members have rightly been exercised about the increasing number of women and girls being trafficked into this country, not only from eastern Europe, but from Africa and the far east. Again, the latest official figures are from 2003, when the Home Office thought that there were 4,000 victims of trafficking who had been brought to this country for prostitution. The most stark and horrifying statistic in this regard is that 10 years ago 15 per cent. of women working as prostitutes in this country were foreign, but that proportion has now completely reversed: it is 85 per cent. and only 15 per cent. are domestic. The Minister might have slightly more up-to-date figures, but those are the latest ones I have seen published. That is a terrible statistic.

This issue is not only about prostitution; it is also about forced labour. We know that 60 per cent. of the victims of trafficking who have arrived here illegally are used in forced labour. A distinction is often made between people-smuggling and people-trafficking. Terrifyingly, it is a fact that many people who think they are in the former category end up in the latter category: they think they are being brought here because they want to get here illegally, but actually they are going to be exploited. Many of them pay £20,000 and more to agents to bring them here, and when they are here they are forced into debt bondage: they simply cannot earn enough money ever to pay off their debts, so they are free to be exploited by criminal gangs. That trade is every bit as terrible as the trade for prostitution.

As well as acknowledging the good work of the Joint Committee on Human Rights, it is worth paying tribute to the various organisations that are involved in trying both directly to prevent the trade and to encourage our Government and Governments around the world to take effective action on it, notably the Stop the Traffik coalition, from which I imagine many

[Damian Green]

Members of all parties who are attending this debate have received information. It is doing an extremely good job, and it has made the point that next month there will be a United Nations forum on this subject in Vienna and that that is an important international conference where the global action that is clearly required to crack down on this global problem will be brought together.

Instead of going through some of the dreadful horror stories, it will be constructive if I set out what we want the Government to do in the coming months and ask the Minister to explain why some of it has not been done already. I shall start with the ratification itself. I asked a question on 5 December about what changes to legislation were needed. The Minister replied that

"we have identified a need for limited amendments to legislation and procedures, including the mechanisms for the support of victims of trafficking. The detail of the legislative changes is still subject to discussion within government".—[*Official Report*, 5 December 2007; Vol. 468, c. 1220-21W.]

As he has the House's attention today, perhaps he will tell us whether there is any need for primary legislative changes, or are simply secondary legislative changes required? If primary legislation is needed, why has the Criminal Justice and Immigration Bill been allowed to go through? It became a Christmas tree set of measures in itself, with important additions at the last moment. Why was it not used as a vehicle for bringing in the changes that are needed? That would certainly have been welcomed in all parts of the House.

I am genuinely bemused that these discussions are still going on inside Government. The Government signed the convention last March; we are now in January. When they signed it, they must have known what steps they needed to take to ratify it. It is extraordinary that these discussions are still going on inside Government some 10 months later. Clearly and rightly the Government have no objections to it in principle. They might have been reluctant to sign it if they thought it would in any way weaken our immigration controls. I imagine that, like me, the Minister has come to the conclusion that signing it would not weaken our very important immigration controls, so I hope to receive some explanation.

John Austin (Erith and Thamesmead) (Lab): The hon. Gentleman has made the point that it is necessary to have the measures in place in order to ratify. He criticised the Government for not having ratified when 12 other states have done so. Is he confident that those states have the necessary mechanisms on their statute books to be able to implement the convention?

Damian Green: The hon. Gentleman and I can sensibly assume only that those countries' Governments know what they are doing and that they have done as he suggests. As he knows, once we hit the figure of 10, the convention came into force, and I hope that he shares my regret that the UK was not one of the 10 countries that allowed that to happen; it would have been better if we had been. I hope to hear from the Minister about why we are where we are on ratification.

Mr. Anthony Steen (Totnes) (Con): Am I right in thinking that if we are not among the first 15 countries to ratify, we will have little or no influence on how the ratification takes place and on the steps whereby the member states that have ratified decide what to do? In such circumstances, we would have no influence on what will happen in the ratification process.

Damian Green: I should, of course, add my hon. Friend to the list of those to whom I pay tribute, because the all-party group on trafficking of women and children, which he chairs, has done important work on this matter. I hope that the Government take his warning well.

As well as ratification, the Conservatives want to see action on policing, prosecutions and the protection of victims. One year on, the Government have set up what they call a border service, but it is not a border police force. Various specific police operations, such as Pentameter 1 and Pentameter 2, have taken place, but there has been underlying confusion about the overlapping role of the various police departments that deal with trafficking. Amid the plethora of Government targets for which the police must have regard, there has been an absence of one on this matter.

On Monday, my hon. Friend the Member for Totnes (Mr. Steen) asked

"why human trafficking is not core police business".

The Minister for Security, Counter-Terrorism, Crime and Policing replied:

"It is."—[*Official Report*, 14 January 2007; Vol. 470, c. 640.]

This depends on how one defines core police business, because police forces are in no way rewarded for any work they do in this field. We know that because the chief superintendent of Peterborough police, Mr. Phillipson, has said:

"There are no Home Office targets for this kind of police work".

He continued:

"This is rape and sexual abuse, happening on a daily basis, but it is unreported crime. I won't achieve any reduction in crime statistics by closing brothels...But, quite frankly, I don't care. As far as I'm concerned this is what police work is about and I know that it's the right thing to do."

I am inclined to believe the policeman on the front line more perhaps than the Minister for Security, Counter-Terrorism, Crime and Policing—

Mr. Steen: I asked the question in the House about whether tackling human trafficking is core police business, and the Government answered that it is, but is my hon. Friend aware that there was no statement in the House saying that it was core business? The action plan said that it would become core business, but gave no indication of when that would happen, and nobody knew anything about it until the Minister for Security, Counter-Terrorism, Crime and Policing said the day before yesterday that it was now core police business. The significance is that if tackling human trafficking is core business, the police get money for doing that, but if it is not core business, they do not get that money. There is quite a lot of confusion in police forces as to whether or not it is core business, and whether they are getting any money for it.

Damian Green: My hon. Friend is right, and that is why the situation causes a problem.

The Conservatives believe that we should have a proper integrated border police force, which integrates the immigration and customs services with the police, and that such a force should have the necessary powers to stop, search, investigate and prosecute. Instead of having a succession of ad-hoc operations, this type of operation should be a permanent priority. There should also be specific measures on border controls that would address trafficking, including separate interviews at all airports of women and children travelling alone with an adult who is not a parent, guardian or husband. That is a practice implemented successfully by the US, and it will help to identify potential victims.

We believe that better police measures could be taken, and we also believe that they would lead to more robust law enforcement and more prosecutions. The Government say that law enforcement in this area is a priority, but in the last year prosecutions have fallen by 40 per cent., so the facts before us suggest that that is not the reality. We need more focus on prosecutions to tackle both supply and demand.

As a country, we could do better on protection. I imagine that everyone who participates in this debate knows about the good work of the POPPY project, but while that should be seen as an acceptable pilot, it is not the whole answer, not least because it is based entirely in London. We need to increase the number of places in safe houses and we need to do better for under-18s who are trafficked. For current legal reasons, anyone under 18 who has been trafficked has to remain in the care of the local authority social services and cannot be moved to the POPPY project or any similar service. The problem is that far too high a percentage of those in local authority care have simply disappeared, and it is believed that many have been repossessed by the traffickers.

Mrs. Madeleine Moon (Bridgend) (Lab): Does the hon. Gentleman agree that another aspect that we must pursue is passing on some of the expertise that people working in the POPPY project and others have developed in helping women and children who have been trafficked to deal with the trauma? In that way, when they returned to their home countries they would get the help and support that they needed. Many of those countries are the poorest in the world and may have less expertise in the matter, and it is therefore our responsibility to share it.

Damian Green: I absolutely agree with the hon. Lady. Expertise has been developed in this country, and the more we spread that expertise and best practice the better.

The Solicitor-General (Vera Baird): As a non-London MP, I just wanted to mention that there are now service-level agreements between the POPPY project and organisations such as Women's Aid, which supply the same services outside London as POPPY supplies in London.

Damian Green: That is indeed welcome, but I am sure that the Solicitor-General would agree that we need that to happen more, because the problem is now a national problem. Even the idea that it is a big-city problem is now out of date, because it occurs in small towns and even villages.

Margaret Moran (Luton, South) (Lab): Will the hon. Gentleman give way?

Damian Green: I am sorry, but I know that many hon. Members wish to speak. I can feel that waves of hostility will come from both behind and in front of me if I take up too much time, so I do not want to do so.

One of the other specifics that I wish to recommend to Ministers is setting up a helpline for victims of trafficking. I am sure that the Minister will have considered that. The Stop the Traffik coalition has suggested the use of a common helpline number across Europe. People who are trafficked inevitably travel through many countries and may not even know which country they are in. If there were one emergency number—obviously it could be effective only if it routed to an in-country national service—across Europe, it could be most effective.

Apart from the signing of the convention, we need better co-operation between Europol and Eurojust on this issue. The Government should also encourage British companies to do what they can. My hon. Friend the Member for Ryedale mentioned some of the problems of African countries, and the Minister will be aware of one particular problem with the confectionery industry. Côte d'Ivoire produces 40 per cent. of the world's cocoa crop and there is a lot of evidence of children as young as 12 being trafficked from even poorer African countries, such as Mali, into Côte d'Ivoire. The effective way to stop that is for the big international confectionery companies, many of which are based in this country or have significant operations here, to insist on proper standards throughout their supply chain. That would be the best approach, and while it is not direct Government action, I hope that Ministers will encourage it.

The Opposition are pleased that the Home Secretary made her announcement on Monday. We will monitor the Government's progress on ratification. I have sought to set out a number of practical suggestions for action that the Government can take immediately that would help to reduce trafficking into this country and in other parts of the world. Obviously, there is complete unanimity that human trafficking is a disgusting crime and a growing problem. For once, I can stand at the Dispatch Box and say sincerely to Ministers working on the problem that I hope that they are effective and successful. My simple message to them is: please get on with it.

4.25 pm

The Parliamentary Under-Secretary of State for the Home Department (Mr. Vernon Coaker): I beg to move, To leave out from "House" to the end of the Question and to add instead thereof:

"condemns the trafficking of human beings as one of the most vile crimes to threaten our society; welcomes the Government's commitment to make the necessary legislative and procedural changes required to ratify the Council of Europe Convention on Action Against Trafficking in Human Beings before the end of 2008; believes that ratification is an important milestone in the Government's concerted strategy to protect the victims of

[Mr. Vernon Coaker]

trafficking and bring to justice those who exploit them; notes that the UK Action Plan on Trafficking, published in March 2007 on the same day as the UK signed the Convention, comprehensively pulls together the work already under way across Government to tackle trafficking and creates a platform for future work; praises the work of the UK Human Trafficking Centre, established in March 2006 as the central point of expertise and operational co-ordination in tackling human trafficking; supports the valuable work done as part of nationwide police-led anti-trafficking operations, including Pentameter 1 and 2; and notes the £4.5 million of government funding provided over the last five years for victim protection under the POPPY scheme, which supports adult women trafficked into the UK for sexual exploitation.".

I compliment the hon. Member for Ashford (Damian Green) on the vast majority of what he said and, apart from the first couple of sentences, the constructive way in which he engaged with the subject—I thank him for that. I also thank all hon. Members who are present for the debate, particularly the significant number of parliamentarians who have had a huge input in taking the agenda forward. I thank not only my ministerial colleagues, and some members of my party who are in the Chamber—my hon. Friend the Member for Hendon (Mr. Dismore), who is Chairman of the Joint Committee on Human Rights, my right hon. Friend the Member for Rotherham (Mr. MacShane), my hon. Friend the Member for Slough (Fiona Mactaggart), my right hon. Friend the Member for Leicester, East (Keith Vaz), the Chairman of the Select Committee on Home Affairs, and many others—but, in particular, I thank the hon. Member for Ryedale (Mr. Greenway), who has taken a particular interest in labour exploitation, and the hon. Member for Totnes (Mr. Steen), who has done a fantastic job with the all-party group on trafficking of women and children and through all his other work to take the agenda forward. Of course, I also thank hon. Members from the Liberal Democrat Benches.

There will be differences between the parties about some of the things that I shall say and about some of the Government's policy decisions. However, we can and should be proud of the way in which we have tried to lead the debate as a Government and as a country. Regardless of the party politics, some hon. Members present today have been at conferences where representatives of other European countries have come to talk to us about how we are tackling the problem and to try to learn from us as we try to learn from them.

As well as thanking Members of the House, I want to thank the stakeholders across the county: Amnesty International, ECPAT—or End Child Prostitution, Child Pornography And the Trafficking of children for sexual purposes—Stop the Traffik and all the other non-governmental and voluntary organisations. They, too, deserve a huge degree of credit for the way in which the debate has been taken forward.

Trafficking is one of the vilest forms of crime and one of the vilest harms that threaten our society. It is unbelievable that 200 years after the abolition of slavery by the House of Commons, we are yet again debating slavery in 2008. Members from all parties have said that our Government should take the matter forward. That is what the people out there would not only expect of us but demand from us.

Mr. Shailesh Vara (North-West Cambridgeshire) (Con): The whole House agrees that it is right that the Government should take the matter forward. As that is the case, does the Minister agree that as trafficking will now be a core subject for the police the necessary funds will be made available? That is particularly important because those elements of organised crime involved in guns and drugs are increasingly moving into sex trafficking.

Mr. Coaker: I shall deal with some of that later in my speech. The then Home Secretary, my right hon. Friend the Member for Norwich, South (Mr. Clarke), wrote to all chief constables to point out that whereas drugs were the first priority, the second was organised immigration crime, of which human trafficking was a significant part. That is important in trying to clarify some of the points made by the hon. Member for Totnes. The debate is difficult because the question is not only about money for police forces but about expertise, knowledge and intelligence. If we simply make money available without taking account of other factors, we will not get the results that we want. The operations Pentameter 1 and 2 were in part about developing that knowledge and expertise so that the police service can reduce the level of harm to which people are exposed, and free them from the slavery that we all oppose.

Pete Wishart (Perth and North Perthshire) (SNP): The Minister will know that we in Scotland have particular problems with human trafficking. The police say that the number of incidents seems to be rising more quickly in Scotland than in the rest of the UK, with the result that it now accounts for 13 per cent. of the total trade. Responsibility for the police is a devolved matter for the Scottish Government, but all the initiatives are UK-wide. Can he reassure me that he is working hand in glove with the Scottish Government to ensure that this pernicious trade is tackled effectively in Scotland?

Mr. Coaker: I can reassure the hon. Gentleman on that point. Home Office officials are in contact with their counterparts in Scotland, and I have spoken to Kenny McAskill, the Scottish Justice Secretary, asking for a meeting at the earliest possible opportunity to discuss how we can take this whole agenda forward.

Mrs. Moon: Recently, I visited Albania as part of a delegation from this House. One thing that became clear was that the British police had worked in partnership with that country and given guidance and advice about dealing with drugs, guns and people trafficking. Does my hon. Friend agree that we need police and border forces in the countries of origin to work with us and to contribute the same level of expertise in the fight against those crimes?

Mr. Coaker: I do agree, and my hon. Friend's excellent question helps me respond to what the hon. Member for Ashford said about the importance of Europol, Eurojust and the cross-border work that we have to undertake. In a few weeks I hope to visit Romania, Bulgaria and Albania, where I will talk to police forces and Ministers about how we can work together to deal with what is a common problem.

Unless we deal with it at an international level, in Europe and across the globe, we will find, for all our efforts, that it is difficult to make the progress that we want to make.

Several hon. Members *rose—*

Mr. Coaker: I shall take a couple more interventions, and then I need to make progress.

Margaret Moran: Does my hon. Friend agree that it is very important that we look beyond Europe and the accession states? Last year I visited Ukraine, where I met representatives from both statutory and voluntary organisations. Even more than police forces, the latter are the key to tackling the problem of human trafficking. Does he agree that we need to work with the British Council and the voluntary organisations in those countries that, like Ukraine, are being used as the entry point for human trafficking in the EU?

Mr. Coaker: I agree absolutely with my hon. Friend. As I said earlier, there is a global dimension to a problem that affects countries all over the world. That is what makes tackling trafficking so difficult, but my hon. Friend makes a valuable point that deserves consideration.

Mr. Steen: I am grateful to the Minister for giving way to me, and may I first of all reciprocate his kind words and good wishes? It has always been a pleasure to work with him and his Department.

When he goes to Albania, Bulgaria or other eastern European countries, the Minister might like to look at the problem that police forces have with Europol. That is the fact that every country uses different types of records. For instance, records can be based on fingerprints, DNA, psychological profiles or gun crime, but the categories vary from country to country. Europol is not effective as a result, because the necessary information is not being exchanged. Another problem is that most of the women recorded as being trafficked into Britain from Lithuania do not come from that country. The women involved come from other eastern European countries that do not belong to the EU, but the Lithuanian passport is used for them because that is the easiest to forge. Is he aware of that?

Mr. Coaker: I am aware of the issues that the hon. Gentleman raises, and we need to discuss how we can tackle them.

Mr. Greenway *rose—*

Mrs. Ann Cryer (Keighley) (Lab) *rose—*

Mr. Coaker: I shall take two more interventions, but then I shall make progress with my speech as I want to leave enough time for as many contributions to the debate as possible. I give way first to the hon. Member for Ryedale.

Mr. Greenway: I am most grateful to the Minister. This is a home affairs debate, but he was right to say that the problem demands international action and that that action should be focused on the EU's borders. It is interesting that Bulgaria and Romania, to which my hon. Friend the Member for Totnes (Mr. Steen) referred, both ratified the convention on trafficking some time ago, whereas I understand that Lithuania is not even a signatory to it. As a result of this debate, will he speak to his colleagues in the Foreign and Commonwealth Office and ensure that they too are engaged in the fight against human trafficking?

Mr. Coaker: I hear what the hon. Gentleman says. We talk not only to our European colleagues but to colleagues outside the EU. Indeed, I shall be speaking at a United Nations conference in a few weeks' time. The problem throws up a range of issues, not least of which is the need to ensure joined-up government in this country. An inter-ministerial group has oversight of taking the agenda forward. I take his point.

Mrs. Cryer: Does my hon. Friend regard forced marriage as part of the problem? It is a form of trafficking, yet it is not regarded as a criminal offence, despite the fact that many girls are taken from this country to the Indian subcontinent and forced to consummate so-called marriages. It is a form of rape.

Mr. Coaker: To be honest, I do not know the whole answer to that question. If anybody is trafficked for any reason, it is obviously a crime, but I shall look into my hon. Friend's point. If I get some inspiration before the end of my speech, I shall come back to it.

If the House will allow me, I shall make some further points. The Government are totally committed to eradicating the abhorrent crime of trafficking in all its forms. On Monday, the Home Secretary demonstrated that commitment by announcing the Government's intention to accelerate plans to ratify the Council of Europe convention against trafficking, and to review the Government's reservation to the UN convention on the rights of the child. I want to highlight that, because it is of huge significance to many organisations outside the House as well as to Members.

We have worked hard and consulted widely since signing the Council of Europe convention. For example, we piloted a model of victim identification within Operation Pentameter 2, identified gaps in compliance and developed victim support models. There is much to do, but thanks to the progress that we have made, we now believe that we can make the necessary legislative and procedural changes to achieve ratification later this year. Ratification will be a significant milestone in the fight against this horrendous crime.

To answer the hon. Member for Ashford, we need to make four or five pages of legislative changes if we are to ratify the convention. Many of them will involve secondary legislation. There are four or five issues to do with article 10 of the convention, four or five to do with article 14, and four or five to do with article 23, as well as others. I shall talk to him later and perhaps share some of that information with him. We are taking the ratification agenda forward, but many of the changes can be made through secondary legislation. I hope that if we need to proceed through primary legislation, he will help us to do so as quickly as possible.

Mr. Mike Hancock (Portsmouth, South) (LD): One of the legislative changes being considered involves a measure to allow victims of trafficking who were brought here illegally and who help in prosecutions to stay here permanently. Is that being considered seriously?

Mr. Coaker: We are considering it.

As I said, ratification will be a significant milestone in the fight against the horrendous crime of trafficking, but it is only one stage in the ongoing battle against human trafficking. The Government have launched a series of offensives on different fronts as part of our wider anti-trafficking strategy. On 23 March 2007, the same day that we signed the convention, we signed the UK action plan on tackling human trafficking, which set out our national strategy and pulled together all the work under way across Government to combat the trafficking of adults and children domestically and internationally.

The measure covers four key areas: enforcement, prevention, victim support and child trafficking. It also applies to trafficking for forced labour as well as other forms of human trafficking. The Government's commitment to enforcement is exemplified by the introduction of anti-trafficking laws that have resulted in a number of successful prosecutions. For example, since the commencement of the Sexual Offences Act 2003 on 1 May 2004, there have been 70 convictions for trafficking for the purpose of sexual exploitation. However, those convictions do not represent the full extent of prosecution of traffickers, who are often charged with other serious offences, including rape, false imprisonment and serious assault.

In April 2006 we launched the Serious Organised Crime Agency, one of whose top priorities is the fight against human trafficking. To complement that work, we established in October 2006 the UK Human Trafficking Centre, which is tackling all forms of human trafficking as part of its remit. The police-led multi-agency centre was instrumental recently in the success of Operation Glover, which rescued 33 female victims aged between 12 and 15 who are believed to have been trafficked internally within the UK, and prosecuted and convicted a number of individuals. The case highlights the fact that human trafficking is not always about the movement of victims across international borders, but can involve the movement of UK nationals within the UK.

In 2006 the first major national anti-trafficking operation took place. Operation Pentameter 1 was a great success, resulting in the rescue of 88 victims, 12 of whom were children. As a result, 232 arrests were made and 134 people were charged with a variety of offences. Following this operation the UK Human Trafficking Centre was set up.

Pentameter 2, launched by the Home Secretary in October 2007, is another catalyst designed to assist police forces in developing their response in this area. Back in June 2005, the then Home Secretary, my right hon. Friend the Member for Norwich, South, wrote to chief constables setting out what forces' priorities should be in relation to organised crime. Organised immigration crime, including human trafficking, was the second priority after drugs. It will interest all hon. Members to know that we are discussing performance indicators as part of the new performance assessment framework for policing and community safety from April 2008. One of those indicators could relate to human trafficking.

Work is under way with the Association of Chief Police Officers to improve the capability of the police and their partners to deliver effective protective services. The UK Human Trafficking Centre will assist in the development of law enforcement expertise and operational co-ordination, which will improve the proactive policing response.

Intelligence from Pentameter 2 is already furthering our understanding of the nature and scale of trafficking across the UK. I do not want to spark a huge debate as I am trying to complete my speech within the next few minutes, but it may interest hon. Members to know that as part of Pentameter 2—for operational reasons which I understand, the police are reluctant to give too much information to us at present—according to Chief Constable Tim Brain who has done a fantastic job in this area, along with Chief Constable Grahame Maxwell, over 542 premises have so far been visited, a large percentage of which were residential, demonstrating the hidden nature of the crime. That is a significant change from some of what was happening in Pentameter 1. The number of arrests has already exceeded the number under Pentameter 1.

Following the conclusion of Pentameter 2, the UKHTC in conjunction with SOCA will produce an updated strategic assessment—the hon. Member for Ashford asked about this—of the scale of human trafficking of adults and children in the UK. That will help us to improve on our previous research which, as he pointed out, indicated that there were 4,000 victims of trafficking for sexual exploitation in the UK in 2003, and it will help us to respond more accurately to the reality rather than the perception of the crime, and ensure that the counter-measures that we put in place are targeted and effective.

Ratifying the Council of Europe convention will build on existing arrangements to provide a framework for minimum standards of support for all victims of trafficking. We are already doing considerable work. We have worked in partnership with the POPPY project to support adult women trafficked into the UK for sexual exploitation since 2003. We know that trafficking can have a devastating impact on a victim, and it is not enough simply to provide accommodation. That is why our UK action plan includes a range of measures to help identify and support victims and to try to prevent re-victimisation, which is crucial.

A comprehensive victim strategy has been developed for Pentameter 2, in consultation with a range of stakeholders to ensure a consistent end-to-end approach. The campaign also provides an opportunity to develop local measures on trafficking. This includes scoping suitable service providers for victim support. The POPPY project, and the TARA project in Scotland, have been working with the UK Human Trafficking Centre and others to develop the capacity and expertise of other providers during the campaign.

Following last year's campaign, the Salvation Army and the Medaille Trust established projects for victims. This year, partnerships are in place with a number of women's aid projects that cover areas such as Birmingham, Bradford, Sheffield, Leeds, Kirklees,

Keele, Huddersfield and Harrogate. Is that enough? No, it is not. Is it an improvement on where we were? Yes it is, and we will make considerable progress. I think that the hon. Member for Ashford would agree that we have made a start and a move forward and have a positive statement to make to the House.

The Government have also directed efforts towards combating child trafficking, one of the most abhorrent crimes of all. We have worked with the NSPCC.

Mr. Peter Atkinson (Hexham) (Con) *rose—*

Margaret Moran *rose—*

Mr. Coaker: I shall give way first to the hon. Gentleman and then to my hon. Friend. Then I shall need to finish.

Mr. Atkinson: Can the Minister report any progress in negotiations with the UK newspaper industry to persuade local papers in particular to stop taking advertisements for massage parlours and similar organisations, which encourage trafficking? That is something that we can deal with quickly in our own country.

Mr. Coaker: The hon. Gentleman will know that the Solicitor-General, the Leader of the House and the Minister for Equality met representatives of the Newspaper Society, the Advertising Association and others. We are trying to take that agenda forward and hope to say something on the issue in due course.

Margaret Moran: The Child Exploitation and Online Protection Centre, or CEOP, estimates that about 50 per cent. of trafficking involves children. Will the Minister join me in congratulating the work of the university of Bedfordshire, which is working with the NSPCC on that issue? Is he aware that it has found that children who are trafficked into this country are likely to go missing within 72 hours of being taken into social services care? There are traditional trafficking routes, so we need much greater monitoring and support for children in particular.

Mr. Coaker: My hon. Friend has made a hugely important point. A number of children whom we believe have been trafficked come into the care of the state and then go missing. That is unacceptable for all of us, and it gives us a policy dilemma in respect of what we should do. The hon. Member for Ashford legitimately and fairly said that we needed more safe houses. The hon. Member for Totnes and others will know that safe houses are sometimes a magnet for the traffickers. What seems a really good idea can have an unintended consequence.

We are considering what we can do about the safety of children—particularly trafficked children—who come into the care of the state. We have issued and updated guidance to local authorities. However, let me be clear: if there was one thing that I knew would definitely work, I would do it now—but there is not an easy policy solution.

The point made by my hon. Friend the Member for Luton, South (Margaret Moran) is hugely important and we are considering what we can do about it and trying to take that forward. We are asking for the views and advice of stakeholders such as the NSPCC and ECPAT.

Mr. Peter Bone (Wellingborough) (Con) *rose—*

Mr. Coaker: This is the last question that I shall take.

Mr. Bone: I am grateful to the Minister for giving way and I congratulate him on how much work he has done to enable the Government to move forward on this issue. However, when they are found as victims, children trafficked for sexual exploitation are treated worse than their adult equivalents. Will he consider the situation in Holland, where secure safe houses are provided?

Mr. Coaker: We will learn from anywhere that can provide appropriate examples of how to deal with the problem. However, an awful lot of work is going on with children; I do not necessarily accept the hon. Gentleman's argument that in this country such children are treated worse than the adults.

We have worked with the NSPCC to develop an advice and information line for social care and other professionals, to help them identify and support trafficked children. The advice line went live in October last year and in December multi-agency guidance was published to provide comprehensive information for all front-line professionals on the identification of victims and the actions required.

As well as that work on the four main strands of the action plan, we have continued to work with international partners in bilateral and multilateral projects to share expertise and improve information sharing in this area. In particular, we are jointly leading an initiative on human trafficking, under the auspices of the G6, with Poland. We are also committed to strengthening our approach to tackling the demand for prostitution, which can contribute to the demand for human trafficking for the purposes of sexual exploitation. As Members know, last week I led a ministerial visit to Sweden to look in more detail at the implementation of the legislation that criminalises the purchase or attempted purchase of sexual services. The information that we gathered will contribute to a six-month review of what more we can do on this issue, which will consider legislative and non-legislative options and look at the range of experiences in other jurisdictions.

I have covered some of the current areas of activity. I believe that we have made significant progress in the battle against human trafficking but, as I have explained, trafficking is multifaceted and needs to be fought on many fronts. The key to a successful response is effective collaboration and partnership working, and we have embraced that approach. Alongside an inter-ministerial group, we, the Government, have sought to involve stakeholders through our ministerial non-governmental organisation group, which next meets on 28 February, and through participatory meetings such as the international seminar on the Council of Europe convention that we hosted in December.

In its report of 13 October 2006, the Joint Committee on Human Rights commented that it was encouraged by its belief that

[Mr. Coaker]

"the Government is also committed to achieving the best possible balance in its overall policy to combat trafficking, grounding that policy in human rights standards, and has an open mind about how this can best be achieved."

There is still much more to do, but I assure the House that the Government's commitment and determination to combat this horrendous crime is absolute, and we will continue to fight against this form of modern-day slavery. There cannot be many more important priorities for a Government. It is simply unacceptable that 200 years after the House of Commons abolished slavery it once again falls to us to tackle those who would use other human beings as property to be profited from. We must not allow it, nor will we. I commend the amendment to the House.

4.51 pm

Chris Huhne (Eastleigh) (LD): Liberal Democrats greatly welcome the debate and are pleased that the hon. Member for Ashford (Damian Green) and his colleagues have secured it. I also pay tribute to the evident passion and conviction with which the Under-Secretary addressed the subject. There is clearly a substantial measure of agreement across the House on this issue.

Human trafficking is a shocking and scandalous crime that is now estimated to be the third most lucrative activity for organised crime globally. It mainly involves the sex industry, but also agricultural work and, horrifyingly, trafficking of people who are used in the removal of organs. The trade begins in desperation in the developing world—Vietnam, China, Romania, central Asia—where the victims are often offered the vision of a better life and are then committed to pay back the cost of their travel. In effect, as the Under-Secretary pointed out, they are introduced into debt bondage. They are given only the most meagre amount of work to pay back the sums that they owe. They are isolated, lonely, afraid, unable to communicate because of their language, and unable even to assess their own predicament.

Inevitably, there is enormous difficulty in terms of measurement—it is rather like the black economy—and we do not know how extensive the problem is. However, experts certainly believe that it is growing. The US Secretary of State's adviser, Dr. Laura Lederer, says that we are now on a par with the numbers enslaved in the 16th and 17th centuries. The United Nations Office on Drugs and Crime puts the figure slightly higher than the US estimates cited by the hon. Member for Ashford—it says that 1 million people a year are involved, and possibly $32 billion in revenue. This is very big business.

We therefore very much welcome the Government's commitment to ratify the convention. According to the Council of Europe's website, 10 countries have ratified so far, so the convention will enter into force on 1 February this year. So far, however, I regret to say that the signatories are mainly poor countries. Although we will be the seventh European Union country to sign up and ratify, we will be only the third developed country to do so after Austria and Denmark. I very much hope that the Government will maintain the pressure on other EU member states to stop displacement; the Under-Secretary has already talked about the G6 group, including Poland. I also note that the European Union can, as a whole, ratify the convention. Given the Government's decision to do so and their interest in preventing activity in this country from being displaced elsewhere, and assuming and hoping that our measures will be effective, will Ministers commit to pressing the EU, as a bloc, to ratify the convention?

The Government were clearly right, too, to criminalise trafficking in prostitution in 2003, but limited resources have been given to Operation Parameter, and perhaps there should be a clearer focus, internationally, on the big guys. Will the Minister tell us whether the Serious Organised Crime Agency has been effective, and what its role has been in pursuing this matter? There have been successful prosecutions, which is good news, but there are still big gaps. The gangmaster of the Morecambe bay cockle pickers was not prosecuted for trafficking, although he was quite rightly prosecuted for manslaughter. No successful prosecution has yet been brought for trafficking in forced labour.

Mr. Steen: I suggest to the hon. Gentleman that there is a distinction to be drawn between prosecution and conviction. According to an answer to a recent parliamentary question, only 30 traffickers of human beings for sexual purposes had actually been convicted. Everyone constantly talks about prosecution; I suggest that the hon. Gentleman ask the Minister about convictions.

Chris Huhne: The hon. Gentleman makes a good point; the distinction between prosecution and conviction is crucial. The point that I was attempting to make was that there had been no successful convictions at all for trafficking in forced labour, and we must attempt to address that.

I am also concerned about joined-up government. The police quite rightly treat trafficked sex workers as victims of crime, and as potential witnesses, while the immigration service is more likely to treat them as illegal entrants and potential deportees. How do Ministers intend to resolve the inherent conflicts in agencies' approach to this problem? There is another example of potential conflict. The 1998 rule giving visas to migrant domestic workers and allowing them the right to change employer was key. The employer had to moderate their behaviour to stop the potential loss of their employee—to prevent them from fleeing to another job. There was at least some incentive to moderate what would otherwise be autocratic and unacceptable behaviour. Indeed, the Minister's colleague Baroness Scotland noted on 26 March last year that the Government were

"conscious that the change we brought in greatly benefited domestic workers in this situation." [*Official Report, House of Lords*, 26 March 2007; Vol. 690, c. 1436.]

It seems to me that the changes limiting the ability of such visa applicants to work with only one employer are retrogressive.

We particularly need a framework for dealing with children. Article 10 of the convention states:

"As soon as an unaccompanied child is identified as a victim, each party"—

signatory to the convention—

"shall...provide for representation of the child by a legal guardian, organisation or authority which shall act in the best interests of the child."

That is very much the point raised by the hon. Member for Luton, South (Margaret Moran). The reality is that the current care system is creaking when dealing with such problems; it simply is not adequate. Child exploitation is on the rise. The figures that came out of the study that was commissioned in part by the Home Office show that children in 183 of the 330 identified cases went missing from the establishments where they were in care. The majority were over 16, but clearly some may have been abducted by the people who trafficked them, as someone said earlier, and others may have been afraid and simply fled. We need to do much more work on that front if we are to be sure of providing adequate care for those children who have been so brutalised and traumatised by their experience.

Perhaps we should examine the Dutch system, which is holistic. I take on board the Under-Secretary's comments about potential problems with, for example, houses, but we need to be sure that we are providing security. The hon. Member for Wellingborough (Mr. Bone) also made that point. Security, whether in care homes or provided in another way, is essential.

We must take care when placing responsibilities on local authorities—a favourite game of central Government, not least the Home Office—that resources are made available to ensure that responsibilities can be exercised properly. I hope that the pattern for other Home Office schemes, such as extending police community support officers and the subsequent reduction in funding, will not be followed.

It is welcome that the Government intend to ratify the convention. I am sure that Ministers realise that it is a beginning, not an end to trying to tackle the problem seriously. Since the Under-Secretary has clearly done the work on the necessary changes in primary legislation, as he informed the House earlier, I hope that he can make a commitment to introducing those changes through amendments in the Lords to the Criminal Justice and Immigration Bill. It was regrettable that they could not be tabled in the Commons, where some of my hon. Friends made that very point, but it is not too late to make the changes, assuming that the legal work has been done.

The hard graft of finding practical ways to alleviate the suffering and protect the victims of trafficking is only beginning. We are considering an abhorrent crime, which is a scar on any civilised society. We must—I trust from the tenor of today's debate that we will—do all we can to end it as soon as is practically possible.

5.1 pm

Mr. Andrew Dismore (Hendon) (Lab): The Joint Committee on Human Rights, which I chair, has taken a keen interest in the subject. That is shown by the number of our reports that are tagged for today's debate. We have achieved a great deal of consensus not only in the Committee but across parties on the vital subject. We greatly value our informal and regular contact with the Under-Secretary of State for the Home Department, my hon. Friend the Member for Gedling (Mr. Coaker), and I freely acknowledge his personal commitment to pushing for progress in his Department and across Government. His efforts have borne considerable fruit, although, as always, much remains to be done.

Since our first report in October 2006, considerable progress has been made through the UK Human Trafficking Centre, the Government's action plan and their signing the convention last March, the start of Pentameter 2 last autumn and, of course, the additional support for victims, especially of sex trafficking—an appalling crime, whereby women are conned, coerced or kidnapped to face repeated rape and extreme violence.

However, evidence for the scale of the problem remains woefully inadequate. In our first report, we recommended that research should be undertaken and published. We reiterated that in our report last autumn. The most up-to-date figures for sex trafficking date back to 2003, and they were considered inaccurate then. They are now way out of date. A scoping study was supposed to be published last June, but we were told that an inter-departmental ministerial group was "monitoring progress" and that Pentameter 2 would "improve our understanding". However, so far we have little in the way of hard facts and I hope that my hon. and learned Friend the Solicitor-General will say what can be done to improve the position when she replies to the debate.

We have no official statistics for child victims, whether they are in domestic servitude or imported for benefit fraud, to work in cannabis factories or in the catering trade, or for sex or forced marriage, which was mentioned earlier. We have no statistics on labour trafficking. Without details about scale, we cannot properly judge the efficacy of any response.

Much has been made of the Council of Europe convention. We first recommended that it be signed and ratified in October 2006. We have repeatedly pressed for a timetable for ratification. We therefore greatly welcome the timetable that my right hon. Friend the Home Secretary announced earlier this week, and the fact that we will ratify by the end of the calendar year.

However, the convention comes into force on 1 February, with the ratification of Cyprus. Given that we have not ratified, we cannot participate in the Committee of Parties, which is drawn from ratifying states and will make recommendations on the convention's implementation and appoint GRETA—the group of experts on action against trafficking, who are chosen from nationals of ratifying states. There will, therefore, be no UK membership of that group.

The Government have been honest and correctly said that we should not ratify the convention until we can comply with it. However, that prompts the question: what remains to be done to come within the convention's terms? The real issue is not ratification per se, but ensuring that we do what the convention requires of us to combat this vile crime. The heart of the convention focuses on victims. The Committee's recommendation was that the protection of victims must be incorporated in our legislative framework, especially in immigration law. The Government say that they will consult widely on the issue and investigate all the options, but we do not think that any of that is necessary.

[Mr. Andrew Dismore]

It is clear what is needed in that respect. We suspect that the problem is to do with immigration and the unwillingness in certain circles to accept that the so-called pull factor argument is a myth. In that respect, I exonerate my hon. Friend the Under-Secretary, who was distinctly uncomfortable when he was put up to advocate it when giving evidence to us. Indeed, he looked extremely sheepish indeed. It beggars belief that a woman would volunteer to be transported across continents, enslaved in a brothel and subjected to repeated rape and deprivation of liberty, with the threat and actuality of extreme violence, on the off-chance that she will beat our tight immigration system.

The immigration issue is, I suspect, the sticking point. The convention requires a recovery and reflection period of 30 days—we on the Committee consider that inadequate and recommend three months—but it is not clear whether co-operation with the prosecuting authorities is a precondition for that. I suspect that the real issue is the renewable residency permit requirement. The key to that is the proper identification of victims. At the Council of Europe session on that last year, the Government set out a new process for the identification of victims, with the prime responsibility lying with the police and the ultimate decision resting with the Border and Immigration Agency, with the right for review at the request of a non-governmental organisation. However, that process is heavily dependent on effective training, so perhaps the Minister could say what progress has been made on that.

We welcome the support that has been given to victims, but we are concerned about the future security of the system because we understand that the funding as it stands will last only until 2008. In particular, what support is being given to the devolved Administrations? The fact remains that there is no support for victims of labour trafficking, and there are significant concerns about the support for child victims. It is also interesting that the criminal injuries compensation scheme has at long last recognised trafficking as a crime and has started to award compensation.

We welcome the decision to reconsider the UK's reservation to the UN convention on the rights of the child over immigration matters. The Government say that children are fully protected by existing law, so we cannot see what objection there could be to lifting the reservation, although the Under-Secretary indicated when he wrote to me about the matter that there would be no preconditions on that review.

Labour trafficking remains a serious issue, particularly in relation to domestic servitude. As has been mentioned, the visa regime prevents a change of employer, meaning that people are hostages and become open to abuse. We were told last summer that the Government would consult publicly on the safeguards in the business visa arrangements. I should like to know what progress has been made on that and whether the Government will consider naming and shaming employers of trafficked labour, particularly in the agricultural and catering sectors, where there seems to have been very little progress indeed and certainly a lack of support for the victims.

We in the Committee also recommended that the Government should publish an annual report to Parliament. The Government say that there will be an annual updating of the action plan and an annual report from the UK Human Trafficking Centre at the end of the financial year. That is all welcome but, given the cross-party interest that has been shown in the issue, it is important that the Government should pull those different strands together and provide the House with an annual report on the progress being made. That is the best way that we can monitor what is happening.

The Joint Committee on Human Rights will continue to maintain a keen interest in the subject. We will continue to press the Government on the need for progress. I know that we are pushing against an open door with my hon. Friend the Under-Secretary, although I am not quite so sure that that is the case elsewhere. However, I assure him and the House that the issue is close to our hearts and that we will continue to pursue it until we see justice for the victims of trafficking.

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Michael Lord): Order. I remind the House that there is an eight-minute limit on Back-Bench speeches, although I think that that has now become obvious to everyone. I call Mr. Anthony Steen.

Hon. Members: Hear, hear!

5.9 pm

Mr. Anthony Steen (Totnes) (Con): I am grateful for the support of my hon. Friends and other hon. Members.

We know that the Government have been active on the legislative front, and I think that they have done a good job. However, I shall point out some of the things that they have not done, and I hope that that will be constructive. However, it is not only the Government who have been active; the Joint Committee on Human Rights has also been very helpful and active. I should also like to note that there have also been three debates on trafficking in the past year.

Back-Bench Members of the House of Commons and of the House of Lords, of all parties, were particularly active in the establishment of the all-party group on trafficking of women and children—of which I am chairman—on 9 July 2006. That group does not just meet the bigwigs; it has also got its hands dirty down at the rock face. It has met African child victims of trafficking, eastern Europeans, Vietnamese trafficked children involved with cannabis factories and, most recently, Roma children on the streets of London. That group has tabled more than 100 oral and written parliamentary questions, which have stimulated further Government action. My thanks go to all the officers involved. My hon. Friend the Member for Wellingborough (Mr. Bone) is the astute treasurer of the group, and it has other distinguished members here and in the other place.

The Government's major problem is their inability to provide accurate figures on anything to do with human trafficking. The most reliable figures came from Operation Pentameter 1, which are very modest, and we have not had the results from Operation Pentameter 2 yet, so we have no idea of the scale of

human trafficking. We talk with great emotion about it, but we have no idea of its scale. The Government are appallingly bad at providing information. In answer to a written question from the hon. Member for Luton, South (Margaret Moran), the Under-Secretary of State for the Home Department, the hon. Member for Gedling (Mr. Coaker) said:

"Data on the numbers of children and unaccompanied minors trafficked into the UK for each year since 2000 are not centrally recorded."—[*Official Report*, 12 December 2006; Vol. 454, c. 1053W.]

Nobody has any idea what the numbers are.

Human trafficking has not only attracted a huge official infrastructure; it also has a huge vocabulary. The definition of "human trafficking" is not clear. Sex trafficking gets endless newspaper coverage in the tabloids, but confusion still exists between sex trafficking and prostitution. Human trafficking involves not only sexual exploitation but exploitation of labour such as domestic servitude, forced labour, begging and benefit fraud. It does not only involve women; it also involves men, including young men, and young children. Children under 10—which means they have no criminal liability—are being brought over to Britain by their extended family, having been trained in eastern Europe by people like Fagin in "Oliver Twist". They are forced to work in a range of criminal activities such as shoplifting, theft and automated teller machine—ATM—fraud. A talented under-10-year-old can earn between £50,000 and £100,000 a year for the gangs that they work for.

The inability of this country to handle this problem is well illustrated by my experience on the beat on Oxford street as part of the police service parliamentary scheme. We apprehended a young Romanian girl at Marble Arch underground station. We believe that there were other children there, but they disappeared very quickly when we arrived. She refused to co-operate or to tell us who she was, where she lived or how old she was. The police officers took her to Marylebone police station as a place of safety. She had no money on her, only a return underground ticket. She refused to speak English, although she attended a school here and could speak the language. An interpreter was called for, at public expense. On searching her, she was found to have shoplifted goods on her, but their value was so small—under £20—that the police did not prosecute her. She had to be released from police custody and the social services in Haringey—which is where she said that she lived—said that they could not look after her. She is one of the many children from eastern Europe trafficked by gangs to work on the streets. Oxford street is full of such children. How are we going to deal with this?

Will the Minister reconsider all the cases in the past few years in which children have been prosecuted and criminalised for theft or for cannabis cultivation, in the light of the new Crown Prosecution Service guidance, which states that they should be treated as victims of trafficking, not as criminals? Will he confirm that no such children who have been apprehended and prosecuted in this way are in prison? I believe that such children are being wrongly criminalised.

A further problem with trafficked children is that they often go missing from social services care within 24 hours, and often within three hours. The ECPAT report "Missing Out", produced in 2007, revealed that in three local authority areas, of the 80 reported cases of known or suspected child victims of trafficking, 48 had gone missing from social services care. They go in one door and come out of the other. The Government report—I think that it was a Serious and Organised Crime Agency report—produced in June 2007 revealed that, of the 330 supposed victims of child trafficking, 183 had gone missing without trace.

In answer to my question of 30 October 2007, the Home Secretary confirmed that in West Sussex, which covers the Gatwick airport complex, 50 children from abroad went missing from care between 2004 and 2006. In Hillingdon, which contains Heathrow, 74 children were reported missing in 2006 alone. The reason why children disappear from care is that their traffickers are the only people they know in this country—the children do not speak our language—and the only people they can rely on. They have been brainwashed not to trust anybody in authority, let alone the social services or the police.

How can we start to help such children out of their miserable existence and to make them a priority? The problem is compounded by the diversionary activity of numerous officials who attend conferences and meetings all over the world—with upwards of 600 delegates, including lawyers, experts, officials and diplomats. Those conferences cost millions of pounds of public money, as the delegates travel first class, but those officials talk rather than focus on the real problems. Such money would be far better used to fund refuges, which often barely scrape by, to provide safe havens for trafficked children. Many refuges in the EU do not receive public funding. The POPPY project is the only refuge in the UK to receive a Government grant, while the position of east European countries' refuges is particularly dire. Why does the EU not help them? While diplomats munch in style, the people at the grass roots and the victims remain penniless.

The Government must start to collect reliable data and statistics on trafficking in the UK. They keep promising, but they cannot deliver. With the police powerless to act against child trafficking of the under-10s and with human trafficking not being a police performance indicator, with social services losing children and with the immigration services having little expertise to identify victims and being unable to stop EU passport holders, the situation is now desperate.

According to the former Minister for Women and Equality, the hon. Member for Sheffield, Heeley (Meg Munn):

"We are leading Europe on providing for victims and ensuring that people are recognised at ports."

—[*Official Report*, 22 February 2007; Vol. 457, c. 404.]

That is just not true. As we conclude the 200th anniversary of the abolition of slavery, we have a new chapter and a new form of slavery right on our doorstep. History is repeating itself and we have not learned the lessons.

5.17 pm

John Austin (Erith and Thamesmead) (Lab): I start my speech where the hon. Member for Totnes (Mr. Steen) finished his by drawing that comparison between the current horrendous slavery that we face today and that of the past. According to the International Labour

[John Austin]

Organisation, the estimated minimum number of persons exploited as a result of trafficking at a given time is approaching 2.5 million—an estimate made in 2005—but many hon. Members believe that the real figure today is much higher.

As my hon. Friend the Member for Hendon (Mr. Dismore) said earlier, most people are trafficked for sexual exploitation, but he also referred to economic exploitation, and some people are trafficked for other reasons. There is also now the additional horrendous crime of trafficking in humans for organ donation. As other hon. Members have noted, trafficking in human beings is now the third most profitable criminal activity in the world after illegal drugs and arms trafficking.

We are debating today a Council of Europe convention on trafficking. Like other hon. Members, I have served on the UK delegation to the Parliamentary Assembly of the Council of Europe, which comprises national delegations from 47 European parliaments. I have recently been elected vice-chair of the Assembly's sub-committee on trafficking in human beings, whose aim is to campaign to promote the widest possible signature and ratification of the Council of Europe convention on action against trafficking in human beings, so that it can come into force not only at the earliest opportunity, but with the widest possible ratification.

We are pleased to note that the convention will enter into force on 1 February, following the 10th ratification by Cyprus. However, entry into force is not an end in itself. To be successful, it must enter into effect in all the member states of greater Europe and in other parts of the world, providing a global response to a global problem. The wider the ratification, the better the protection for victims, as the convention can reach its full potential only when it is ratified by all the countries of Europe and beyond.

To help parliamentarians and people who want to promote the widest ratification of the convention, the sub-committee has drawn up a handbook for parliamentarians, which I commend to Members. In the wider sphere, the Inter-Parliamentary Union is contemplating drawing up a worldwide handbook. I am pleased to note that my hon. Friend the Member for Hendon, with his great knowledge and expertise, will represent the British group of the IPU at a conference in Vienna next month on drawing up that handbook.

The convention can make a genuine difference, not only to prevention but to victims of this crime. Some have questioned the need for another convention, saying that there are already laws and international agreements. It is true that we have the United Nations protocol—the Palermo protocol—and the convention against transnational organised crime to prevent and punish trafficking in persons, especially women and children. We also have the European Union directive of 29 April 2004 on the residence permit issued to third-country national victims of trafficking, or to third-country nationals who have been the subject of an action to facilitate illegal migration and who co-operate with the competent authorities. We have the EU Council framework decision of 19 July 2002 on combating trafficking in human beings, and we have the action plan from the Organisation for Security and Co-operation in Europe to combat trafficking in human beings. So why do we need a new convention?

We need a new convention simply because the existing international texts either are not sufficiently binding or take account of just one aspect of the problem. The geographical setting of the Council of Europe enables countries of origin, transit and destination to agree on a common binding policy against trafficking. The main reason we need this convention, however, is that none of the aforementioned legal instruments focus on victims of trafficking. The Council of Europe convention is the first international instrument to focus on the victims, and that is its added value. One of the primary concerns of the Council of Europe is to safeguard and protect human rights, and trafficking in human beings directly undermines the values on which the Council is based.

Other Members have referred to the Government's slowness to sign the convention. I think that the arguments about the dangers to our immigration policy—the "pull factor"—were spurious, and that the Joint Committee on Human Rights was correct to say

> "It is not credible to suggest that a woman would voluntarily submit to indeterminate sexual slavery of the most brutal kind for the purpose of obtaining UK residency."

I am pleased to observe the progress that has been made. It is true that the pressure to persuade the Government to sign was exerted on a cross-party basis, and I pay tribute to the hon. Member for Totnes for not just his knowledge of the situation but his determination. I also pay tribute to members of the Council of Europe delegation across the parties: to my right hon. Friend the Member for Rotherham (Mr. MacShane) and my hon. Friend the Member for Calder Valley (Chris McCafferty), and to the hon. Member for Ryedale (Mr. Greenway), who is no longer present, and the Baroness Knight of Collingtree. There has been a cross-party consensus on the issue, and I think that some of our debates on it have shown Parliament at its best. Parliamentarians have worked together to achieve a common goal.

The features of the convention that are important and illustrate why we should ratify it include compulsory assistance measures and a "recovery and reflection" period for victims of trafficking; the possibility of delivering residence permits to victims not only on the basis of co-operation with law enforcement authorities, but on humanitarian and human rights grounds; a non-punishment clause for victims of trafficking; a strengthened international co-operation scheme; and the independent monitoring system, GRETA, to which my hon. Friend the Member for Hendon referred.

My hon. Friend also expressed one of my own concerns. The Ministers who are contracting parties to the convention will determine its procedures, the appointment procedures for the members of GRETA and the way in which they will work. If we have not yet ratified the convention by the time those discussions take place, what input will we have, and what consultation will we have with non-governmental organisations and other stakeholders to ensure GRETA's independence?

Finally, let me raise two issues that others have mentioned. Both my hon. Friend the Member for Hendon and the hon. Member for Totnes have referred

to the disappeared children on other occasions. In an earlier debate, the hon. Member for Totnes spoke of the international activity over one child who had tragically disappeared, and the media speculation and coverage of that one child, and contrasted that with the amount that we read in the national press about children who have gone missing from care. There is also the issue of unaccompanied minors who disappear. Do we know where they are, and do we know how many may have disappeared into the sex trade in Italy? We are becoming not only a country of destination, but a country of transit. That is why we need ratification, and we need it early. I know that my hon. Friend the Minister wishes to see that done with minimum delay.

I welcome the guidance that the Government have produced and the statement that the Home Secretary has made this week. I think that there is a determination in the House and on the part of the Government. I hope that the motion will not need to be subject to a vote this evening.

5.24 pm

Mr. Hugo Swire (East Devon) (Con): This has been an informative and educative debate. In the few minutes that I have, I want to concentrate on the most vulnerable in society, about whom we have heard so much this afternoon—the children.

According to the US State Department, 800,000 people are trafficked across international borders each year. Approximately 50 per cent. of them are minors. In a world that is opening up so fast, the challenge is how to control and monitor who is travelling where, when and why, and often whom they are travelling with. That is why I believe firmly that a co-ordinated border policy, starting with our airlines and airports, as well as gold-plated ratification of the Council of Europe's convention on action against trafficking in human beings, offers our best hope to end the trafficking of children into the United Kingdom.

Children are trafficked into the UK using many different forms of transport, but I want to focus on the airlines. As the Minister will know, no data are available regarding the percentage of children trafficked into the UK via airlines because there is no central data collection on children trafficked into the UK. However, it is known that children are trafficked into the UK and are arriving at airports across the country, including at smaller regional airports frequented by budget airlines.

There are no global standards or regulations related to the age at which a child can travel alone by air transport. Airlines vary enormously in their standards. For example, Virgin, which sets a good standard, insists that children between the ages of five and 15 must be registered in advance of travel for the unaccompanied minor service, or be accompanied by someone aged 16 or over. Children above 16 can travel alone. Children can travel alone with easyJet from the age of 14, with British Airways from the age of 12 and, amazingly, from the age of just four with Air France.

To protect children and to prevent trafficking, there must be checks and balances at every point in the journey—from pre-check-in until immigration services on arrival. The airlines themselves have an important part to play, yet it is my understanding that they have not been involved in policy development to any degree. I would be interested to hear from the Minister if that is the case and if so how he intends to rectify what is clearly a serious oversight.

Mr. Steen: Is my hon. Friend aware that children from Vietnam and China check in, show their passports and then, during the journey to Britain, flush their passports down the loo or even eat them, so that when they get to Heathrow or Gatwick, they have no papers at all? People have to photostat their passports in China or Vietnam and send them by wire to Britain, so that when the children arrive we know who they are.

Mr. Swire: When my hon. Friend made that point about 10 minutes ago, I was amazed. I remain amazed. It is a good point and no doubt the Minister will wish to reflect on it, although there are issues about taking records at the point of departure.

A useful point to return to is the findings from Operation Paladin, run by the Metropolitan police in 2004. It involved the immigration service, Hillingdon social services and secondees from the National Society for the Prevention of Cruelty to Children. The operation risk assessed children arriving at Heathrow airport over three months without their parents or legal guardians, and social services followed up those considered at risk. In total, 1,738 unaccompanied minors passed through immigration services in that period. Not all of them were trafficked, but it shows the number of children who travel unaccompanied. That did not include EU nationals or British children. The Paladin team risk-assessed 551 children, or 30 per cent., based on a list of indicators considered by police to indicate that something was not quite right. The largest risk group were African teenage girls.

UNICEF showed that, in an 18-month period, 330 children were believed to have been trafficked into the UK. Of that total—we have heard a lot about this—183 went missing from the care of social services. Most appallingly, there is evidence that many children may still be under the control of traffickers while they are in local authority care, let alone those who went missing from it.

There is currently no safe accommodation providing 24-hour care for trafficked children, and as a result many of them end up in foster care, hostels or even bed-and-breakfast accommodation. I hope that the Minister will extend funding to the POPPY project to look after such vulnerable children and provide professional support and, critically, counselling where appropriate.

Many young victims of trafficking are awaiting asylum determinations whose age is disputed by local authority social services and the Home Office Border and Immigration Agency. If their age is assessed as 18 or over, they are placed in the adult system, which does not provide for safe accommodation and support services for age-disputed victims, unless, of course, they get access to the POPPY project. ECPAT UK found child-trafficked victim identification

"to be ad hoc, unsystematic and sometimes accidental; information is not always recorded or passed on to relevant agencies; and children might be in the looked-after system for some time before they are identified as a victim of trafficking."

[Mr. Swire]

How will the Government ensure that both the Home Office Border and Immigration Agency and social services comply with the 2005 Council of Europe convention against trafficking in human beings on the provision of accommodation and support to age-disputed young victims of trafficking?

Like all Members, I welcomed the decision to ratify the convention, but the Government need not wait until the end of the year to instigate these recommendations, and I hope that they do not prevaricate any further. In order to combat the sexual exploitation of children, there must be a comprehensive, co-ordinated partnership between many groups—not only the police and the Home Office, but prosecutors, lawyers, embassies, non-governmental organisations, the travel industry and the media. Trafficking in children is an escalating problem, although how big it is is debatable, so I hope that the Minister will commission authoritative research to provide hard facts and evidence to inform the debate. As yet, there is no system of best practice in the travel industry, no consistent multi-agency approach at borders, no systematic tracking or spot checks and a weak support structure. I await the Minister's recommendations with hope that he will grasp this nettle.

In 21st century Britain, it is frankly an outrage that child trafficking can exist. The Government must now act with greater speed and clarity, and provide the requisite resources to stamp out this unacceptable practice.

5.32 pm

Keith Vaz (Leicester, East) (Lab): It is a pleasure to follow the hon. Member for East Devon (Mr. Swire), and to have been listening to such an important debate with so many excellent contributions, such as those from the Minister and the hon. Members for Ashford (Damian Green) and for Eastleigh (Chris Huhne). I was going to say that we cannot put a cigarette paper between the Front-Bench positions, but we are not allowed to talk about cigarettes any longer, of course.

All Members understand the seriousness of the issue under discussion. As we have heard, the phrase "human trafficking" covers a wide variety of behaviour, ranging from the experiences of the illegal immigrants from China who worked as cockle pickers at Morecambe bay to the abused women, many from within the European Union, who are tricked into working in the sex industry in the United Kingdom. Although recent operations in our country have focused on the sex trade, as the hon. Member for Totnes (Mr. Steen) pointed out in his eloquent speech, there are other issues such as bonded labour in areas such as domestic service and the restaurant trade that involve even more people, so the effects might be even wider than the experts present today believe.

The hon. Member for East Devon quoted State Department figures. The United Nations Office on Drugs and Crime estimates that 1 million people are trafficked across borders each year, and the trade generates $32 billion a year worldwide, making it the third biggest earner for organised crime gangs after illegal drugs and arms trafficking. Although estimates vary, it is agreed that thousands of people are trafficked into our country every year. I take on board the point made by Members that it is important that we have up-to-date figures from the Government on how many people are involved. Victims of trafficking are sold from gang to gang and are moved across the UK and between the UK and other EU member states by the people who seek to exploit them, which makes the detection of these people very difficult indeed.

I, like other hon. Members, warmly welcome the Government's decision, announced by the Home Secretary yesterday and reinforced by the Minister today, to ratify the European convention on human trafficking. Obviously, we all hope that that happens as quickly as possible, although the timetable given suggests that it should happen by the end of the year.

I also welcome the effects of the Proceeds of Crime Act 2002, which this Government introduced. Some £109,328 has been seized by my local Leicestershire police force as a result of the operation of that legislation. I congratulate the Home Office on other significant measures, such as the creation of the UK Human Trafficking Centre in 2006 to ensure that the response of our various police forces is co-ordinated.

Yesterday, I met Kate Allen from Amnesty International. Although she praised what the Government have done, she raised a number of issues concerning the identification of trafficking victims and touched on many of the points raised by hon. Members on both sides of the House about the immigration implications for those who are left in this country.

The Home Affairs Committee has considered a number of those aspects. It has examined aspects of immigration, asylum law and human trafficking. I am pleased to tell the House that we decided at our previous meeting to initiate a full inquiry into human trafficking, whereby the Committee will try to establish the scale and type of human trafficking and the way in which investigations can identify the victims, and make recommendations and suggestions to the Government.

The inquiry will almost certainly examine the issue of international co-operation with other EU member states and with the new transit countries, such as Ukraine, Moldova and Croatia. We hope, of course, to take evidence from the Minister. I am pleased to say that we agreed to ask the hon. Member for Totnes to give evidence to help us examine how we can obtain good information. As other hon. Members have done today, I bend my knee to his vast experience on this issue.

The inquiry will hear from the Border and Immigration Agency and the Serious Organised Crime Agency. We will almost certainly visit a number of EU and other countries. I am not sure that we will follow the Minister around Europe, but I know that Ukraine and Moldova, and possibly Lithuania or Poland, have been mentioned as places to visit. We are, of course, the Home Affairs Committee, so we do not intend to spend too much time abroad, but it is important to examine the source countries to ensure that we are able to track what is happening.

I am certain that the inquiry will be thorough and will go a long way in helping the Government to take the right steps forward, in eradicating this terrible

problem and in trying to deal with the far-reaching problem of organised crime in this area. These women and children often come to Britain in the hope of a better life, and it is this House's duty, as reflected in the comments made by hon. Members on both sides of the House, to ensure that that is exactly what they get. They must not be exploited in the way that they have been in the past.

5.38 pm

Mr. Stephen Crabb (Preseli Pembrokeshire) (Con): It is a pleasure to follow the Chairman of the Home Affairs Committee, the right hon. Member for Leicester, East (Keith Vaz). I welcome this timely debate. It is right that we collectively, as parliamentarians, demonstrate our shared commitment today to tackling this evil activity, at a time when other countries are trying to demonstrate that they are doing their bit. For example, last Friday the United States held a national day of human trafficking awareness. It had been initiated by the US Congress to try to raise the American public's consciousness of this issue.

Many hon. Members have referred to similar sets of data on the scale of the problem, which have come from the United Nations Office on Drugs and Crime, the International Labour Organisation and the US State Department. There is common agreement on the size and scope of the international problem. My hon. Friend the Member for Totnes (Mr. Steen) was right to identify just how thin the data are on victims of human trafficking in the UK. That will be a real barrier to effective Government action to tackle the problem. Unless there is more serious research and a much better understanding of the nature of the problem within our own borders, we will come up against that barrier, which will be difficult to overcome in terms of securing effective action.

I spent the earlier part of today looking through the national action plan that the Home Office produced last year. It attempts to set out some specific objectives for tackling the problem. However, that was a year ago and there was a push to produce the document to coincide with the bicentennial of the abolition of slavery. A year later, more information has come to light and progress has been made on the ratification of the convention, so it is time for a revamped and updated national action plan. It is right that we should review the situation each year and assess how well we are meeting the objectives. We should also question whether the objectives are the right ones and will be effective in tackling the problem.

Most of the debate this afternoon has focused on the problem of trafficking within our borders. Actually, most of the victims of trafficking globally are outside Britain, in the developing world. This afternoon and this evening, thousands of women from eastern Europe and the former Soviet bloc will be working on the streets and in thousands of brothels in communities up and down this country, but we should not forget the faces of the other victims of trafficking internationally. Young Burmese boys continue to be plucked from street corners and bus stations in Burma and forcibly conscripted into the army. The gangster regime in Burma has created the army with the largest proportion of child soldiers in the world, and most of them have been forcibly conscripted and many trafficked. I also think of some of the children whom I met near Hyderabad in India last year. They were from the Dalit community—the untouchable caste—and victims of trafficking, working in a bonded labour scenario. Trafficking has multiple facets and many faces, and we should not forget that most of its victims are outside this country.

It is vital that we have a new, integrated border security force and I strongly the support the commitment by my party to instigate such a force, especially if resources can be found to restore some of the border security at Welsh ports. I represent a seat in west Wales that has two ferry ports with connections to Ireland, and there is a growing concern in Wales that the four ports that link to Ireland are being used as a back-door alternative trafficking route from the continent, through Ireland and into the UK. That issue has been raised with me by police officers confidentially back home in Pembrokeshire. It was also identified in a report last year by the Welsh Assembly Government. I therefore urge the Minister to take that into consideration as he and his colleagues assess the issue of border security and what can be done to choke off the supply of trafficked people through UK borders. In recent years, there have been many cuts to Her Majesty's Revenue and Customs, so we no longer have any permanent customs cover at the two ferry ports of Pembroke Dock and Fishguard in my constituency.

On the issue of convictions for trafficking offences, my hon. Friend the Member for Totnes hit the nail on the head when he highlighted the disparity between the number of prosecutions and the number of convictions. What work has been done to identify the barriers to achieving successful convictions of those who are charged with trafficking offences? If we understood what those barriers are, it could lead to more effective police training and, I hope, to more convictions.

Mr. Steen: Is not the problem with prosecutions and convictions that the women are not prepared to give evidence against their traffickers? The women have no security, other than their families back home, and they do not have identity cards that would enable them to stay on in Britain. Those are the two reasons why we do not obtain more convictions.

Mr. Crabb: Again, my hon. Friend brings his experience, knowledge and good judgment to the debate. I hope that that has been noted by the Ministers.

Let me move from the subject of supply to that of demand. We have a real problem in this country with a booming sex industry that lumps together a whole set of legal and illegal activities. They range from legal and illegal pornography through legal and illegal lap-dancing clubs to prostitution, which takes many different forms and is conducted in many different places. I sense an element of schizophrenia in how we think about the problem. There is gross moral outrage when we talk about human trafficking and people who are forced into sexual slavery in this country, yet when we talk about prostitution we almost stand back, afraid of climbing down from our position of liberal neutrality. We cannot tackle a large part of the trafficking problem in this country unless we start to tackle the growth of the sex industry. The growing demand from British men for easily available paid-for sex is largely driving the supply of trafficked women into this country.

[Mr. Crabb]

My hon. Friend the Member for Ashford (Damian Green) mentioned the change that has taken place over the past 10 years. We have gone from a situation where 85 per cent. of those working in prostitution were from the UK to one where an estimated 85 per cent. are foreign. Such a massive change will have come about in one of two ways: either through a huge fall in the number of domestic girls and young women working in the sex trade, or through a massive increase in the supply of foreign women to meet additional demand. I think that the latter has happened.

Demand is booming for easily available paid-for sex and it is being met by women who have, effectively, been imported. That is backed up by some research that I read earlier today, which suggested that the proportion of men who admit to paying for sex has more than doubled in the past 10 years from about 2 per cent. to 4 or 4.5 per cent. That backs up my assertion about the growing demand in this country for paid-for sex. I pay tribute to the work on that point done by the hon. Member for Slough (Fiona Mactaggart) and to the tone that she has struck.

In my last 20 seconds of allotted time, I shall make a final point about victims. The hon. Member for Bridgend (Mrs. Moon) talked about transferring knowledge from this country to countries from which people are being trafficked. There is also a need to learn from some of the excellent initiatives on the ground in those countries when we work with the victims of trafficking in this country.

5.47 pm

Mr. Denis MacShane (Rotherham) (Lab): In the spirit of bipartisanship, I am delighted to follow the hon. Member for Preseli Pembrokeshire (Mr. Crabb) as well as many other colleagues. In January 2006, I had the pleasure of publishing an article in *The Daily Telegraph* to urge the signature and ratification of the convention on action against trafficking. A year later, the shadow Home Secretary, the hon. Member for Ashford (Damian Green), came on board. The campaign was already well under way thanks to my hon. Friend the Member for Hendon (Mr. Dismore) and, in particular, the hon. Member for Totnes (Mr. Steen) and his all-party group. They all raised the issue repeatedly in oral questions, Home Office questions and directly with the Prime Minister.

A year ago, I received a letter from the then Prime Minister. He said that signing the Council of Europe convention would

"send a strong signal that as well as commemorating the abolition of slavery, we are also taking action to eradicate modern forms of slavery and discrimination, such as human trafficking."

Two years after we began the campaign, the fact that we have signed and ratified the convention is cause for modest parliamentary celebration. It shows that working in Europe and accepting some derogation of our sovereignty in agreeing to change our laws at the behest of a European agency is something that all parties can support.

I should like to take this opportunity to join others in thanking Ministers—especially my hon. Friend the Under-Secretary of State for the Home Department, the Member for Gedling (Mr. Coaker), and my hon. and learned Friend the Solicitor-General, as well as my right hon. Friend the Minister for Security, Counter-Terrorism, Crime and Policing—for showing leadership and courage in facing down objections from Whitehall officials on this measure. No one should underestimate how far we have come in two years, or the extent to which political leadership and parliamentary pressure have changed the story.

I want to focus on the problem of the young women, many of them under 18 years of age, who are trafficked to work as prostitutes in Britain. I and other hon. Members have raised this matter in the House, usually to the scorn and sniggers of the sketch-writers and commentators—the lads with the laptops, so to speak. They find that any threat to what they consider to be men's inalienable right to buy sex from women, even when they are forced, beaten, trafficked or trapped into prostitution, is something that simply has to be dismissed.

I hope that the hon. Member for Wellingborough (Mr. Bone) will not take it awry when I say that I was dismayed to hear his contribution to last Sunday's "The World This Weekend" programme. He attacked those of us who want to tackle the demand side of sex-slave prostitution for being engaged on some sort of moral campaign.

Mr. Bone: I was not attacking anyone on a moral basis. The debate about prostitution is very important, but I do not believe that banning or liberalising prostitution can have any effect on human trafficking. Whichever we do, the trafficking will continue.

Mr. Crabb *indicated dissent.*

Mr. MacShane: The hon. Member for Preseli Pembrokeshire was shaking his head vigorously during that intervention. I expect that we shall return to this discussion. I mean no negative comment on what the hon. Gentleman has said, as his position is shared by many men and by a number of women, but the debate is out in the open and we must get our response right. I happen to think that slowing down the ever-increasing demand in this country for sex slaves, many of whom are still children, is morally a good thing.

Along with Ministers and other hon. Members, I have embarked on a campaign to encourage men to take responsibility for their part in sustaining this modern form of slavery. The ever-growing demand that I have described gives rise to advertisements for brothels in newspapers that state, for example, that fresh girls are imported every week. Without that demand, there would be a smaller supply of sex slaves.

Mr. Crabb: Will the right hon. Gentleman give way?

Mr. MacShane: I am able to take two interventions, apparently, and then my time will run out. I give way to the hon. Gentleman.

Mr. Crabb: The right hon. Gentleman is making an important point, but is he aware that a mainstream evening newspaper in south Wales carried a front-page story last October about raids on brothels in Cardiff

where trafficked women were working as prostitutes? Further into the paper, however, it printed adverts in its advertising section for exactly the same brothels that were being reported on the front page.

Mr. MacShane: Voltaire defined hypocrisy as the compliment that vice pays to virtue, and never was that more accurate than in the case of that south Wales newspaper.

I am delighted to see that my right hon. and learned Friend the Leader of the House has taken her place on the Front Bench, along with my hon. Friend the Deputy Leader of the House. My right hon. and learned Friend has taken a lot of unfair criticism since she very bravely raised this matter on the "Today" programme just before Christmas, but this is a debate whose time has come. It will not be easy, but the discussion has to begin.

Bob Spink (Castle Point) (Con): Will the right hon. Gentleman give way?

Mr. MacShane: If the hon. Gentleman will forgive me, I really cannot, as an eight-minute limit has been imposed on speeches. I am sure that he will have other chances to make points in the weeks and months ahead.

What are the figures? I confess that no one can supply a fully accurate figure for the number of women trafficked into Britain for sexual slavery purposes. By definition, however, people being trafficked in and out of the UK sex-slave trade are not going to queue up at a border control to announce their arrival.

On 19 October 2005, that fine newspaper the *Daily Mirror* carried the headline "25,000 Sex Slaves on The Streets of Britain". I was once a *Daily Mirror* reporter, so I trust the report that appeared beneath, which stated:

> "The Home Office believes between 2,000 and 6,000 women are brought in each year. Many are made to have sex with up to 30 men a day. Police say there could even be up to 50,000 women from every continent working in most cities."

I do not know whether those figures are right; I am quoting the *Daily Mirror* citing the Home Office two years ago.

The rather ludicrous claim is advanced that because the number of prosecutions and convictions for trafficking has been low, and because the recorded number of foreign nationals detained following raids on brothels and massage parlours is low, there is not really a problem. That argument has been advanced not in this House but by a huge number of people commenting after the interview given by my right hon. and learned Friend the Leader of the House. It is like arguing that as the number of rape convictions is low, there are not many rapes in Britain.

The defenders of men's right to have sex when they like, as often as they like, in any manner they like, with any teenage girl they like—those penetrating columnists with their defence of unlimited male penetration—need to examine the statistics with more care. The Council of Europe and many other international agencies—the UN, the International Labour Organisation, the International Organisation for Migration and the OSCE—as well as national Governments and non-governmental organisations, have tried to establish the true figures.

The ILO, to which I am grateful for the material that it sent me yesterday, reckons that there are 2.45 million victims of trafficking. The US Government estimate that 80 per cent. of trafficking victims are female, and that 70 per cent. of them are trafficked for sexual exploitation, meaning that up to 1,658,000 women are trafficked each year for sexual purposes, of whom up to 225,000 are trafficked into industrial countries such as the UK. The Dutch reckon that there are about 3,500 victims of sex trafficking in their country, and the US Government believe that up to 17,500 women are trafficked into the USA each year for sex purposes, notably to provide internet porn for the world's masturbators.

The ILO has estimated the profits per victim of sex slave trafficking at between $60,000 and $70,000 a year. An extra 40,000 prostitutes were said to have been imported into Germany just to service World cup fans in 2006; I am not sure whether English demand dried up after our boys' heroic performance. There will not be a problem, of course, for English fans at the next World cup.

Those are some of the figures that we must consider. I put them on the record because I hope that they will balance the view that there is not really much of a problem and that the sex-slave industry is just a happy business of consenting adults exchanging money for services rendered. There may be some contented belles de jour or happy hookers, but every survey shows that most prostitutes and sex slaves would quit the industry if they were not obliged to service men to pay for a drugs habit or debts or, in the case of foreign women, if they were not kept in fear by brutal pimps. That is why a number of us on both sides of the Chamber have raised the issue of the demand side of the question of ever-increasing prostitution.

In signing and ratifying the convention the Government have done well, but as long as there is an incessant demand for paid-for sex, trafficking will increase to supply it. I know that calling for some control of demand brings down the wrath of the media establishment; I hope that the Opposition Member who winds up will address that point and say whether they support the hon. Member for Preseli Pembrokeshire and the Leader of the House. Ministers have been to Sweden to see the impact of putting the responsibility on men rather than women for criminal activity in the sex-slave industry, and the House will listen to their reports with interest.

A national debate has begun. I know that the position that I am defending is unpopular; it is attacked by much of the establishment media. Making men responsible and accountable for their actions is the best way to slow down and turn back the rising tide of sex slavery and trafficking. I welcome the ratification. I do not think that there is any need for the House to press the motion to a Division. I note the references in the Opposition motion to Europol and Eurojust, but as the hon. Member for Totnes said, Europol cannot agree even on common statistics. Frankly, we need more European co-operation on the matter. We need a European bureau of investigation to tackle trafficking. That would mean co-operating fully in Europe. I just point out to Conservative Members where their arguments may take them.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. Before I call the next hon. Member to speak, I should just say to the House that although interventions gain extra time for the hon. Member addressing the House, they do of course have the unfortunate side effect of possibly squeezing other Members out of the debate.

5.59 pm

Mr. Mike Hancock (Portsmouth, South) (LD): I point out to the right hon. Member for Rotherham (Mr. MacShane), in case he missed it, that the England team have not yet failed to qualify for the World cup; they failed to qualify for the European cup. I ask him not to wish it on them.

The Under-Secretary of State for the Home Department, the hon. Member for Gedling (Mr. Coaker), and everyone else who has spoken have shown a great commitment to the issue that we are discussing. I pay tribute to all who have contributed for the effort that they have put into it. I have been working on the issue for the past 15 years. For the last 10, I have been heavily involved in the work of the Council of Europe. I congratulate the British parliamentary delegation from all parties and both Houses. Over that time, it has played a significant part in forcing the subject on to the agenda. It was the driving force behind a new commitment to the issue of trafficking.

My hon. Friend the Member for Eastleigh (Chris Huhne), who led for the Liberal Democrats, mentioned some of the countries that had not yet signed the convention. Those countries, including France, Germany, Italy and Spain, have not wanted to get involved because of the repercussions internally. They would have to face up to the reality of prosecuting those from whom many of them seek to gain votes. In Italy, 50,000 young girls, under age, are employed in the sex industry and are probably having sex with five clients a night, five nights a week. There are millions and millions of illegal sex acts in Italy, but very few men have been prosecuted by the Italian authorities for having sex with under-age girls.

The right hon. Member for Rotherham was right in what he said about trying to do something about demand. It is too easy to criticise such countries as Romania, Moldova, Bulgaria and Ukraine and to say that they are driving the industry, but that is not the case; the issue is where the demand lies.

I had the misfortune to meet a man from Moldova who had had an operation in Turkey to have an organ removed. He was quite open about it. He was dying from the consequences of blood poisoning that he had contracted during the operation. He claimed that the organ was received by a British citizen who had gone to Turkey for the operation. It was done not in some back-street workshop but by sophisticated doctors and nurses who knew what they were doing. Presumably, the recipient of that kidney paid a fortune for the operation. The chap from Moldova got $1,000 and death. Many of the journeys of the trafficked start in desperation and, sadly, many, if not all, end in despair, and an increasing number end in death.

We must appreciate the size of the problem. It is not just a matter of knowing the figures. There is universal agreement in the House that we are talking about a very big issue. The Minister is to be congratulated on the robust way in which he put his case today, and on accepting that we must get to grips with the size of the problem. There has been a slow—sometimes painfully slow—recognition of trafficking right across the world, but particularly in Europe. It is a disgrace that all 47 countries of the Council of Europe have not, as a duty, signed and ratified the convention.

The issue of co-operation is fraught. The right hon. Member for Leicester, East (Keith Vaz) is no longer present, but he asked for people to give evidence to his Committee. When the Council of Europe committee on which I served wanted evidence, we did not have to go very far from the home of the legislation that we are discussing. Less than half a kilometre away in Strasbourg, there were hundreds of women plying their trade not in brothels or massage parlours, but on the streets. So when the group that was looking into the issue wanted information, we went out with a team and spoke to a group of girls.

We met girls from 18 countries in the course of three hours. Some of them gave graphic details and some of them, surprisingly, had the dates that the European Parliament met in Strasbourg because they said that those were good weeks for them. The home of human rights is one of the bastions supporting the demand for the trade. We had the misfortune to meet a young lady whose sister had been killed and her body dumped in the Rhine. Both sisters had been trafficked not once, but twice. Why twice? Because they were both returned from the United Kingdom. They were found and returned. Why were they trafficked again? It was because, as hon. Members have said, there would have been problems and consequences for their family if they had not co-operated. Those girls were forced—not physically, but by the mental pressure of the threat that there would have been to their family's very existence and life in Moldova if they had not co-operated with the traffickers. Once again, they were back on the streets.

I turn now to the issue of the children. I understand why it is difficult for local authorities to hold on to them—the law does not allow us to lock them in; they are not kept in secure units. Why are those children kept so close to the very streets from which they have been brought? The traffickers and organisers know only too well where they are. I agreed with the Minister when he said that one of the problems of having safe havens all over the place is that the traffickers know and recognise them. They haunt those places and drive on the evil trade.

We have to find new approaches. I was delighted when the Minister said that he had an open mind and wanted people with ideas to come forward with them. One of the issues is that children should not be kept close to where they are found. There should be widespread co-operation to make that happen. Another issue relates to the disclosure of information between our police force and others; there is wholesale police corruption in many of the countries. Many allow the trade to continue and are significant beneficiaries of it. If we give information, it is disseminated within hours of being received and the traffickers know whom to go after and punish.

Why does that happen? It is because, as every Member who has spoken in this debate clearly recognises, drugs, guns and the trafficking of human beings are the big money earners in the underworld across the globe. That

is why we have to find new approaches to the issue. I hope that they will be found faster in this country because of the unity in the Chamber tonight and the excellence of this debate.

6.6 pm

Ann McKechin (Glasgow, North) (Lab): This debate has understandably concentrated on the enforcement in the UK of the Council of Europe convention on action against trafficking in human beings. However, I should like to consider the underlying causes of human trafficking.

Human trafficking emerges from poverty, conflict and bad governance. The world is facing an unprecedented rise in population, and with that has come increased urbanisation of the poor and marginalised. Underpinning that is the problem of unemployment. Current figures estimate that about 185 million people are officially registered as unemployed. However, the International Labour Organisation estimates that if we also take into account the under-employed and working poor, the figure is about 1.5 billion people—that is, 30 per cent. of the working-age population of the world. Nearly half of them are under 24 years of age, although that age group represents only one quarter of the working-age population.

The 2007 edition of the World Bank's world development report reveals that in the next decade the world will see the largest-ever proportion of youth population in its history. There are 1.5 billion people in the world aged between 12 and 24, and 1.3 billion live in developing countries. Countries with the highest incidence of poverty are almost all in eastern and western Africa. We have seen the human suffering and consequences of the desperate scenes conveyed to us by the media in the past few years. Such scenes have come from the coast of Tenerife, from Malta, which has been overrun at times by people coming across by sea, and from the gulf of Aden, where people go to reach Yemen and go onwards to the west. Against that backdrop, it is hardly surprising that the trafficking of humans has become the fastest-growing international crime, as has been mentioned today.

Human trafficking does not happen only within our own borders; it is a growing problem in developing countries. The International Development Committee, of which I am a member, visited Ethiopia last year. We visited a local organisation that carried out a good deal of work to protect young children from poor, rural areas who had been sent to towns and cities in the hope of a better life. However, those children had often ended up as mere chattels.

Child labour and bonded labour are prevalent in many parts of Africa and Asia. It is estimated that 20 million people are trapped in bonded labour, domestic slavery and trafficking, the vast majority of whom are women or children. We must address the rights of children and women in particular if we are to change the culture that offers tacit support for such forms of bonded labour and trafficking. It is interesting to note that last year there was a TV programme in China that highlighted people being snatched from their rural communities to be used as slave labour in neighbouring areas. That prompted a massive response in China, as it was the first time that there had been a public acknowledgement of the problem and its scale, and it resulted in thousands of people coming forward to state the extent of the abuse in their own communities.

For the world's youth, we need to provide the opportunity to obtain decent work, either at home or through properly organised and legitimate migration. That will require increased co-operation and harmonisation of policies and programmes if we are to maximise its success. As has rightly been stated, we need co-operation right across Europe and outside Europe if we are to have a good alignment in our policies to curb trafficking here and in the developing world.

The World Bank report recommends that a framework of policies is required to give young people expanding opportunities and the ability to improve their personal capabilities, and thus their income levels, but we also need to provide opportunities for them to have an effective voice in their communities and in public life. The ILO has called for global action to tackle the decent work deficit. Decent work is productive and delivers a fair income, security in the workplace and social protection for families, as well as allowing people to express their concerns and to organise. If we had that throughout the world, we would not have the problem of human trafficking that we see on our streets today.

As levels of wealth in the world have increased enormously over the past 30 years, the share of that wealth that is represented as income has decreased consistently. We cannot shy away from the conclusion that the tragedy of human trafficking is at least in part a consequence of insufficient attention to creating more work through greater investment in job-intensive industries. While the service sector has produced many new jobs in recent years, the agricultural sector has been largely static. Yet the demand for food globally is increasing at a significant rate, and over the past five years demand has been higher than supply. Not only in our development assistance programmes but in global macro-economic policy, we need to do much more to foster greater investment in creating jobs. I hope that the UN summit in Vienna in the next few weeks will try to deal with some of those issues and give them greater priority.

The Minister referred to the TARA—trafficking awareness-raising alliance— project, which runs in Scotland and is based in Glasgow. I commend the successful collaboration that has been taking place, particularly through the good offices of Glasgow city council and Home Office departments based in Glasgow and working with the Scottish Executive. The police have pointed to the continued problem of getting women to speak to the authorities. It is not surprising that they feel damaged and mistrustful of authority, so an extension of the reflection period should be seriously considered.

My right hon. Friend the Member for Rotherham (Mr. MacShane) and the hon. Member for Preseli Pembrokeshire (Mr. Crabb), my colleagues on the International Development Committee, rightly stated the need to address the domestic sex industry, which is fuelling demand in sex trafficking. The Minister may be aware that new laws recently came into force in Scotland under the Prostitution (Public Places) (Scotland) Act 2007, which specifically criminalises kerb crawling. To date, 40 men have been charged with

[Ann McKechin]

that offence. I welcome the public campaign that was launched this week in Scotland, but more needs to be done. I hope that today's debate will lead to a further debate on prostitution-related issues throughout the United Kingdom.

6.14 pm

Mr. Peter Bone (Wellingborough) (Con): It is a great pleasure to follow the hon. Member for Glasgow, North (Ann McKechin), who made a powerful speech, particularly her point about the roots of human trafficking and the fact that the victims come from countries where there is grinding poverty. She also made a point about the need to increase the period of reflection for victims of human trafficking.

I congratulate the hon. Member for Ashford (Damian Green) on securing an Opposition day debate that has been so well attended and thoughtful, and in which there has been so much cross-party agreement. The great advantage of such a debate is that it highlights the problem of human trafficking. It is also very helpful to have the Minister here; he has fought very hard within the Government to deal with that problem. It is also good to see the Solicitor-General on the Front Bench; she has shown a great deal of interest in this subject. I would like to congratulate the hon. Member for Totnes (Mr. Steen), who is the chair of the all-party group on trafficking of women and children. As the treasurer of that group, I know how he has used his energy and expertise to publicise this matter. If it had not been for his efforts, we may not have had this debate, and the resulting media coverage.

The greatest problem that I had with this issue was believing that it was actually happening. I first got involved when an anonymous letter from a constituent was dropped through my letterbox. I shall quote a part of it:

> "I am a self-employed therapist and yet there are women who are on benefits and paying no taxes—i.e. in Northampton an Albanian massage parlour are allowed to advertise and I have been told the men do people trafficking and drugs and the girls pay no tax...I am a professional lady and I get fed up with them asking for sex without a condom (I only do massage) and they are causing AIDS to spread. Please talk to the tax office and the police as somebody told me the Romanians in Northampton allow prostitution to flourish on the red light district"

and she then gave a mobile telephone number.

Patrick Hall (Bedford) (Lab): The hon. Gentleman has made the point extremely well about the surprise many of us have felt when first finding out about this issue. I would like to remind him about the well-attended meeting of the all-party group on 4 December, where the important message was struck home that human trafficking for the sex trade is not only a big city crime, but manifest in towns and villages throughout the land. There is still a great deal of ignorance about that, which the debate and the all-party group can help to address.

Mr. Bone: The hon. Gentleman is absolutely right, and I know of the interest that he has shown in this matter.

I also must acknowledge the effort that ECPAT has made in raising awareness and dealing with the problem, and I know how closely it has followed the debate today.

Bob Spink: Does my hon. Friend accept that the vast majority of women involved in the sex trade, particularly the young ones, are victims of the trade?

Mr. Bone: Indeed, they are victims.

When I first got to know about this issue, I talked to Northamptonshire police, which confirmed that it was a real problem in our area, just as it is throughout the country. The Northamptonshire police quite often found that when it raided a brothel, the victims it discovered there would not co-operate. The force was pretty smart about that; it got the gangs who run the brothels on immigration laws, and got them expelled from the country, but that is not really a satisfactory way of dealing with the issue.

I decided to try to get to grips with the subject by producing a pamphlet called "Slavery in the 21st century—the trade of human beings for sexual exploitation". The problem is that I have never been able to finish it. Every time I think I have finished it, I find out that the problem is greater and that there is more depth to it. I am grateful to Richard Britton and Miss Leigh Hooker for the research they have done on it. I had thought that the problem was simply one of bringing in people from abroad and putting them into prostitution. However, now we learn that people are trafficked within the United Kingdom, perhaps from Manchester to Cornwall. I hope that I will finish the pamphlet one day.

I want to give a couple of examples of the way in which people are trafficked into this country. The all-party group met some child victims, who had been brought into the country and forced into prostitution. One young lady was very black and had been brought here when she was 14 by a middle-aged white man on a passport that did not include her name or picture. She was taken to Liverpool and forced into prostitution. She escaped, made her way back to London, found somebody who spoke her language and who took her to the authorities. Thankfully, the NSPCC intervened to look after her. I asked her whether she was shocked at being forced into the evil trade and repeatedly raped. She said, straight faced, "Well, of course, I was being forced to do it in Kenya before I came to this country." The hon. Member for Glasgow, North alluded to such matters earlier. The grinding poverty and the sort of activities that happen in the countries from where the victims come are also great problems.

We are considering modern-day slavery. The victims have no rights and they are often locked up, but they are sometimes taken to what one might call public brothels. One might ask why they do not run away. The answer is that they are worried that their families might be intimidated. They are terrified of the traffickers and frightened that the most appalling things will happen to them. One might ask why they do not go to the police. The simple answer is that, in their country, the police are as corrupt as the traffickers. One does not have to go far to find an example. A reliable source attested that, at St. Thomas's hospital, a young lady ran out of the sexual diseases clinic along the corridor

as fast as she could. She was pursued by an Albanian, who claimed that she was his property. That happened across the road from Parliament.

I want to deal briefly with prostitution. I understand where many hon. Members come from on the subject, and I am interested in the outcome of the debate. There appears to be no difference in the number of trafficked victims into the Netherlands, Sweden and this country, yet we all have different rules on prostitution.

Mr. MacShane: Will the hon. Gentleman give way?

Mr. Bone: I would love to give way but I am conscious that other hon. Members want to speak.

I agree with my hon. Friends on the Front Bench, which is not always the case, that we must have stronger border controls. I do not want to get into a debate about border police and so on. However, when I ran a travel company, I took young female workers to Florida to visit our associated company and understand the way in which the travel trade worked. Every time we went to America, I was let through, and went to get the baggage, but the three young females were taken off and interviewed for up to an hour, even though they had letters from their parents stating that they could come on the trip. We do not do that. If we did that sort of thing, we would reduce the number of victims that come into the country.

We could do a host of things to help people once they are here, but if we could stop them at source, it would be useful. That is an example of a practical measure that could be introduced quickly.

6.25 pm

Fiona Mactaggart (Slough) (Lab): I thank hon. Members in all parts of the House who have supported my campaign to tackle the demand side in prostitution, because that demand is specifically directed at trafficking. I should also like to apologise to House if, because of the shortness of time when I moved new clause 2 to the Criminal Justice and Immigration Bill, my remarks misled people about the numbers of women involved in trafficking. I direct hon. Members to the corrected *Hansard* on the matter.

We need to start by asking what constitutes trafficking. I want to deal with that question, to ask why the most significant issue for Britain is trafficking for sexual exploitation and to argue that the Government must now do two things to reduce the impact of such trafficking: first, reduce the demand for prostitution; and secondly, adopt a human rights approach to the victims of trafficking.

What is trafficking? As the hon. Member for Wellingborough (Mr. Bone) rightly pointed out, trafficking does not require the transport of people across borders. It does, however, require

"the use of coercion, force or threats, including abduction…the use of deceit or fraud…the abuse of authority or influence or the exercise of pressure"

and

"the offer of payment."

Those oppressive, abusive means, which are quoted in all the international protocols and framework decisions, result in consequences for the victim. However, her consent is not relevant, because of the abuse of power that is inherent in those means. It is important to understand that point. I argue that all women in prostitution are the victims of trafficking, whether they have come from another country or this one, because of the route that they have taken into prostitution, which almost always involves coercion, enforced addiction to drugs and violence from their pimps or traffickers. It is important for us to understand that the experience of the prostituted woman is one of being trafficked, whether she was born in Moldova or Manchester.

If we start from that understanding, we see how critical it is that the Government deal with demand. Traditionally, the Home Office has seen the pull factor in trafficking as its immigration policy. In fact, the pull factor is the demand for prostituted women. I welcome the hon. Gentleman's recognition that trafficking does not require transport across borders. However, I query his claims about the statistics for the number of women trafficked into countries that have legalised prostitution, because there is no doubt—nobody would dispute this—that there are more prostituted women in those countries. I dispute his figures, although there is an argument to be had about how many of them were brought across borders to be prostituted in those countries. However, there is no doubt that there are more women who are prostituted in countries that claim to regulate prostitution.

Let us think about the ways in which the power over those trafficked women is exercised. Sometimes we are talking about women who are chained to radiators; more often we are talking about control in more subtle ways. As I have mentioned, control is frequently exercised through drug addiction, unpredictable violence, observing people or using witchdoctor techniques. A whole range of techniques can be used to keep women in a profession that puts their lives at risk. In every study, women in prostitution have been found to be 40 times more likely to die than other women of their age. In one US study, 50 per cent. of the prostituted women studied who had died had been murdered.

If we are to tackle this, we need to establish a mechanism to reduce the number of women being murdered and to save huge numbers of women from violent exploitation. The first step is to reduce demand. Men who buy prostitutes become part of the chain of trafficking. Unlike people who buy trainers that have been made by exploited labour, the men who buy prostitutes are directly part of the chain. We should therefore take action to prevent them from becoming part of it. According to the advice of the UN special rapporteur, that should involve taking legislative action against the demand for prostitution. In her excellent report, the special rapporteur argues:

"Demand created by prostitute-users is not the only factor that drives the sex trafficking market. However, it is the factor which has received the least attention and creative thought in anti-trafficking initiatives. By and large, anti-trafficking policy has been directed towards detecting, preventing and punishing the conduct of traffickers, or towards stemming the supply".

If we were to reduce the demand in Britain, we would reduce the number of trafficked women.

In addition, we can reduce the supply of women by helping them to exit prostitution. That is part of the human rights approach. We should invest much more effectively in exit schemes for women in prostitution, whether they have been trafficked from another

[Fiona Mactaggart]

country or trapped into prostitution by pimps in this country. It is a hard business for a woman to leave her pimp. One of the reasons that women and children are likely not only to be trafficked but to be re-trafficked is that they are vulnerable in the first place. It is hard for them to resist being re-trafficked, but if we have effective exit campaigns and support mechanisms that can help those trafficked and prostituted women, we can save many of them from the fate that too many of them face.

It is striking that this is not only a human rights issue but a women's rights issue. As the UN special rapporteur points out in her report, many of the countries that supply women into prostitution, and supply the demand, have attitudes towards women that belittle and degrade them. That makes it more possible to see women as objects to be traded. If we create a culture—as the advertisements in our local newspapers do—that sees women as objects to be traded, more women will be trafficked. We know how to stop this, and I urge the Government to take urgent action to protect women from that trade.

6.33 pm

Mr. Brooks Newmark (Braintree) (Con): I am delighted to wrap up the Back-Bench contributions to this debate. I have always believed that this country should be rightly proud of the abolition of the slave trade as an outstanding act of moral and political courage. We should indeed celebrate the vision and courage of many of our predecessors without embarrassment, caveat, deep sorrow or apology. More importantly, however, we must continue to demonstrate to the international community that Britain does not, and will not, rest on its 19th century laurels, and that it will lead the 21st century fight against contemporary forms of slavery.

The Bishop of Sheffield said in a sermon to mark the bicentenary of the abolition of the slave trade in Britain that

"we do not celebrate the end of slavery. For slavery is more rife in the world today than it was 250 years ago."

It is one thing to point to the existence of a law, and quite another to uphold it. As my right hon. Friend the Member for Richmond, Yorks (Mr. Hague) said:

"The legal argument has been won: laws against slavery exist in every country. The moral argument against such a thing is, of course, enduring".

The focus for today's debate should be the enduring moral argument against slavery, not the achievements of the past or, indeed, the short-term initiatives of the present.

The first thing that we must focus on is strengthening the perception that human trafficking is slavery. Since we are left today with a modern evolution of an age-old evil, we should preserve the word "slavery" to describe it. It is a shame that we have updated and, in some ways, sanitised modern-day slavery by calling it human trafficking. It has the same quality of moral ambiguity or neutrality as another famously cruel misnomer—the notion of "honour killing". I appreciate that the term is an international definition derived from the UN's Palermo protocol and the Council of Europe's convention, but "slavery" is a word that resonates with ordinary people, while "human trafficking" is more resonant with the mandarins than with the man on the street. I do not believe that that distinction is cosmetic.

One of the challenges of combating human trafficking is raising awareness among those who create a demand for it—a point made by many hon. Members—and reducing demand is indeed a key factor in controlling the scale of the problem. Initiatives such as the Fairtrade label and Rugmark help prevent legitimate consumers from purchasing goods that have been produced using slave labour. Changing purchasing habits is clearly a step in the right direction. However, as operations such as Operation Pentameter and its successor demonstrate, the bigger challenge lies in raising awareness that human trafficking is very much akin to slavery so as to reduce the demand for its victims.

Secondly, and more importantly, I am glad of the opportunity to focus on the Government's proposals for the future. Reading the Library briefs left me with the impression that the Government have been slightly drifting, if not actually stalling, on this issue in recent years. The Joint Committee on Human Rights referred in its 2006 report to some admirably alliterative goalposts for the Government's policy on trafficking: to prohibit and prevent trafficking, to prosecute and punish traffickers and to protect the victims of trafficking. One of the criticisms of the Government at that time was the failure to sign up to the Council of Europe convention on action against trafficking in human beings.

Along with every hon. Member, I welcome the recent moves by the Minister to speed up the ratification process, but it is a scandal that it took the UK so long even to sign the convention, let alone to proceed with the ratification process. The circumstances of the UK's very late signature of the convention were scarcely more edifying than those of the Prime Minister's signature to the Lisbon treaty. For the more cynically minded among us, it would be possible sometimes to see the Government's response in terms of gesture politics. *[Interruption.]* The Leader of the House is saying "Oh, no", but the convention opened to signatories on 16 May 2005, while the Government did not get around to signing it until 23 March 2007, which—by coincidence, I am sure—was just two days before the bicentennial of the Abolition of the Slave Trade Act 1807. I assume that the Minister would have signed on 25 March, had it not fallen on a Sunday in 2007. On 21 February last year, the former Prime Minister, Tony Blair, gave the House a commitment to look into the issue of ratification of the convention and to report back. Yet it has taken nearly a year for a Minister to make a statement to this House; indeed, the Minister has come to the Dispatch Box only to respond to an Opposition motion. It is a great shame that the convention will enter into force next month without Britain at the fore.

Thirdly, I want to conclude by challenging the Minister on some of the Government's specific objectives. Operation Pentameter was hailed as a great success and its successor is halfway through its six-month life. Can the Minister make any commitments about the Government's long-term strategy for the policing and prosecution of human

trafficking, particularly in light of the decline in prosecutions under the Sexual Offences Act 2003 between 2006 and 2007?

The UK's action plan for tackling human trafficking has been described as a living document that will continue to develop in order to accommodate evolving best practice, so what lessons have been learned from Operation Pentameter that will inform the Government's policy in future? Is the Home Office meeting with any success in its research into the nature and scale of the problem, which has historically been bedevilled by a lack of concrete statistical evidence? More specifically, how is the strategy continuing to evolve in the light of the continuing impact of EU enlargement?

Finally, what steps are the Government taking to move away from ad hoc support for victims, paid for by periodic grants to the voluntary sector rather than by sustained funding? The POPPY project, for example, of which we have heard much this afternoon, was given a £2.4 million grant in April 2006, but the grant is to run over two years. I suspect that that decision will need to be revisited in the future. We need sustained funding, but we should also make full use of the capacity of safe accommodation—a point made earlier—by encouraging referrals and broadening referral criteria to include those under 18.

I hope that the Government will act decisively to consolidate all the work that has already been done, and I hope that the United Kingdom will once again lead the world in the fight against slavery instead of allowing the pace of change to be set by others.

6.40 pm

Mr. David Lidington (Aylesbury) (Con): The debate has been characterised by a generally constructive attitude among members of all parties, and there has been a large measure of cross-party agreement. Where there has been disagreement, it has been expressed both across the Floor of the House and within political parties, but I think that all who have spoken have been united in a shared loathing of the evil practice of human trafficking, and a determination to do all that lies in our political power to bring that trade to an end.

The debate was graced by no fewer than three chairmen: the hon. Member for Hendon (Mr. Dismore), Chairman of the Joint Committee on Human Rights, the right hon. Member for Leicester, East (Keith Vaz), Chairman of the Home Affairs Committee, and my hon. Friend the Member for Totnes (Mr. Steen), chairman of the all-party parliamentary group on trafficking of women and children.

I think there was a consensus that the debate focused on three themes: the need to disrupt supply, the need to protect the victims, and the need to seek measures to reduce demand for trafficking. I want to say a little about each of them.

It is clear to me that we need to do what we can to increase the risk to the traffickers that they will be caught and then convicted. Several Members made the point that, despite the hopeful trends announced by the Minister, the number of prosecutions and convictions, not only in the United Kingdom but in many other countries, looks incredibly low when set against the sheer scale of the problem. According to United Nations figures cited by the right hon. Member for Leicester, East, more than 1 million people are being trafficked each year, and the executive director of the United Nations Office on Drugs and Crime, Mr. Costa, said in his most recent report that he was disappointed by the low rates of convictions for perpetrators of human trafficking.

To an extent, the answer clearly lies in our doing what we can to improve the criminal law and measures of enforcement. The Minister outlined some of the measures that the Government have undertaken and continue to undertake, and my hon. Friend the Member for Ashford (Damian Green) and other Conservative Members have advocated further ideas. In particular, we have strongly urged the creation of an effective border police force for the United Kingdom. However, looking at the criminal law and policing will not be an answer in itself. As my hon. Friend the Member for Totnes pointed out, we must use diplomatic pressure as well, not least to persuade other members of the Council of Europe that they too should ratify the Council of Europe convention without further delay. We must put diplomatic pressure on countries, wherever they are in the world, that are simply failing to address the challenge posed by this evil trade with adequate energy or dedication.

In its most recent report on trafficking, the US State Department lists a number of countries friendly towards the west that are among those that are failing even to enforce the duties imposed by international law and United Nations resolutions. I believe that, in the last resort, we should be prepared to follow the United States' example, which it has written into its law, and consider withholding non-humanitarian and non-trade assistance to countries that consistently fail to comply with their moral and legal obligations.

In that context it is important that the Government reflect on the extent of their network of embassies and high commissions. A number of hon. Members have talked about how this trade is a particular curse for much of Africa. When I have met representatives from the embassies of north African countries, from Egypt to Morocco, they have told me how societies are being disrupted by large-scale criminal trafficking of miserable human beings brought from western and central Africa through their territories, with the traffickers wanting to move them on to Europe.

There is now no British post in more than 20 African nations. I think that it is true that if we were to land in Mauritania and walk east, the first UK embassy or consulate that we would encounter would be in Khartoum. I ask the Government to reflect on whether that gap in our diplomatic coverage reflects the seriousness with which we should approach this problem today.

We also need to do more to integrate the aim of reducing trafficking into our development policies. The hon. Member for Glasgow, North (Ann McKechin) said that the victims of trafficking often succumb to the temptation of traffickers out of desperation and dire poverty. My hon. Friend the Member for Preseli Pembrokeshire (Mr. Crabb) said that this is a problem that has victims worldwide, not just in the UK, so I would like our objective of disrupting trafficking to be built into our bilateral development and assistance programmes. In addition, I would like Britain to do

[Mr. David Lidington]

whatever it can to ensure that the objectives of multilateral development programmes such as the International Monetary Fund's poverty reduction programmes take account of the need to reduce human trafficking.

A particular challenge is facing the UK. The right hon. Member for Rotherham (Mr. MacShane) talked about how Germany saw an upsurge in trafficking in connection with the World cup in 2006. The German Government organised a comprehensive anti-trafficking initiative at that time. I hope that the British Government even now are planning what we need to do in respect of what I suspect may be similar pressures at the time of the Olympics in 2012. We would all support the Minister in planning early for that occasion.

On protection for victims, I think that every Member who has spoken wants the Government to develop further the laudable initiatives that they have undertaken. One thing came through strongly from the comments by my hon. Friends the Members for Wellingborough (Mr. Bone) and for East Devon (Mr. Swire) and the hon. Member for Luton, South (Margaret Moran)—the importance of taking seriously the plight of trafficked children.

The right hon. Member for Rotherham and the hon. Member for Slough (Fiona Mactaggart) argued passionately that one way to reduce demand would be to create new criminal offences to tackle the sex trade in particular. The Opposition Front-Bench team supports the review that the Minister has announced. We agree with the Home Secretary that we should look carefully at the evidence. There are questions that need to be tested in that examination, but we will approach that debate in a constructive spirit.

I want to make a further point about reducing demand. I do not think that this is something to which politicians alone have the answer. When William Wilberforce was rallying British opinion against the slave trade he said that

"the nature and all the circumstances of this trade are now laid open to us; we can no longer plead ignorance, we cannot evade it".

It is true not only for Members of Parliament, but for every man and woman in this country who has eyes to see and ears to hear, that this accursed trade in men, women and children disfigures our world and that individual citizens—as consumers of products, sometimes made by people who are the victims of trafficking, and as people some of whose neighbours are customers of the sex trade—have the power to do something through their voices and their actions.

Those Members who have spoken in terms of outrage and shame are not exaggerating. We are rightly accustomed in this House to sober, rational debate and to considering evidence, and we should certainly continue to look carefully at the evidence on what measures will work effectively. However, it seems to me that, in the end, we need to combine political commitment with that sense of moral outrage. I believe that political action inspired by that clear moral purpose will enable us to reduce, and I hope one day eliminate, this trade.

6.51 pm

The Solicitor-General (Vera Baird): I thank all Members who have participated in this excellent debate. It is obvious that there is total abhorrence of this evil crime across the House, and many voices have been raised. My hon. Friend the Under-Secretary has demonstrated not only by the sense of what he said, but by his obviously open, willing and committed attitude, how deeply the Government are committed to tackling this horrible crime. I will try to weave a response to Members' contributions into what I have to say, but I hope that they will forgive me if I do not name them all; as there have been 17 contributors so far, if I were to try to do so it would sound like "Baird's guide to parliamentary constituencies".

The Government's approach to trafficking involves being as inclusive and as multi-agency across the board as it is possible to be. Not only do we have a joined-up approach at policy level—we are always open to constructive suggestions such as those put forward today—but, for instance, the inter-ministerial group has a stakeholder group from non-governmental organisations with which it frequently engages in very unvarnished ways. There is also a practical approach on the ground: we have collaborations such as POPPY project outreach workers working at the UK Human Trafficking Centre to give advice. We are as inclusive as possible, and after this debate I can only expect that that will get better.

Having some responsibility for the Crown Prosecution Service, I am pleased that there have now been 70 successful convictions since the Sexual Offences Act 2003 brought specific legislation on trafficking into UK law. However, let me assure those voices of concern that have been raised that this does not reflect the full extent of prosecution against traffickers. On many occasions and for many reasons, traffickers are prosecuted for rape, kidnapping, sexual assaults and physical assaults, and I assure the hon. Members for Totnes (Mr. Steen) and for Eastleigh (Chris Huhne) that large numbers of them are convicted. It is important to remember that those convictions do not show in the simple statistics on trafficking convictions, but they are a significant part of the weaponry we use.

Sentences have been long; the courts also understand the serious nature of these offences and send out strong messages. Despite that, however, we need to go further. The CPS is in the forefront of Operation Pentameter. It now has specialists on trafficking in all its areas, and it has lawyers seconded to the trafficking centre. There is also national guidance. The hon. Member for Totnes made the point the most powerfully, although several other hon. Members mentioned it, that to prosecute successfully one needs evidence.

In Pentameter 2, a specific piece of work is being done on victim attrition, but it is not simply offering support—we are obviously trying to do that. The reality of trafficking is that the levels of intimidation are sky high and the trauma is intense. It is a hugely difficult matter. Many people are simply unable to help, so we must additionally look to other ways of preventing this trade from flourishing.

One of the Serious Organised Crime Agency's top four aims is tackling trafficking through prevention, disruption, asset recovery and prosecution. In addition,

the Gangmasters (Licensing) Act 2004 has been introduced. The Gangmasters Licensing Authority has revoked 42 licences, and 36 applications have been refused. Those cases do not show up as prosecutions, but bad gangmasters have been put out of business. Concerns were raised by the hon. Member for Eastleigh and my hon. Friend the Member for Hendon (Mr. Dismore) about work restrictions and the perhaps unforeseen consequences that they can have. We are committed to working on that.

As the Home Secretary said on Monday, we will ratify the Council of Europe's convention by the end of the year. Let me be clear that we are compliant with much of it now, but we need to make some changes to domestic legislation. This is not any kind of delay by, or deficit of, the UK, and to call it a shame or anything of the kind is bonkers. The hon. Member for Ashford (Damian Green) did so briefly, but then he rightly became more urging of consensus. It is only a pity that his urging of consensus did not reach the hon. Member for Braintree (Mr. Newmark).

Some signatories have legal systems that mean that they allow ratification even before implementation—indeed, some systems demand ratification before implementation. Our system works the other way round. We cannot ratify a treaty until we have implemented it in our domestic law, so the process takes longer for us. May I reassure the hon. Member for Totnes, and my hon. Friends the Members for Erith and Thamesmead (John Austin) and for Hendon that the monitoring mechanism GRETA does not come into force until February 2009, and if we ratify this year, as we intend to do, we will not miss participation in that process? We will ratify as quickly as we can, but we will not stop there. Our existing action plan goes further than the convention requires us to go. Now that we have got this constant returning to the issue of ratification out of the way by giving that undertaking, I hope that we can all move on more consensually.

On demand, let me reassure the hon. Member for Ashford, who led for the Opposition, that no one is muddling up prostitution and trafficking, but they are clearly integrally connected. I was glad to have the hon. Member for Preseli Pembrokeshire (Mr. Crabb) on board on that point. I hope that he will speak to the hon. Member for Wellingborough (Mr. Bone) and put him right. I was glad of the support of my right hon. Friend the Member for Rotherham (Mr. MacShane). We think the correct figure is that about 4,000 women are trafficked for sex at any one time, so we think that his numbers from the *Daily Mirror* are off.

There is work to be done on reducing demand. My hon. Friend the Member for Slough (Fiona Mactaggart) has led a campaign on that. She put forward some of the reality that requires us to look honestly at whether we should follow the Swedish model of legislation and criminalise the purchase of sexual services across the board. We shall also look at tackling the advertising of any sexual services in the mass media—the hon. Member for Hexham (Mr. Atkinson) endorsed that—through stricter guidance at the very least, but if prosecution appears to be necessary, it will doubtless follow. We will also consider call-barring on phones that are obviously being used for brothels.

There is a good deal that I cannot directly answer because of the time available. Essentially, we are modelling a proper system of victim referral and identification, as we must to implement the convention. The difficulty of identification is at its height in respect of children. Let me reassure everyone that we are working as hard and as well as we can on that.

I reiterate the Government's commitment to bring to justice as many perpetrators of this heinous crime as possible, while at the same time ensuring that victims get protection and safety. So much more remains to be done, but—

Mr. Andrew Robathan (Blaby) (Con) *rose in his place and claimed to move*, That the Question be now put.

Question, That the Question be now put, *put and agreed to.*

Question put accordingly, That the original words stand part of the Question:—

The House proceeded to a Division.

Mr. Deputy Speaker (Sir Alan Haselhurst): I instruct the Serjeant at Arms to investigate the delay in the Aye Lobby.

The House having divided: Ayes 241, Noes 317.

Division No. 048] **[7 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Mr. Alan
Bellingham, Mr. Henry
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Cameron, rh Mr. David
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, Mr. Nick
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David *(Haltemprice and Howden)*
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian

Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Hughes, Simon
Huhne, Chris
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Johnson, Mr. Boris
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Malins, Mr. Humfrey
Maples, Mr. John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Short, rh Clare
Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Teather, Sarah
Thurso, John
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Crispin Blunt and Mr. Richard Benyon

NOES

Abbott, Ms Diane
Ainger, Nick
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Janet
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Cabom, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Elman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gardiner, Barry
George, rh Mr. Bruce
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian

Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Hosie, Stewart
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
MacNeil, Mr. Angus
MacShane, rh Mr. Denis
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, Angus
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Dr. Richard
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Weir, Mr. Mike
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wishart, Pete
Wood, Mike
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Liz Blackman and
Mr. Sadiq Khan

Question accordingly negatived.

Question, That the proposed words be there added, *put forthwith, pursuant to Standing Order No. 31 (Questions on amendments), and agreed to.*

MR DEPUTY SPEAKER *forthwith declared the main Question, as amended, to be agreed to.*

Resolved,

That this House condemns the trafficking of human beings as one of the most vile crimes to threaten our society; welcomes the Government's commitment to make the necessary legislative and procedural changes required to ratify the Council of Europe Convention on Action Against Trafficking in Human Beings before the end of 2008; believes that ratification is an important milestone in the Government's concerted strategy to protect the victims of trafficking and bring to justice those who exploit them; notes that the UK Action Plan on Trafficking, published in March 2007 on the same day as the UK signed the Convention, comprehensively pulls together the work already under way across Government to tackle trafficking and creates a platform for future work; praises the work of the UK Human Trafficking Centre, established in March 2006 as the central point of expertise and operational co-ordination in tackling human trafficking; supports the valuable work done as part of nationwide police-led anti-trafficking operations, including Pentameter 1 and 2; and notes the £4.5 million of government funding provided over the last five years for victim protection under the POPPY scheme, which supports adult women trafficked into the UK for sexual exploitation.

PETITION

Post Office Closures (Hampshire)

7.17 pm

Peter Viggers (Gosport) (Con): I beg to introduce a petition relating to the proposed closure of Bury Cross post office in my constituency, signed by Mr. Christopher Donnithorne and a considerable number of other constituents. *[Interruption.]*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I ask hon. Members who are leaving to leave quickly and quietly, so that I can hear the hon. Gentleman.

Peter Viggers: One always tries to avoid that particular blot on one's escutcheon, Mr. Deputy Speaker.

The petition parallels one that was signed by 2,000 of my constituents. The main reason given by the Post Office for the proposed closure was that the Bury Cross post office lacked public transport facilities. I pointed out immediately to the Post Office that Bury Cross is the post office in my constituency best served by public transport facilities. Indeed, there is a bus stop outside it. That appears to have been ignored by the Post Office, which still intends to close it. To that I say that politics has taught me that the important thing is to win the war, not the battle. We will continue to hope that the post office will remain open. The petition reads:

To the Honourable the Commons of the United Kingdom of Great Britain and Northern Ireland in Parliament assembled,

The Humble Petition of Mr Christopher Donnithorne retired and others,

Sheweth

That the Post Office is proposing to close Bury Cross Post Office at Gosport regardless of National Health Service plans to extend the Gosport War Memorial Hospital (immediately opposite said Bury Cross Post Office) to handle a minimum of 50,000 patients a year. That the potential customer base, for shops and services within 150 yards of this Post Office, will rapidly exceed the total population of the Gosport peninsula. That the Post Office closure proposal is based on inaccurate information, there being for example, no direct public transport links to either of the identified alternative venues. With the significant growth potential, good public transport link, and modern disabled facilities, closure of this busy Post Office at a bustling main road junction does not make sense, either in business or public service terms.

Wherefore your Petitioners pray that your Honourable House shall urge Post Office Ltd to reconsider this particular closure proposal.

And your Petitioners, as in duty bound, will ever pray, &c.

[P000089]

Post Office Closures (Hastings and Rye)

Motion made, and Question proposed, That this House do now adjourn.—*[Ms Diana R. Johnson.]*

7.20 pm

Michael Jabez Foster (Hastings and Rye) (Lab): Nearly 60 per cent. of older people say that the local post office is essential to their lives, according to a recent Help the Aged survey. We have just heard a petition against the closure of the post office in another constituency. The post office is a much loved institution, and I want to tell my hon. Friend the Minister for Employment Relations and Postal Affairs that I am proud of the Labour Government for rejecting Opposition calls to privatise this essential service. I am proud that, unlike their Conservative predecessor, this Government have recognised the value of our communities by preserving a comprehensive network of local offices and have agreed £150 million a year as an ongoing social subsidy.

We know that if the post offices were privatised, there would be just 4,500 profitable offices, and I suspect that they would be less profitable than they are now as a result of the run-down of the comprehensive service that is currently provided. I can therefore assure my hon. Friend the Minister that in asking him to reconsider some of the recent proposals, I am in no way relying on the petition-carrying Conservatives and Lib Dems, whose privatisation plans would destroy the service as we know it.

David Lepper (Brighton, Pavilion) (Lab/Co-op): On petitions, does my hon. Friend share my concern, which I hope the Minister also shares, about the impression given at a public meeting in my constituency by Gary Herbert of the national consultation team of Post Office Ltd that however many signatures it bears, a petition against the closure of a post office might count as only one objection? I find that an insult to the people who have been campaigning to save post offices. Does my hon. Friend agree?

Michael Jabez Foster: If that is the case, I certainly would agree. In my constituency there are thousands who have not just taken to the streets outside the post offices, but signed a petition against the closures, which they consider so important. I hope that such petitions will be given greater weight than my hon. Friend suggests.

It is the foresight of this Government that makes this debate possible. The Labour Government have recognised the need for a social subsidy to maintain the network, which it is not possible to operate wholly on a market basis. I know that my hon. Friend the Minister has inherited the current situation, but whoever made the decision to allow the Post Office to envisage 2,500 closures was mistaken, especially if they believed that that could be done without major social distress.

For reasons that I will come to in a moment, that was a wholly unnecessary proposition. The Government have given quite sufficient by way of subsidy to support the existing network. However, the real problem has been that getting figures from the Post Office about the projected losses is like pulling teeth. Only yesterday was

I able to obtain the figures in respect of the four offices that are threatened with closure in Hastings and Rye. Having seen those figures, I encourage the Minister to stop the closures and challenge the Post Office to explain why it has come up with these foolhardy proposals.

I shall return to the financial situation, but first I shall say a little about why the four offices in Hastings must not be sacrificed. The proposals announced on 13 November by Post Office Ltd were for the closure of four of our local sub-post offices—the Tilling Green post office in Rye, the Hastings Old Town post office, the White Rock post office and the St. Leonard's Green post office. Hastings is the 29th poorest town in the UK. We have an elderly population who both love and rely on their post office. There are people there whose quality of life depends significantly on access to their post offices. Mr. Alan Maxwell, sub-postmaster of White Rock post office, has been in the business for more than 20 years. The post office has been going for much longer than that, but now faces closure.

Mr. Morley, a wheelchair-using patron of Tilling Green post office, cannot get to the main town post office that is seen as an alternative; it is simply not accessible. Mrs. Eileen Clarke currently uses the Hastings Old Town post office. She is diabetic; if she walked long distances, she would risk a fall or worse. The Reverend Humphrey Newman, a disabled gentleman, tells me that he can walk only short distances and that he finds the St. Leonard's Green post office a lifeline. Kyriacos Korniotis, the St. Leonard's Green sub-postmaster, tells me that many of his patrons come from numerous local care homes. He is now serving second and third-generation customers who would have enormous difficulties if the post office closed.

As we have heard, thousands more have signed petitions to express their opposition to the proposed closures. No one supports the post office closures except the Post Office itself. It is no good telling people that they are 0.8 miles over hilly terrain from their nearest post office; they may as well be told that there is a particularly welcoming branch in Timbuktu.

I am not a luddite who believes that services should always be maintained, regardless of cost; I accept that if a service is unsustainable, there comes a point when it cannot continue. However, the fact is that many post offices are not unprofitable in the conventional sense. Why are we punishing with no good cause the poor, disabled and local folk who often use the post office for social interaction? Just two years ago, the Post Office decided on a range of closures; it was then losing £2 million a week. It closed branches, apparently to become commercially viable. Now it loses £4 million a week. What has gone wrong? We need a new ambition from both the Government and Post Office management. Short-termist closure programmes do not offer the solution.

I acknowledge that lifestyle changes mean that some of the services that were previously demanded are no longer required. However, that is not the whole story. The Horizon system, in which the Government invested just a few years ago, was to make the Post Office the public's very interface with the Government.

I have to criticise Ministers lightly for how they have allowed public services, such as the BBC licence and the like, to be lost to our "in-house service". That must not happen again. A degree of public nepotism is needed if we are to ensure that our post offices are used in the way intended. It is, of course, absolutely essential that post offices be used as our local banks, and the sooner the Government give assurances about the security of the Post Office card account, the better.

However, for all that, we are looking at the here and now. We are looking at a generous settlement from the Government, offering—as I said—£150 million a year of social subsidy. According to the Post Office, that is £18,000 a year for each office. Why, then, are we closing much-loved offices such as Tilling Green, the Hastings Old Town post office and others?

Fortunately, as a result of the recent disclosures, I am able for the first time to offer my hon. Friend the Minister some advice on why I think the Post Office is looking through the wrong end of the telescope. I have now received statistics in respect of the four local post offices that are candidates for closure. I do not have time to refer to them all, but I would like to take as an example the Tilling Green post office in Rye, run by sub-postmaster Roger Pankhurst. It shows why I believe that the Post Office's case is so fundamentally flawed. The figures show that Tilling Green makes an operating profit of £3,500 a year. That is the difference between what the Post Office pay the sub-postmaster for running the service and the income that he passes to the Post Office. Mr. Pankhurst has agreed that I should tell the House what he receives—£18,400 to run the service within the branch. He pays back the excess £3,500 to the Post Office. What is incredible is that the Post Office says that he makes a loss.

Why is that? The Post Office adds infrastructure costs of more than £24,000. The post office at the local level costs £18,400, but the Post Office adds on-costs of £24,000. That is madness. Once those are set against the total cost, Mr. Pankhurst makes not a £3,500 profit but a loss of £10,000. These figures, which have not previously been published, at last show us where the real problem lies. How can the Post Office's central cost in supporting a local office significantly exceed the cost of running the office itself?

Before decisions are made, it is necessary to look at the infrastructure costs. How are they made up? Where do they go? Where are the savings to be made? It appears that they are central transactional costs—that is, the costs of the business itself in relation to arranging bank accounts, paying out payments to claimants, and the like. I come to that view because of another figure that the Post Office has been able to give me. It has told me that if it closes Tilling Green, it will save £6,000 in infrastructure costs relating to that post office. It follows that the balance of £18,000 is the cost of the transactions.

The problem is that if one takes those figures at face value and reduces the current infrastructure costs of £24,000 by £6,000, one is left with a figure of £18,000. The post office gets £10,000 towards that from other incomes at the centre. However, it effectively means that the migrating business will take with it a loss of nearly £8,000. That is nonsense. I can envisage local post offices saying, "Please, not here." That loss means in practice that an office that is profitable today will become unprofitable simply because of the migrating business. It is madness to close an office and then finish up by making another office even less profitable, and

[Michael Jabez Foster]

then no doubt include it in the next round of closures. Presumably, much of the loss attributed to the offices under threat may have come from the migration resulting from earlier decisions.

It is manifestly the case that the problem is not the lack of profitability per se at Tilling Green or, for that matter, the Hastings Old Town post office—at least those two—but the vast infrastructure costs that are being incurred at the centre. If those central costs were trimmed by just a third, it would cost less—far less—than the average of £15,000 by which my hon. Friend the Minister has agreed to subsidise each of these post offices to keep them open. The Government have rightly recognised that social subsidy, which would rightly enable these offices to remain as they are, serving the public.

As I said, we are looking through the wrong end of the telescope. The problem arises not at the local level but at the centre. We should have had the figures throughout—then the negotiation, consultation and petitions would have had a meaning—but at least we have them now. Such costs are not lost by the closure of local offices, or at least not the greater part of them. What is needed is not cosmetic surgery but a heart transplant right at the centre.

If these decisions are not changed, what will I have to say to my 100-year-old constituent, Mrs. Roma Brierly, who has been using White Rock post office for many years and will now be cut off from what, for her, is an essential service? What am I to tell the small businesses of the old town in Hastings, which find it hard enough already in a deprived area but will now have to travel to town to do their banking? Incidentally, they have already told me that it will not be at the Post Office. The figures that I have given to the Minister suggest that that may be just as well, because it loses everything that it touches.

What am I to tell the lady who uses Tilling Green post office because she can park her mobility carriage outside, which is impossible at the town centre office that is the alternative? I am certainly not going to tell her that it is the Government's policy, because I do not believe that it is their policy to close these post offices. My constituents will be mystified when I tell them that, with all this Government subsidy, the Post Office management have chosen to punish them.

I thank the Post Office management for at last, albeit late in the day, giving me the figures proving the real reason why these closures are being proposed. I want to ask the Minister whether local authorities are prepared to make up the shortfall, although that should not be their task. Will he recommend that the Post Office consider such an offer? Post Office officials have told me that they would be happy to consider it, but they want not only to cover their losses but a contribution to their potential profits, or savings as they call them. Such profits or savings, however, are fanciful and unproven. The track record shows that the transfer of business will make them even greater losses. At the very least, they are speculative. Given the level of Government subsidy, I hope that the Minister will say that making up the loss is all that would be required, if it is possible to bring people on board.

By my calculations, the proposals are no quick fix. Compensation alone would take two years, in the case of two of my branches faced with closure; in the case of the office in the old town, it would take 42 years to recover the compensation, based on the loss proposed by the Post Office. That is an amazingly stupid thing to do, but that is the figure and I challenge anyone to challenge it.

I am sorry to give my hon. Friend the Minister such a hard time because I know that the current plan is not of his making. I appreciate that he will be noble enough vicariously to defend the Post Office and what it proposes, but may I counsel him against that approach? If he were my client, I would advise him that he should put his hands up for this one. He should offer mitigation, and offer it as soon as possible. That would start with a new direction for the Post Office. We should remember that we own it. It is our Post Office; thankfully, it has not been privatised by his Government. I want him to tell it to rethink its plans, open the books, halt the closures, stop what it is doing and work out how the Post Office can be the proud organisation that we, as a Labour Government, want it to be.

7.35 pm

The Minister for Employment Relations and Postal Affairs (Mr. Pat McFadden): I begin by congratulating my hon. Friend the Member for Hastings and Rye (Michael Jabez Foster) on securing this debate on post office closures in his constituency. As he implied at the end of his speech, he practised as a solicitor before he entered Parliament, and based on what we have just heard and his many other speeches in the House, I am sure that he was a very effective spokesman for his clients; he certainly has been one for his constituents tonight.

My hon. Friend mentioned the branches in his constituency—Tilling Green, White Rock, Hastings Old Town and St. Leonard's Green—and I appreciate his concern for those local communities. As I have said during previous debates on this issue, I understand that a difficult decision has been taken, which causes concern among hon. Members of all parties, and in the local communities represented. The Prime Minister talked a week or two ago about having to take difficult decisions in Government and I am afraid that this has been one such decision. I am in no doubt about the concern my hon. Friend has raised tonight. He made a number of detailed points and asked some detailed questions, particularly on post office financing, which I will come to, but I hope that he does not mind if I set out briefly why the decision was made and announced last May.

At heart, the decision was driven by declining numbers of customers and increasing financial losses for the Post Office network. As my hon. Friend said, the number of customers has declined by about 4 million per week and losses are running at about £3.5 million per week. A number of lifestyle changes are driving those factors, which I think he understands, given his speech. By that, I mean greater use of direct debit to pay bills, more payment of benefits and pensions into bank accounts, greater use of online services to carry out transactions such as buying car tax and so on. I appreciate that not everyone is part of

those trends, particularly elderly people, but they are nevertheless real and inevitably have an impact on the use and the finances of the Post Office network.

On top of that, the Post Office operates in an increasingly competitive environment with other providers bidding for, and sometimes winning, work that has traditionally been carried out by the Post Office, such as the BBC's decision on the TV licence contract. My hon. Friend is absolutely right when he says that the Government do not see the Post Office as a commercial network. We appreciate the social and community role played by post offices and the value of a widespread network that, even after this round of closures, will be far bigger than all the banks and supermarkets put together. That is why we have committed a subsidy of £150 million a year to support the network, a subsidy that did not exist under the previous Administration. However, despite the subsidy, the difficult decision was taken to reduce the size of the network, offset to some degree by the establishment of 500 new outreach services that may replace a post office with a part-time service or a service perhaps hosted by another partner in the community.

I want to consider some of the specific points that my hon. Friend made. He raised several detailed issues about Post Office financing, especially the relationship between the central infrastructure costs and those of an individual branch. That is an important issue and I hope that I can clarify matters for him.

My hon. Friend paid particular attention to the central infrastructure costs and asked how they could be higher in some instances than the payments to the agents who run the branches. If I explain what the costs entail, it may help. The payments to agents include two elements: a fixed fee and an additional, variable amount based on the business that the branch carries out. Post Office Ltd receives a mixture of fixed and variable income from its contracts with clients, for example, the Government, through the Post Office card account. However, increasingly, the trend in the competitive market, for example, in bill paying and so on, is for contracts to be based purely on transaction and service volumes, thus generating a variable income without being able to rely only on the fixed income. A declining number of contracts have a fixed income element geared towards covering network costs.

In calculating the costs involved in a branch, Post Office Ltd allocates both income and infrastructure costs to an individual branch. My hon. Friend asked about the infrastructure costs. They reflect the large amount of support needed to sustain the largest retail network in the country and the franchise model operated by the Post Office. There is some difference between that franchise model and others.

Unlike most franchise operations, in which franchisees source and pay for much of the supporting infrastructure themselves, Post Office Ltd covers virtually all the costs associated with providing its products. For example, two key elements are providing cash to the network and the IT system that supports it. The IT system links the whole network, facilitating and recording the wide range of services and financial transactions. Moving cash around the country and not charging branches for holding it are important parts of the central infrastructure support costs.

Due to the nature of the business, especially paying out benefits, pensions and so on, there has to be a high specification of cash availability and robust contingency arrangements to ensure that post offices do not run out of money on payment days. That is an important and relatively costly element of the infrastructure costs. Other costs include maintenance of equipment, such as safes, alarm systems and other equipment in the post office, and the distribution of many leaflets and forms, often for accessing Government services. It is not unusual or surprising that those elements can form a sizeable part of the overall costs of a post office branch.

The third element to be considered is the savings to Post Office Ltd, to which my hon. Friend alluded, from closing a branch. They include a proportion of, though not all, the infrastructure costs. That is because, although the cash may no longer have to be delivered to a specific office and the terminals for the IT may not be there, the Post Office still has central costs for maintaining such services nationwide. It therefore calculates that a proportion of, but not all, those costs will be saved when a branch closes.

I appreciate that my hon. Friend is sceptical about that method of financing but it nevertheless exists and is an important part of the costs and calculations that are involved in supporting the network.

Michael Jabez Foster: I appreciate that my hon. Friend may not be able to answer my question today, but all the aspects that he has listed are specific to a branch. I have given him the figures. Out of £24,000, only £6,000 was attributed to that element. That means that £18,000—three quarters of the sum—is attributable to something else, to which he has not referred. I want to know about that.

Mr. McFadden: What I am saying is that the infrastructure costs attributed to the branch will not all be saved if that branch is closed, because there are certain support costs—in IT or cash distribution networks, for example—that still have to be maintained, even though there is one fewer branch in the network.

My hon. Friend was also sceptical about Post Office Ltd's assumptions about migration and business. I want to make two points about that. First, those assumptions are not plucked out of the air; they are based on the experience of urban reinvention and what happened after that. Secondly, the assumptions take into account local circumstances. Post Office Ltd therefore does not take a blanket approach throughout the country when calculating the migration of business; rather, it also takes into account the proximity of other branches nearby, and so on.

Those are the main elements in calculating the costs of an individual branch. I am not quite sure whether I followed my hon. Friend when he quoted some of the figures that he extrapolated for the branch. The best way to understand the position is that Post Office Ltd takes into account three things. The first is the payment to agents, the second is the central infrastructure costs in support of the branch and the third is the cost that Post Office Ltd calculates it can save if it no longer supports that branch. All three are taken into account in calculating the cost to Post Office Ltd of running that branch.

[Mr. McFadden]

Overall, the programme is to close around 2,500 post offices, with 500 new outreach services. I understand that that will be difficult. However, the £150 million network subsidy payment is designed to help the Post Office maintain a network of that size, after that closure programme has taken place.

My hon. Friend raised one or two other issues, which I hope to touch on in the time available to me. He asked about third parties wishing to step in and pick up the costs of the branch. I have encouraged Post Office Ltd to engage seriously with local authorities or other third parties in that position. However, it is also reasonable for Post Office Ltd to say that all costs associated with the branch must be covered and to ask for a long-term commitment. It would not do my hon. Friend's or any other hon. Member's constituents any good if someone stepped in, but six months later the branch was going through the same closure process. Post Office Ltd will rightly ask for all the relevant costs to be taken into account and for a commitment of several years in support. I hope that that is of some help to my hon. Friend.

Overall, the programme will lead to a smaller network than we have now. However, I believe that it can be a more stable network, provided that Post Office Ltd does one other thing—innovate to attract more customers.

My hon. Friend asked me about the Post Office card account. There is a successor product to POCA, which we have been legally required to put out to tender. I am sure that the Post Office will make a strong bid, but the outcome will have to be decided in a proper way. It is not possible for the Government simply to grant the contract to the Post Office without its tendering for it. The decision on that will be announced later this year.

Innovation is important, and there is cause for optimism. Post Office Ltd has been setting out new products and services. It is now the biggest provider of foreign exchange in the UK, and is doing more in car insurance, broadband and free cash machines, as well as setting up a new, safe Christmas savings club, to help protect against some of the problems that we saw with Farepak a year or two ago.

Post Office Ltd is innovating. With a combination of cost control in the network, continued Government support, which my hon. Friend has acknowledged and which I have repeated tonight, and the innovation necessary to attract more customers, we can put the network on a more stable basis for the future.

Question put and agreed to.

Adjourned accordingly at eleven minutes to Eight o'clock.

House of Commons

Thursday 17 January 2008

The House met at half-past Ten o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

BUSINESS, ENTERPRISE AND REGULATORY REFORM

The Secretary of State was asked

Enterprise

1. **Joan Walley** (Stoke-on-Trent, North) (Lab): What steps he is taking to promote enterprise. [179521]

The Secretary of State for Business, Enterprise and Regulatory Reform (Mr. John Hutton): A strong enterprise culture is vital to the UK's long-term economic prosperity and can help us meet some of our important social objectives.

Thanks to measures taken by the Government, there is a record number of small businesses in the UK and young people are increasingly looking to set up businesses as their chosen career path. More than 180,000 new businesses have been created each year since 1997 and new VAT registrations have exceeded de-registrations in each of those 10 years. We are working on strengthening our enterprise strategy and will publish a White Paper in the spring.

Joan Walley: I am grateful to my right hon. Friend for his reply. I welcome everything that the Government are doing to increase enterprise. We in Stoke-on-Trent, which is not traditionally renowned for the number of its small enterprises, are very proud that it was the winner of the Enterprising Britain award. I have been in touch with the "Make Your Mark" campaign and we have great hopes that, from now on, the Government will make Stoke-on-Trent a city of enterprise as valuable as Liverpool is as a city of culture, so that we can make progress on everything that they want to do for enterprise and encourage investors to come to Stoke-on-Trent because we are proud of our award.

Mr. Hutton: I am happy to endorse my hon. Friend's comments about the North Staffordshire regeneration zone, which did a brilliant job in winning the national awards in 2007 and was a runner-up in the European competition. We will continue to do all we can to support enterprise in her constituency, which several initiatives can benefit. I am happy to say that my right hon. Friend the Minister for Competitiveness hopes to visit Port Vale soon to open some new enterprise units. As I said, we will continue to do all we can to support my hon. Friend's excellent work.

Mr. Brian Binley (Northampton, South) (Con): Enterprise relies on new business, as the Secretary of State mentioned. What is he doing to help enterprising people who start up new businesses, given the credit squeeze, which is having such an impact on their cash flow? Will he ask the banks to be sensitive at this difficult time?

Mr. Hutton: I accept much of what the hon. Gentleman says. We are in constant communication with the banks and others to monitor the impact of the financial upheaval in the markets that has taken place since the summer. So far, there has been little impact on banks' borrowing practices in respect of small businesses, but we are keeping the situation under the closest supervision.

Sarah McCarthy-Fry (Portsmouth, North) (Lab/Co-op): In areas of deprivation, social and community enterprises are an excellent way in which communities can take control and get themselves out of deprivation. What assurance can the Secretary of State give that people in those communities will receive assistance to give them the capacity to start their own businesses and social and community enterprises?

Mr. Hutton: In our work on the new White Paper, we are closely considering the issue that my hon. Friend raises. In my response to my hon. Friend the Member for Stoke-on-Trent, North (Joan Walley), I said that enterprise is not only an economic issue, although it is a powerful one, but an important social tool that helps us reach into areas of disadvantage throughout the country. I am sure that a reinvigorated enterprise strategy can help areas in Britain that are under-represented in business start-ups to do better, and especially groups of people—for example, women—among whom the number of business start-ups is much lower than among other groups.

We are examining a range of measures—I shall not announce the detail of the White Paper today—but I assure my hon. Friend that we acknowledge her points and are tackling them directly in our work on the White Paper.

Mr. Jonathan Djanogly (Huntingdon) (Con): Does not the Secretary of State realise that most small businesses would laugh at his claim of championing enterprise? With Labour proposals to double capital taxes on business and abolish income sharing on dividends between spouses, with enterprise groaning under the weight of some 3,000 new regulations a year, with growing instability in the banking sector and now the high street, and with energy costs and inflation rising, how can he say that enterprise is being promoted?

Mr. Hutton: Because we use facts and evidence, not the hon. Gentleman's empty huff-and-puff rhetoric. Policy should always be based on evidence, not ideology. He has made his party political point, which is all well and good, but I wonder what view business would take of a party that wants to cut research and development tax credits and business support schemes and introduce a new bureaucratic trading scheme for, for example, chocolate and fatty foods. That is evidence of a party that has totally lost touch with business reality in this country.

Margaret Moran (Luton, South) (Lab): Following on from the question about social enterprise, I applaud the work that my right hon. Friend, the Department and the Office of the Third Sector in the Cabinet Office are doing to promote social enterprise. However, will he look closely at whether sufficient support is being given through Business Link branches, many of which are reformed? The support available is sporadic; in Luton, for example, we are under-resourced in terms of support and capacity building for social enterprise. That particularly affects those in black and minority ethnic communities who want to go into social enterprise, but do not have the advice and financial support to do so.

Mr. Hutton: In relation to Business Link, we are again considering all such issues in the context of our work on the White Paper. On social enterprise, I shall draw my hon. Friend's comments to the attention of the Chancellor of the Duchy of Lancaster, because he is overseeing a lot of the Government's work on social enterprise. It is important in all parts of the country that there should be an efficient, modern and private sector-led business support service that can provide bespoke and tailored business advice to businesses that are just getting going. That is very much our ambition for Business Link.

Business Competitiveness

2. **Richard Ottaway** (Croydon, South) (Con): What steps he plans to take to improve the competitiveness of business. [179522]

The Minister for Competitiveness (Mr. Stephen Timms): The UK continues to perform well on a wide variety of measures of competitiveness, including the best measure, which is productivity. The comprehensive spending review set out a number of measures to raise long-term productivity further.

Richard Ottaway: In an increasingly competitive world, with an explosion in globalisation and fierce competition from India and China, was the Minister as dismayed as I was to read the report by the institute of management and performance showing that the UK had slipped from ninth to 20th place in the competitiveness league? He is an intelligent Minister, so what assessment has he made of the Government policies that have contributed most to that downfall?

Mr. Timms: The hon. Gentleman is certainly right about the ferocity of the worldwide competition that UK companies face. There are a number of different indices, but some are rather volatile, partly because the methodology that is used changes from one year to the next. However, I refer him to the World Bank, which last year and the year before assessed the UK as sixth in the world for ease of doing business, and to the Organisation for Economic Co-operation and Development, which says that we have the lowest barriers to entrepreneurship of all the OECD countries. However, the best measure is productivity, on which we have closed the gap with Germany, as well as having been the only G7 country to keep pace with US productivity growth since 1995. We have done well on competitiveness, and the new stability in the economy over the past 10 years has been the key.

Dr. Ashok Kumar (Middlesbrough, South and East Cleveland) (Lab): One sector that is competing well in the north-east is the biotechnology sector. Indeed, it is flourishing, with 50 start-ups being established in the past five years. I recently met members of the sector, who told me that they are facing difficulties, in that they need another 1,000 biotechnicians in the next few years. We need to address that issue as far as competitiveness is concerned. What are the Government going to do about it?

Mr. Timms: I am pleased that my hon. Friend has raised that important subject, because we are establishing a new innovation and growth team to focus on the biotech sector. He is absolutely right about the importance of the sector for the UK economy, particularly as addressing climate change is an increasingly important priority. The Sainsbury review last year made the point that the UK is well placed to do well globally in industries such as biotechnology. That is why we have committed extra resources to science, to train exactly the kind of people that that sector and others need. Given the ferocity of international competition in the biotech and other sectors, we will continue to ensure that the UK does well. Indeed, my right hon. Friend the Secretary of State is leaving immediately after questions to board a plane for India, and we will continue to battle for UK business.

Stewart Hosie (Dundee, East) (SNP): Competitiveness lies at the heart of many of our problems in Dundee over the past 12 months, with 1,600 job losses, including 1,000 in manufacturing, and the work directly transferred almost exclusively to more competitive economies in China and Hungary. I know that the Minister and the Secretary of State are aware of the difficulties in Dundee, so will they meet me and others who are concerned about the Dundee and wider Tayside economy with specific regard to the loss of manufacturing jobs? Will they also meet the local business community, if a request comes from the chamber of commerce to explore what the Government might be able to do in conjunction with the Scottish Executive?

Mr. Timms: The hon. Gentleman is absolutely right that the fierce international competition that we have been discussing applies nowhere more than in manufacturing. I would urge him to look at how the manufacturing sector as a whole has been performing over recent months. It has been doing well; I draw his attention to the fact that, for example, we made almost twice as many cars in Britain last year than we did 25 years ago. We want to take a fresh look at our manufacturing strategy. We introduced a strategy in 2002 that made a big contribution, not least through the manufacturing advisory service. However, as my right hon. Friend the Secretary of State announced in November, we will review our strategy between now and the summer. I would welcome the opportunity to meet the hon. Gentleman and representatives of the business community in his area to discuss such issues.

Mr. Michael Clapham (Barnsley, West and Penistone) (Lab): My right hon. Friend will be aware that one of the main elements in competition is the price of energy. He will also be aware that, last week, *The Sunday Times* reported that six energy companies were meeting to

conspire to ensure high energy prices. What action will he take to ensure that British competitiveness is protected from the profiteering of the energy companies?

Mr. Timms: My hon. Friend is absolutely right about the importance of energy prices for competitiveness in the UK. He will be aware of the initiative taken by my right hon. Friend the Chancellor, and he will also know that Ofgem is looking closely at this issue. It is the case that the competitive market framework for energy in the UK has delivered energy prices that are among the lowest in Europe.

Mr. Mark Prisk (Hertford and Stortford) (Con): The Minister talks about the importance of improving competitiveness, not least among small companies. While he has been talking, however, the Chancellor has raised those companies' corporation tax rates and increased their business rates, and he is now planning a £900 million tax hike on their capital gains. How can small firms remain competitive when the Chancellor is taxing them to death? Is the Minister's Department going to stand up for those firms or simply let the Chancellor walk all over them?

Mr. Timms: I simply draw the hon. Gentleman's attention to the fact that we have more small businesses in the UK today than we have ever had before. There are now 4.5 million of them, and there has been a 20 per cent. increase in the number of companies registered for VAT. I believe that the Chancellor is absolutely right to seek the simplification of capital gains tax. The combination of indexation and tapered relief had created a complex system, and he has proposed changes to address that. He is also listening to representations from small business organisations and he plans to make additional announcements.

Energy Supply

3. **Mr. Philip Hollobone** (Kettering) (Con): What assessment has been made of the impact on business efficiency of energy supply contracts which require 90 days' notice of termination. [179523]

The Minister for Energy (Malcolm Wicks): The Office of Gas and Electricity Markets—Ofgem—is responsible for regulating gas and electricity supply, including supply to the business sector. Termination arrangements are a contractual matter between the supplier and the customer.

Mr. Hollobone: My constituent, Mr. Mark Middleton of Coppicemoor Farm, Pytchley, near Kettering, has an electricity supply contract with npower. npower wrote to him 30 days before the end of the contract to ask him whether he would like to renew it. He said that he would not, but npower said, "Tough. You should have given us 90 days' notice." So Mr. Middleton is now tied into his contract with npower for another 12 months, after which he will seek an alternative supplier. Will the Minister look into the notice periods that companies impose on their customers? This inability to switch easily between suppliers is creating a brake on business efficiency.

Malcolm Wicks: The general principle has to be that business customers can protect their own interests, and that includes monitoring the terms of their contracts and the expiry dates involved. We recognise, as was noted in an earlier question, that high energy costs are affecting businesses as well as domestic customers. For those reasons, I would be happy to bring the hon. Gentleman's concerns to the attention of the chairman of Ofgem, with a request that he consider whether any changes to the rules governing business supply are required.

Miss Julie Kirkbride (Bromsgrove) (Con): Will the Minister give us his assessment of why energy prices have gone up so dramatically in the past few months? Is it simply to do with the price of oil? Does he have any evidence of the anti-competitive behaviour that was mentioned in a previous question? Or is it the failure of the EU energy markets to be properly competitive?

Malcolm Wicks: There are a range of factors. The major background factor has to be the huge global demand for energy in the emerging economies of India, China and many other countries, as well as the demand in the western economies. We have seen increases in the wholesale price of fossil fuels of between 50 and 80 per cent., and that has to be the major factor. The Chancellor is in discussions with Ofgem and the Secretary of State is also involved to make sure that the relationship between wholesale price increases and retail price increases is appropriate. We have a competitive energy market here; there is an issue in Europe, where we continue to press for the liberalisation of energy markets. The hon. Lady is right that that is another important factor.

4. **Paddy Tipping** (Sherwood) (Lab): What recent discussions he has had with energy supply companies on reducing fuel poverty. [179524]

The Secretary of State for Business, Enterprise and Regulatory Reform (Mr. John Hutton): My hon. Friend the Minister for Energy has met the chief executives of all the energy supply companies with a view to improving support to those at risk of fuel poverty. The level of support that companies are providing this winter has increased from £40 million to £56 million. The Minister for Energy and I will meet chief executives again shortly to discuss the best way to ensure continued support. Overall, the Government have provided £20 billion in support for the fuel poor since 2000, with 2 million households helped by our fuel poverty schemes and close to 12 million receiving winter fuel payments each year.

Paddy Tipping: That is a good record, but more needs to be done. Some householders face price increases of 27 per cent., which has clear implications for the Government's fuel poverty targets. In his discussions with companies, will my right hon. Friend commend those that offer good social tariffs and reprimand those that do not, reminding them of the possibility of compulsion?

Mr. Hutton: I strongly support what my hon. Friend says. A number of electricity supply companies have done exemplary work in trying to address some of these issues, particularly with regard to those who rely on pre-payment meters. There is an issue there that is now being addressed. We have decided not to legislate in the Energy Bill to introduce mandatory social tariffs at this point, given the extra investment by companies

and their commitment to continue it, but we will keep the matter under careful review.

Steve Webb (Northavon) (LD): Is it not the case that the amount of money that these companies spend on social tariffs is a pittance in comparison with their huge profits? Are not all these cosy conversations with the companies achieving practically nothing? With fuel poverty doubling over the last couple of years, is it not time to legislate to make poor people protected instead of hoping that companies will do what should be the Government's job?

Mr. Hutton: We should intervene in the most effective way possible. I know that the hon. Gentleman's instinct is always to regulate and to legislate, irrespective of the ability of other mechanisms to deliver. That is not our approach. We are making progress on fuel poverty. There is obviously a growing issue with rising energy prices, which is why in our talks with energy companies we will be redoubling our efforts to find a sensible way to proceed, particularly for elderly consumers of gas and electricity, for whom I accept there is a particular hazard.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): One of the problems with social tariffs is that there is not just a difference, but a vast disparity, between the tariffs offered by different companies, which confuses consumers and others. That highlights the fact that some companies are doing a lot more than others, so I urge my right hon. Friend carefully to consider how to achieve not just an incremental increase in the amount of money going into the industry's support for consumers, but a substantial increase right now, at a time when customers really need any extra support that they can get from a proper social tariffs programme.

Mr. Hutton: As I said, we are in discussions with the energy companies, and those discussions are continuing. They have all promised to maintain the support that they are providing over the next three years. We will discuss with them what more, if anything, can be done. From the Government's point of view, I have already pointed out some of the areas where we are investing directly in this issue. It is important to keep the overall picture clearly in mind. We are providing direct financial help with energy costs for households and we are also investing more over the next spending review period on energy efficiency for domestic households. We must continue to wage this war on a number of fronts, but I can assure my hon. Friend and all hon. Members who are rightly concerned about this issue that the Government are very seized of the significance of these matters and are doing all they reasonably can to address the concerns that are being expressed.

Alan Duncan (Rutland and Melton) (Con): Last week, we witnessed what can only be described as a rather crude stunt in which the Chancellor reprimanded Ofgem as if it were somehow responsible for higher energy prices and fuel poverty. Is it not the case that, in addition to world commodity prices, the main component of our energy bills' increase is the higher price of carbon? Is it not also the case that the main culprit here is not markets, but the Government's failure to adjust their policy on addressing fuel poverty in a way that actually keeps pace with harsher global conditions? Does the Secretary of State agree with the hon. Member for Barnsley, West and Penistone (Mr. Clapham) that companies are, as he put it, conspiring to keep prices high?

Mr. Hutton: My right hon. Friend the Chancellor has an obvious and perfectly legitimate interest in inflation, and given the significance of energy prices to overall inflation levels, I think that his intervention was entirely proper and appropriate. As he and my hon. Friend the Minister for Energy have said, we need to understand the interaction between wholesale and retail prices, and I think that it was perfectly fair and proper to initiate such an inquiry.

As my right hon. Friend the Chancellor has said, the regulatory arrangement for our energy market is one of the most effective anywhere in the European Union, and the result has been, on average, significantly lower energy prices in the United Kingdom. It is up to the competition authorities, which oversee unfair trading practices, to examine any evidence of criminal or illegal behaviour, and if there is any such behaviour, people should draw attention to it so that proper inquiries can be made.

Alan Duncan: Many economists might say that there is a difference between inflation and just higher prices, but we will not give the Secretary of State a tutorial on that today.

One of the most effective solutions to fuel poverty is to reduce households' fuel bills by helping them to consume less in the first place. Should the Secretary of State not feel ashamed—indeed, he referred to this in his earlier answer—that the Energy Bill, which was published last week, contains nothing whatever to promote consumer and household energy efficiency, and will therefore continue and even exacerbate people's exposure to rising fuel prices in the months and years ahead?

Mr. Hutton: I have a great regard for the hon. Gentleman, but I have never seen him as my tutorial adviser when it comes to energy matters—or, indeed, to any other matter that I could possibly think of. However, I am grateful to him for at least the offer of some sort of support in the future.

Alan Duncan: You might learn something.

Mr. Hutton: I doubt that very much indeed, but it might be nice to have a chat with the hon. Gentleman socially, at least.

As to the wider issue of energy efficiency, the measures that we have taken have benefited more than 2 million households in the United Kingdom. We are doing more than previous Governments to tackle the issue of demand for electricity through energy efficiency measures, and we are seeking to make significant improvements in the work that we are doing.

The hon. Gentleman, along with others, seems to have been affected by the contagion that the only response to the issue is to legislate. That is, perhaps, a lesson with which I can help him out in this two-way exchange of ideas that we are to have. Legislation is not

necessarily the right answer. The Government have the power and the means, and are using them, to help more households to become more energy efficient, and we can do that without any more regulation or legislation.

Minimum Wage

5. **Mr. David Hamilton** (Midlothian) (Lab): What steps his Department is taking to publicise the minimum wage legislation. [179525]

The Secretary of State for Business, Enterprise and Regulatory Reform (Mr. John Hutton): We are running a new national campaign to raise awareness of the minimum wage. The campaign includes national and regional advertising and an online campaign for young workers, in addition to our targeted enforcement campaigns aimed at the hotel sector. The Government are absolutely determined to ensure full, effective enforcement of the national minimum wage legislation that the House has passed.

Mr. Hamilton: I support the Government's campaign, which I have seen on television and in the press. However, as my right hon. Friend knows, thousands of workers, mostly part-time and female, are still being caught in the middle. Will the campaign include explaining to employers the penalties that they will incur if they are found to be underpaying their workers?

Mr. Hutton: Yes, the campaign will deal with all those issues. It will not just provide information, education and advice, but explain how to make and proceed with a complaint. As my hon. Friend will know, we have acted to increase the penalties for violation of the minimum wage legislation, but although we can and should always seek to improve enforcement, I trust that those of us who have always supported the concept of a national minimum wage will draw some comfort from the fact that this year it will be 20 per cent. higher in real terms than it was at the time of its introduction in 1999, without the negative impact on jobs that all Conservative Members confidently predicted.

Mr. Henry Bellingham (North-West Norfolk) (Con): Is the Secretary of State satisfied that all the migrant workers from eastern Europe who are in East Anglia are being paid the minimum wage?

Mr. Hutton: No, I am not, and addressing that issue will be part of our campaign. Anyone who is working legally in the United Kingdom is entitled to the full and proper protection of UK legislation, and that should and will apply irrespective of a worker's nationality.

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): I welcome the campaign, and in particular the minimum wage campaign bus, which I believe will come to the west midlands tomorrow. However, does the Secretary of State agree that advertising the minimum wage is one thing, but enforcing it is another? Will he outline just how this bus will help some of the most vulnerable workers get their rights in terms of wages and conditions?

Mr. Hutton: As a former bus driver myself, I am keen to see buses employed in this helpful way, and the point of the bus campaign and service is to make sure that, as my hon. Friend says, we reach parts of the country where we know there are potential problems. The bus can do that; it will tour across the United Kingdom with expert advice available on board to help those who want and need it.

Post Office Closures

6. **Tim Loughton** (East Worthing and Shoreham) (Con): How many sub-post offices provisionally identified for closure will not now be closed following the post office consultation procedure. [179526]

The Minister for Employment Relations and Postal Affairs (Mr. Pat McFadden): Decisions on six area plan proposals have so far been announced by Post Office Ltd. As a result of information received during the local public consultations, it has to date decided not to proceed with 15 post office closure proposals. Also, a number of changes have been made to initial plans in the pre-consultation phase, which involves Postwatch, sub-postmasters and local authorities.

Tim Loughton: My constituents are awaiting with trepidation the results of the consultation exercise, which threatens seven of my sub-post offices—half the sub-post offices in my constituency. The Post Office claims that a lot of research went into this exercise, yet it turns out that Postwatch is in the dark and has used out-of-date deprivation figures and erroneous distance figures, and one sub-post office was even put in the wrong county. Given that a very small number of sub-post offices have so far been reprieved out of now more than 230 which have been targeted for closure, what assurances can the Minister give my constituents that this is a genuine listening and consultation exercise, and not another cynical, bulldozing and box-ticking exercise?

Mr. McFadden: The hon. Gentleman has campaigned very vocally for the post offices in his constituency. He will be aware that there is a review process, which involves Postwatch, as to whether Post Office Ltd has not abided by the criteria it has set out. That operates at several levels, and his ultimate course of appeal is to Allan Leighton, chairman of Royal Mail Group, should Postwatch believe that the process has not been carried out properly in his constituency.

Ms Sally Keeble (Northampton, North) (Lab): In addition to issues to do with out-of-date data, some of my constituents are concerned by rumours about the sums involved in redundancy and compensation payments to the people who own the businesses. Will my hon. Friend give an assurance that redundancy or compensation payments for loss of business will not be a factor in decisions on closing post offices, and that the consultation will not be prejudiced by such considerations?

Mr. McFadden: The compensation arrangements in the current post office closure programme are based on those that applied in the urban reinvention programme of several years ago. The Government took the view

that it was right to recognise the long-standing commitment made by sub-postmasters and mistresses in local communities, which is why provision has been made in the package of financial support to the Post Office over the next few years to compensate those who are leaving the network as a result of the programme.

Sarah Teather (Brent, East) (LD): Given that the Government tried to manipulate the timing of the consultation to avoid the local elections, does the Minister think that residents who are concerned about the future of their local post office should consider the forthcoming local and London elections as referendums on post office closures?

Mr. McFadden: The Government abided by the Cabinet Office guidelines on these matters. I can only say to the hon. Lady that from my experience of recent months if anything is true about this programme it is certainly that it has not been carried out in secret.

Derek Wyatt (Sittingbourne and Sheppey) (Lab): May I tell the Minister that two post offices in my constituency, those at Rodmersham and East street, are closing? The process has been a complete sham. I raised this issue in a Westminster Hall debate, when I also mentioned franchising. It is possible to bid for and own a franchise of McDonald's, Starbucks or Kentucky Fried Chicken; is it too late for us to put together local initiatives to bid for profitable post offices that the Post Office wants to close?

Mr. McFadden: The issue of third-party involvement in taking over branches scheduled for closure has been raised in debates. I have encouraged Post Office Ltd to engage properly and seriously with local authorities or others who may be in a position to do so. I must also say to my hon. Friend that if such involvement is to happen, it is fair that Post Office Ltd is able to cover all its costs. Such costs include those relating directly to the branch, central infrastructure costs in support of that branch and what it calculates it can save by closing the branch and, in doing so, supporting a smaller network. One would also have to expect that if local authorities or others were in this position, the Post Office would ask them to commit to take over the branch for a reasonable amount of time—several years—rather than do this and be in the same position in a short time in the future.

Mr. James Gray (North Wiltshire) (Con): Under the consultation process in my constituency, which ends on 31 January, 10 post offices are threatened with closure, which is some 33 per cent. of the total. Post Office Ltd indicated in a recent meeting with me that we could perhaps save one or two if we found some factual error in the consultation process, but I was told, "If you save one post office, we will have to close another one because the Government have required us to close a total of 2,500. Therefore, if one is saved, another has to be chopped." Will the Minister take this opportunity to confirm to Post Office Ltd that the requirement is not to close 2,500 post offices, but to close up to 2,500 post offices? In other words, it is possible that some of my 10 post offices might yet be saved.

Mr. McFadden: The hon. Gentleman is right to say that the figure is up to 2,500 post offices. I must tell him that Post Office Ltd also has to bear in mind the fact that the average amount it is saving from closing a branch that has been scheduled for closure is £18,000 per annum per branch, although the figure will vary depending on the individual circumstances of the branch. That is why replacements have been announced where decisions have been made not to proceed with closures. It is possible that Post Office Ltd might not take this approach in every instance, but there is a cost involved in making such a decision. That is why things have happened in the way that the hon. Gentleman set out.

Mr. Mark Todd (South Derbyshire) (Lab): It is nevertheless hard to understand why the consultation in Derbyshire produced no changes in the plans and included the continued closure of the profitable post office in Church Gresley. Its business will now be transferred to another post office, which has no adjacent parking and where people queue in the street at busy times. It does not seem that rational decision making is taking place.

Mr. McFadden: I understand the points that my hon. Friend makes, but I would counsel caution on his description of post offices as "profitable". In order to make such a judgment, one has to consider not only the payment to the agent in the branch, but the central infrastructure costs to the Post Office. Such costs include support for the IT system in the post office, for the cash handling and cash holding in the post office, for the provision of forms to access Government business and, possibly, for security. A number of factors must be taken into account, not all of which are included in the payment to the sub-postmaster, so I counsel caution in asserting that his local post office is profitable when all those factors are taken into account.

Peter Luff (Mid-Worcestershire) (Con): As the question put by the hon. Member for South Derbyshire (Mr. Todd) has perfectly illustrated this, it will probably come as no surprise to the Minister to learn that concerns about the adequacy of the consultation process and about the accessibility of sub-post offices and, indeed, Crown offices have been pre-eminent among the concerns expressed by hon. Members in response to the request by the Select Committee on Business, Enterprise and Regulatory Reform, which I chair, for information and feedback on the consultation and the closure process. The Minister will come before the Committee on 5 February to deal with this issue. The Committee might subsequently make urgent recommendations—we are only halfway through the process, so there is time to adjust it. Will he commit to respond rather more rapidly to my Committee about any such recommendations than Governments are obliged to do, to ensure that these concerns are properly addressed?

Mr. McFadden: Of course we take the views of the Select Committee very seriously on this. It has published two reports, or two iterations, on the issue so far. If I may paraphrase their overall view, it is that this is a regrettable but necessary process to reduce the size of the network, as—I am sure—the Chairman of the Committee will confirm. I can assure him that any

points made in future Select Committee examinations of the process will be taken seriously by me and by the Secretary of State.

Mr. Russell Brown (Dumfries and Galloway) (Lab): My hon. Friend is fully aware that footfall plays a vital role in determining whether a post office is busy. The vast majority of that footfall arises from benefits and pensions. Keeping in mind the fact that the Post Office card account is to be replaced, will he say whether he has yet had, or is in a position to have, discussions with ministerial colleagues in the Department for Work and Pensions about the replacement for that account?

Mr. McFadden: The current Post Office card account contract comes to an end in 2010. The Government have committed to a successor product to it, and legally that has to be put out to tender. A decision will be made later this year. I am sure that the Post Office will bid strongly for that, but the process has to be legal and proper. A decision will be announced later this year.

Sir Peter Tapsell (Louth and Horncastle) (Con): But does the Minister deny that the immediate closure announcement of many more sub-post offices has only been postponed until after the local government elections?

Mr. McFadden: As I said earlier, the Government have abided by Cabinet Office guidelines on this. This programme is taking place over a 15-month period, roughly speaking, and the local election campaign will take three to four weeks. It will not have a massive impact on a programme lasting 15 months.

Charles Hendry (Wealden) (Con): Does the Minister not yet understand why the public feel so disillusioned by this consultation process? The Government have halved the 12-week consultation period recommended by the Cabinet Office; they are using access criteria that result in post offices being closed because of their geography rather than their viability; they are making it difficult for local communities to find other ways to provide funding to keep post offices open; they are setting communities against communities; and people feel that the campaigns that they have mounted have been ignored. Is it not time that the Minister accepted that his process is flawed and is neither taking account of local views and concerns nor delivering the right post office network for the future?

Mr. McFadden: I certainly understand the public concern about the closure of post offices which are valued organisations, but let us remember why it is happening. It is because the number of people using the post office has declined by 4 million a week in recent years. The network is losing several million pounds a week and the difficult decision was taken to reduce the size of the network and to support the remaining network with a subsidy of £150 million a year. I have to point out to the hon. Gentleman that the subsidy committed by his Government was zero.

Nuclear Power

7. **Norman Baker** (Lewes) (LD): What percentage of the UK's present energy needs would be met by the construction of one medium-sized nuclear power station; and at what estimated cost. [179527]

The Minister for Energy (Malcolm Wicks): A single medium-sized nuclear power station of 1.2 GW would provide around 2 per cent. of the UK's electricity needs. This would be equivalent to about 0.8 per cent. of our total energy supplies. The White Paper on nuclear power published last week sets out why nuclear is the cheapest low-carbon option for electricity generation.

Norman Baker: What the Minister's response actually demonstrates is how deeply flawed the policy is. The reality is that nuclear power is hopelessly uneconomic and, even on the Minister's own figures, one station will meet only 0.8 per cent. of our energy needs. Is not the reality that it would be much better to invest in energy efficiency and renewables, which would have a much better response in terms of energy policy, and is not what he proposes a white elephant and a red herring?

Malcolm Wicks: With respect to the hon. Gentleman, what my reply demonstrated was that I was answering his question. I invite him to read the nuclear White Paper before forming a judgment. Yes, energy efficiency is crucial to energy strategy for climate change and, yes, renewables play a vital part—and will play a bigger part in the future. That is our policy, but we need other energy supply, too. If one day, heaven forbid, the Liberal Democrats were in power, it would be a dark, cold and gloomy place, with their Members huddled around, burning Nick Clegg leadership manifestos to keep warm.

Dr. Stephen Ladyman (South Thanet) (Lab): It is possible that zero-carbon nuclear energy might one day save the world from climate change; hot air from the Liberal Democrats certainly never will. After the proposals in the excellent energy White Paper are passed, nuclear power will have to internalise the cost of decommissioning power stations and waste, as it should. However, as I understand it, those rules will not apply to energy producers that produce energy using fossil fuels. Why not?

Malcolm Wicks: My hon. Friend is absolutely right to say that the entire costs for the management and disposal of radioactive waste and spent fuel from any new nuclear power stations will have to be paid by the power companies. In terms of a wider strategy to reduce carbon emissions, we need to do many things. The EU emissions trading scheme is vital. Much will depend on a high price for carbon through the development of that scheme and we are pressing for that. Our Secretary of State has also announced a major demonstration project for carbon capture and storage, which surely also shows the way ahead.

Trade Liberalisation (Developing Countries)

8. **Mr. Peter Lilley** (Hitchin and Harpenden) (Con): What discussions he has had with the Secretary of State for International Development on liberalising trade with developing countries. [179528]

The Parliamentary Under-Secretary of State for Business, Enterprise and Regulatory Reform (Mr. Gareth Thomas): All relevant Ministers discuss trade and development regularly, including in meetings of the Cabinet Sub-Committee on trade, during Cabinet and in the normal

course of business. Recent discussions have focused, in particular, on the current round of world trade talks, economic partnership agreements and regional trade agreements.

Mr. Lilley: I am grateful to the Minister for his answer. When next he and his colleagues meet to discuss international trade matters, will they agree that the time has come to break the logjam in the Doha round and the economic partnership agreement negotiations by urging our partners in Europe and in other rich countries to take the unilateral step of opening our markets to all low-income countries as defined by the World Bank? If they do that, I am sure that they will have the support of those on these Benches and a great number of non-governmental organisations and other experts in the field. It could be a great measure that would unify the nation and help the world.

Mr. Thomas: With great respect to the right hon. Gentleman, the least developed countries already have access to the EU market, including the UK market, under the "Everything but Arms" initiative. I agree that we need to see progress in the Doha development round. We expect to see revised negotiating drafts of documents, which could potentially lead to ministerial discussions to close the round towards the end of January, or perhaps at the beginning of February. All sides will need to give ground and to show additional flexibility. I hope that the key players—the G4 members and others—will help to ensure that progress is made.

Topical Questions

T1. [179511] **Mr. Philip Dunne** (Ludlow) (Con): If he will make a statement on his Department's responsibilities.

The Secretary of State for Business, Enterprise and Regulatory Reform (Mr. John Hutton): The purpose of my Department is to help to ensure UK business success in an increasingly competitive world. We promote business growth and a strong enterprise economy, lead the better regulation agenda and champion free and fair markets. We are the shareholder in a number of Government-owned assets, such as Royal Mail Group, and we work to secure clean and competitively priced energy supplies.

Mr. Dunne: It is now 100 days since the Government announced changes to capital taxation for business and individuals—plans described yesterday by the president of the CBI as being in "complete confusion". We now have only 54 working days until the 5 April tax deadline. Yesterday, the Government were accused by a respected trade association of creating the conditions for a false market in stocks because of their indecision. When will Ministers stop dithering, accept that this shambles is damaging British business and make a decision at long last?

Several hon. Members *rose—*

Mr. Speaker: Order. Before we go any further this morning, I expect topical questions to be punchy; they should not have so many words in them.

Mr. Hutton: The hon. Gentleman will know that tax matters are the responsibility of my right hon. Friend the Chancellor who, along with my right hon. Friend the Prime Minister, myself and other Ministers, has been listening to the concerns articulated by business. He will bring forward his proposals shortly, but it is not right for the hon. Gentleman to suggest that the fundamentals of the British economy do not remain strong. They certainly do.

T2. [179512] **Richard Ottaway** (Croydon, South) (Con): The Secretary of State is well aware that Britain's power-generating capacity is ageing. Many people will welcome the decision to replace the nuclear power stations, but many other power stations also need upgrading. Is he as dismayed as I am to hear that the Government are looking at imposing a windfall tax on power companies? Will he argue against that, and point out to the Treasury that it will do nothing but deprive the energy-generating sector of much-needed investment? Will he tell the Treasury to back off?

Mr. Hutton: With great respect to the hon. Gentleman, I think that he needs to do his homework a little more thoroughly. The Government have made no such proposals.

T3. [179513] **Mr. David Kidney** (Stafford) (Lab): May I stress to Ministers that huge increases in energy bills at the coldest time of the year have left my constituents worrying whether they can afford to keep themselves warm? My right hon. Friend the Secretary of State has said that he has ruled out legislation on social tariffs but, given the sudden and surprising double-digit increase in energy costs and the latest Energywatch research into inconsistent and inadequate social tariffs, will he not reconsider setting some sort of minimum standards to protect the most vulnerable citizens?

Mr. Hutton: With great respect to my hon. Friend, I made the Government's position clear a little earlier, in response to my hon. Friend the Member for Sherwood (Paddy Tipping). We have not ruled out the action that he has described, but we have not brought forward proposals at this time because the energy companies are working hard to address the concerns that my hon. Friend and others have raised. My basic sense is that we should work with the energy companies to reach a voluntary agreement about the best way forward. However, if we do not achieve that, and if proper and adequate measures are not put in place, we have not ruled out introducing further legislation at some point.

T4. [179514] **Mr. Peter Bone** (Wellingborough) (Con): On 20 November, the Post Office announced which sub-post offices in Northamptonshire would be closed. The consultation period closed on 10 January. Is it not a sham to hold a consultation over Christmas and the new year? Do the Government not feel embarrassed about that?

The Minister for Employment Relations and Postal Affairs (Mr. Pat McFadden): No, we do not. There is no easy way to undertake the process. The consultation schedule was set out last July, and the hon. Gentleman would have been informed about it. The overall process takes significantly longer than six weeks, as prior

consultation is held with the relevant sub-postmasters. Post Office Ltd does its best to take all relevant factors into account in what is a difficult, and often locally unpopular, process.

T5. [179515] **Mr. Graham Allen** (Nottingham, North) (Lab): May I ask the Secretary of State or one of his Ministers to continue joining up the Department's efforts in respect of manufacturing? The skills agenda from the Department for Children, Schools and Families is to be welcomed, and neighbourhood renewal funding is being changed to workless neighbourhood funding. Will my right hon. Friend the Minister for Competitiveness ensure that the new approach ties in tightly with the aim of the manufacturing sector so that people who have been reskilled have manufacturing jobs to go to?

The Minister for Competitiveness (Mr. Stephen Timms): I very much agree with my hon. Friend. Manufacturing is a very important part of the UK economy, and it is changing into a high-value, technology-driven sector. New investment has been put in, and the manufacturing strategy has done a good job for us over the past five years. We need to make sure that it continues to do so and to provide manufacturing jobs in constituencies such as his. I am confident that the strategy, and the funding to which he referred, will continue to deliver for our constituents.

Tom Brake (Carshalton and Wallington) (LD): Petrol prices have now hit £5 a gallon. When the current round of 2,500 post office closures is complete, how much extra in transport costs do Ministers estimate that vulnerable people, people in rural communities and businesses will have to pay as they travel to their increasingly distant and remote post offices?

Mr. McFadden: Even after the closure programme is over, the post office network will still be by far the largest retail network in the country—bigger than all the banks put together, and more than three times the size of all the major supermarket chains put together. It will have an unequalled footprint across the country in both urban and rural areas.

T6. [179516] **Mr. David Drew** (Stroud) (Lab/Co-op): I hear what my hon. Friend says, and I listened to and read carefully yesterday's Adjournment debate introduced by my hon. Friend the Member for Hastings and Rye (Michael Jabez Foster). I am pleased to hear that there is an opportunity for local authorities and third parties to consider saving some post offices, but does the Minister accept that six weeks is not long enough? Under the Sustainable Communities Act 2007, we need to explore how to get community involvement. May I meet him to offer some proposals on sensible and rational ways to save that wonderful network?

Mr. McFadden: I understand what my hon. Friend says about the length of the consultation process. We have received representations about that. We are, however, mindful of the uncertainty that has been hanging over the network for some time. From beginning to end, the whole process will take some 15 months. On his question whether I will meet him, I will of course be happy to meet him and to listen to any proposals that he makes.

T7. [179517] **Angela Watkinson** (Upminster) (Con): The Essex branch of the Federation of Small Businesses, which also serves the London borough of Havering, reports a nine-month delay in the issuing of VAT registration numbers, and I have a constituency case in which a local business man waited 11 months. What hope can the Minister offer that Her Majesty's Revenue and Customs will ever reach its published target of two weeks?

Mr. Hutton: As the hon. Lady will be aware, that is a matter for my right hon. Friends in the Treasury, but I accept that those are genuine and proper concerns and I shall ensure that they are addressed to the appropriate Minister.

T8. [179518] **Mr. Andrew Mackay** (Bracknell) (Con): As the title of the Secretary of State's Department now includes regulatory reform, is he not somewhat embarrassed that in a four-year period only 27 deregulations took place, whereas at the same time the British Chambers of Commerce identified 600 new regulations?

Mr. Hutton: I think the right hon. Gentleman is referring to regulatory reform orders, which are only one part of our approach to regulatory reform. If he looks in detail at the further plans that were published before Christmas—I am happy to send that very large volume to him—he will see examples of further measures that we are taking across the whole of government to reduce the administrative costs of red tape and bureaucracy. In that respect, we are beginning to make significant and promising progress.

Mr. David Chaytor (Bury, North) (Lab): In his statement last week on energy, my right hon. Friend said:

"the Government will need to be satisfied that effective arrangements exist, or will exist, to manage and dispose of the waste". —[*Official Report*, 10 January 2008; Vol. 470, c. 519.]

I can understand how a Government can be assured that effective arrangements do exist, but it is hard to see how they could be sure that a future Government can be satisfied that, at some indefinite stage in future, such arrangements will exist. Will he comment on that?

Mr. Hutton: I think my hon. Friend is referring to a section of my statement that dealt with the subsequent granting of planning permission for new nuclear plant, should any proposals be made. My remarks were framed in the context of the time scale, particularly in relation to long-term geological disposal. As he will know, because he studies these matters carefully, there is now, I think, no dispute about the arrangements for disposal: interim storage coupled with long-term disposal is the right way forward. In that context, I hope that he will reflect further on my remarks and understand the point that I was trying to make.

T9. [179519] **Mr. Philip Hollobone** (Kettering) (Con): The Hawthorn road post office in Kettering is a busy, popular and profitable local branch, which is earmarked

for closure. Will the Minister urge Post Office Ltd to reconsider its closure decision? Will he also persuade the Post Office to open up the branch's accounts and share the information with Northamptonshire county council and Kettering borough council, to explore ways in which the branch could be saved?

Mr. McFadden: As I said in response to an earlier question, I counsel the hon. Gentleman to be cautious about describing his local post office as "profitable" when both central support costs and payments to the agent running the sub-post office are taken into account. On his question about discussions with the local authorities, if they are serious about covering all the relevant costs for several years—if that is how they want to commit local council tax payers' money—I would certainly encourage Post Office Ltd to talk to them.

Lorely Burt (Solihull) (LD): Women-owned businesses comprise only 14 per cent. of UK businesses and, shamefully, only 8 per cent. of businesses in my own area, the west midlands, whereas the figure is 30 per cent. in America. Will the Government look seriously at the issue of supply-side diversity, which has become a cultural norm in America and which UK companies can and should be encouraged to promote for good business reasons?

Mr. Timms: The hon. Lady raises an important point. It is interesting to compare rates of entrepreneurship in the UK and US. Men in the UK are as likely as men in the US to start up a business; women in the UK are much less likely to do so than women in the US. That reflects a long-term policy focus over two or three decades in the United States on encouraging women's entrepreneurship in the way that she described and in other ways. We will consider the matter carefully before the enterprise White Paper that we plan to publish in the spring.

T10. [179520] **Tony Baldry** (Banbury) (Con): The Prime Minister is on his way to China today. By what amount do Members on the Treasury Bench expect UK exports to China to increase in the next three years, and what is the Department for Business, Enterprise and Regulatory Reform doing to assist UK companies to increase exports to China?

Mr. Hutton: I am going with my right hon. Friend the Prime Minister. If the hon. Gentleman will forgive me, my plane leaves in about 20 minutes, so I had better keep my answer short. My right hon. Friend and I are going to China to make the case aggressively for open markets and free trade between the UK and China. We want significantly to support British companies to increase their share of business with China. I do not want to give a figure, for obvious reasons. I think that we should be as ambitious as we possibly can be. There is a very strong case now, as we have good relations with China economically, for building on that and looking forward to more business for British companies in that extraordinarily dynamic economy.

Business of the House

11.31 am

Mrs. Theresa May (Maidenhead) (Con): May I ask the Leader of the House to give us the forthcoming business?

The Leader of the House of Commons (Ms Harriet Harman): The business for the week commencing 21 January will be as follows:

MONDAY 21 JANUARY—Second Reading of the European Union (Amendment) Bill.

TUESDAY 22 JANUARY—Second Reading of the Energy Bill.

WEDNESDAY 23 JANUARY—Motion relating to the appointment of the Comptroller and Auditor General, followed by remaining stages of the Student Loans Bill.

THURSDAY 24 JANUARY—Motions relating to the Senior Salaries Review Body report.

FRIDAY 25 JANUARY—Private Members' Bills.

The provisional business for the week commencing 28 January will include:

MONDAY 28 JANUARY—Consideration of a procedure motion relating to the European Union (Amendment) Bill.

TUESDAY 29 JANUARY—Consideration in Committee of the European Union (Amendment) Bill.

WEDNESDAY 30 JANUARY—Continuation of consideration in Committee of the European Union (Amendment) Bill.

THURSDAY 31 JANUARY—Topical debate, subject to be announced, followed by remaining stages of the National Insurance Contributions Bill.

FRIDAY 1 FEBRUARY—Private Members' Bills.

Mrs. May: I thank the Leader of the House for giving us the forthcoming business, although I ask her also to give us the business in Westminster Hall.

This week, the whole country has been appalled by the news that one of Garry Newlove's murderers had been released on bail. I suggest youth crime as the subject for next week's topical debate.

The Prime Minister has told *The Sun* that he wants to change the law on organ donations so that consent is assumed, even though his organ donation taskforce has yet to report and he voted against a measure to change the law four years ago. Will he or the Health Secretary come to the House to make a statement on exactly what is Government policy?

Yesterday, the Government finally published the Senior Salaries Review Body report. They have sat on the report since July and spun it to the media for the past month, and they gave it to Members only late yesterday afternoon. Will the Leader of the House ensure that that absurd situation never reoccurs?

One way in which Ministers show disrespect for the House is in their failure to answer written questions properly. Departments are refusing to answer any questions about data security, including factual questions about the past. Instead, they hide behind the ongoing Cabinet Office review. However, the Department for Environment, Food and Rural Affairs and the Ministry of Justice have answered questions about past data security. If they can answer the questions, why cannot the other Government Departments do so? Will the Leader of the House remind her ministerial colleagues of the importance of written questions? Every week she tells us that she puts Parliament first; every week her colleagues treat Parliament with disdain.

In November the Chancellor announced that Her Majesty's Revenue and Customs had lost the personal data of 25 million people. It has now been reported that at least 20 more data security breaches have been discovered—that is two incidents each week since the Government said that they would sort it out. May we have a debate on the Government's chronic mismanagement of people's data?

Yesterday the Prime Minister evaded specific questions about the cost of the Northern Rock crisis to the taxpayer. Given the supposed commitment of the Prime Minister and the Leader of the House to put Parliament first, and given how serious the crisis is, when will the Chancellor make a statement on how much that is costing the British taxpayer?

Finally, I understand that Tony Blair has written to the Prime Minister with a progress report on the Prime Minister's first six months. In the interests of transparency, would the right hon. and learned Lady place a copy of the letter in the Library?

Talking of Tony Blair, it has been reported that President Sarkozy supports the nomination of Mr. Blair for the EU presidency. I am sure that the Foreign Secretary supports Mr. Blair's nomination, but may we have a statement from the Prime Minister on whether Mr. Blair is his preferred candidate? In six months, the Prime Minister has abandoned the national interest, ignored the British people and left us on the sidelines in Europe. Having waited so long for the top job, is the Prime Minister going to find that, yet again, he is dancing to Tony Blair's tune?

Ms Harman: The right hon. Lady raised a number of points. I would like to express what I am sure is the feeling of the whole House, and send our sincere condolences to the widow of Mr. Newlove. We all want to learn the lessons of that terrible crime and we continue to determine to take action against serious violent crime.

The right hon. Lady asked about organ donation and about Government policy on organ donation. The policy is clear. We set up a taskforce, which has reported. We want to increase the amount of organs available for donation. That is important to save lives, because all too often at present people die while they are on the waiting list for organ transplant. The proposals arising from the work of the taskforce will be implemented by the Government. As for presumed consent and whether we should move to an opt-out system, that is not Government policy, but a subject on which the Government are keen to see further and wider debate. It is not a party political issue. We all need to think about how policy can ensure that organs are available for donation.

The right hon. Lady made some points about the SSRB and complained that, as she put it, we had "sat" on the report since July. There is a particular context of public sector pay this time around in which we are

[Ms Harman]

considering the question of MPs' pay. We want to be sure that we do what should have been done many years ago: end the system whereby we vote on our own pay. At the same time as we published the SSRB report we issued a written ministerial statement, which states that we will propose that we do not award ourselves more than 2 per cent., and which also proposes a mechanism for ending the system whereby we vote on our own pay. The right hon. Lady mentioned timing in relation to the tabling of the motions. We tabled the motions yesterday and they are to be debated next Thursday. That will ensure that, should they want to, Members have enough time to table amendments to the motions. A number of Members have already done so.

In her usual way, the right hon. Lady went on to allege that the Prime Minister treats Parliament with contempt. I say to her that in his first six months this Prime Minister has come to the House to give oral statements more times than the last two Prime Ministers did during their whole terms of office. That is about accounting for things. *[Interruption.]* As I said, in his first six months he has made more oral statements than the last two Prime Ministers did during their whole terms of office. That is treating the House with respect and bringing issues before it.

I will look into the right hon. Lady's point about the consistency of answers between different Departments on the question of data protection in Departments.

This is the 15th time that the right hon. Lady and I have done business questions together. I see that she is a creature of habit. The pattern is clear: if there is a bandwagon, she will jump on it and if there is a myth, she will peddle it. She has carried on in that vein today.

Helen Jones (Warrington, North) (Lab): Further to what my right hon. and learned Friend said about the murder of my constituent Mr. Garry Newlove, is she aware that one of the people who murdered him had previously been let out on bail despite having had a history of previous offences and of ignoring court orders? Can we have a debate on how the bail system operates in this country, and on how we strengthen it to protect ordinary citizens from such violent offenders?

Ms Harman: I know that my hon. Friend has raised the issue with the Home Secretary and asked for an inquiry into the case so that lessons—if there are any—can be learned, particularly on the question of the granting of bail. I shall bring the fact that my hon. Friend has raised the matter again in the House today to the attention of my right hon. Friend the Home Secretary.

Simon Hughes (North Southwark and Bermondsey) (LD): I join the expressions of condolence to the Newlove family. On a basis of consensus, I agree with the right hon. Member for Maidenhead (Mrs. May) and support the hon. Member for Warrington, North (Helen Jones). I suggest that we have an early debate, without any motion for substantive decision, on how bail applies to those charged with murder, rape and the other most serious offences—particularly in respect of under-18s or juveniles. Such a debate would be timely and the country would appreciate it.

On the business that the Leader of the House has announced for the next fortnight, I should say that obviously we are about to begin the long march towards the implementation of the European Union (Amendment) Bill, and that is welcome. On Monday week we are to debate a procedure motion. Will the right hon. and learned Lady ensure that the Government manage that, so that people know in good time when we will debate each substantive part of the Bill? There are environmental issues, constitutional issues and issues to do with home affairs and justice. In that way, people—not only us here, but those outside who have an interest—can see what is coming in good time, inform us and participate in the process.

As one who has always supported the presumption that organs should be given, I welcome the Prime Minister's statement on that and suggest that we now seek to do something about deciding the matter again here; I realise that legislation is required. I suggest that we have an initial debate, to test the mood of the House and pick up the issues, and go on to implement, or discuss implementing, the change. That would be welcome and I hope that it could be done relatively easily and speedily.

I have two last things to raise. A local government announcement is about to be implemented by a decision on the settlement for the coming year. Before that, may we have a debate on whether local councils will have the resources to implement equal pay for women and men who are local government staff?

On Members' pay, I welcome the Leader of the House's motions on the Order Paper in relation to an independent mechanism for determining pay. Can she give an assurance to colleagues that this is not an excuse for putting stuff into the long grass but that we will have decisions not only about the mechanism but about the conclusions by the summer of this year?

Ms Harman: Perhaps I could just say, in case I gave the wrong figures last time, that what the Prime Minister has actually done in his first six months is given more oral statements to the House than the other two did in their terms of office. *[Interruption.]* Sorry—their first six months. We are comparing the first six months.

On the subject of bail for those who have been charged with committing offences, I suggest that we could consider that for a topical debate. A number of cases have just been concluded in the courts that raise the question of criminal offences that have been committed by people who are free because they are out on bail.

On the European Union (Amendment) Bill, I have told the House that on Monday week we will discuss the procedure for conducting the Committee stage. All of that day's business will be an opportunity to discuss the process by which we debate the Bill in Committee on the Floor of the House. The hon. Gentleman is absolutely right. As well as scrutinising the structure of the Bill, which has only seven clauses and one schedule, we want to enable the House to discuss the importance of Europe in relation to our economy, the global environment, tackling cross-border crime, and the Europe-wide contribution to international development. As I say, the Bill has only seven clauses and one schedule, and the House will have ample time to discuss it.

The hon. Gentleman raised the issue of transplant policy, as did the shadow Leader of the House. The taskforce has proposed further action, which the Government have committed to take. It has looked particularly at how the transplant rate—the availability of organs for transplant—has been improved in other countries. The country that has made most improvement is Spain, but the taskforce says that the reason for that is not necessarily presumed consent but the other measures that the taskforce is proposing to ensure that organs are made available. This issue concerns both sides of the House, we need a debate, and it needs to come to a conclusion. I suggest that the hon. Gentleman propose it for a Westminster Hall debate. Incidentally, I announced the Westminster Hall business for the following weeks last time, so I have not sought to re-announce it to the House today.

The hon. Member for North Southwark and Bermondsey (Simon Hughes) asked for an opportunity for the House to debate equal pay in local government. We are firmly committed to equal pay. It is important that all women are entitled to fair pay, including those who do important work in public services in local government. That is why we have increased the capitalisation available to £500 million to enable back pay. However, there is clearly more work to be done to ensure that we have not only strong public services but fair pay between men and women.

The hon. Gentleman asked about the SSRB and ensuring that we do not set our own pay in future but have a mechanism whereby there is a proper comparison and a way of deciding independently from our having a vote. He asked whether this has been kicked into the long grass. He will see in the written ministerial statement that we issued yesterday that we have asked Sir John Baker—we are very grateful that he has agreed to the Prime Minister's request to lead this review—to produce his report so that we can come back to the House before the summer recess to resolve the issue.

Mr. Khalid Mahmood (Birmingham, Perry Barr) (Lab): Would my right hon. and learned Friend take an early opportunity to look at the clamping regulations in force at the moment, to prevent people such as Nicola Platts in Great Barr, Birmingham from suffering at the hands of the sort of unscrupulous people who blocked her in? They made sure that she paid £150 cash there and then. If she had refused to pay that, she would have had to pay an additional £100 clamping charge. Will my right hon. and learned Friend look into this matter urgently, and bring legislation to the House so that we can do what the Scottish Parliament has done, and abolish the practice?

Ms Harman: My hon. Friend makes an important point on behalf of his constituent. He might take the opportunity to raise it next Tuesday, during Transport questions. We all want good traffic circulation and effective clamping, but we do not want extortion by cowboys, which is what he is concerned about.

Mr. Greg Knight (East Yorkshire) (Con): May we have a debate on the desirability of an equitable tax system? Has the Leader of the House seen the report by Professor David Newbery of Cambridge university, which states that if motorists were required to pay the true cost of the damage they cause to the environment, they would pay tax at the rate of 20p per litre of fuel? Is she aware that the current tax rate on fuel runs at 60p per litre? We have the highest petrol prices in the European Union. If we cannot have a debate on this matter, will she, at the very least, see her right hon. Friend the Chancellor of the Exchequer, and tell him that in his next Budget he should lay off the long-suffering British motorist?

Ms Harman: I am not clear from the right hon. Gentleman's point whether he wants higher or lower taxes on motoring—possibly both at the same time. This is obviously something he can raise with the Chancellor of the Exchequer in questions. I take it that the right hon. Gentleman therefore supports the Mayor of London's proposals for a differential rate for gas-guzzling cars in the congestion charge.

Mr. John Spellar (Warley) (Lab): May I draw the Leader of the House's attention to early-day motion 648 on holocaust memorial day?

[*That this House notes Holocaust Memorial Day is 27th January, the day the Nazi death camp Auschwitz-Birkenau was liberated; recognises the significance of this day and the importance of remembering and learning from the past especially when there are those who seek to denigrate and deny its significance; observes that the lessons of the Holocaust have not been learnt and racism, anti-semitism and intolerance continue in the UK and abroad; further observes that the international community has failed to prevent the occurrence of genocide in Cambodia, Rwanda, Bosnia, Iraq and now Darfur; thanks the City of Liverpool for hosting the national event and the Holocaust Memorial Day Trust for organising the day; supports 2008's theme, Imagine, remember, reflect and react; applauds organisations like the Holocaust Educational Trust (HET) for their work and in particular recognises the impact the acclaimed HET visits to Auschwitz have had in shaping young minds; further notes that a Book of Commitment will be placed in the corridor between the hon. Members' Cloakroom and hon. Members' Staircase between 1430 and 1630, Monday 21st to Wednesday 23rd January; and encourages all hon. Members to sign it and mark a day that helps to ensure the memory of the Holocaust is kept alive to serve as a warning now and in the future.*]

Will my right hon. and learned Friend join me in congratulating the Holocaust Educational Trust on its excellent work with young people? I suggest, either next week or the week after, a topical debate in which the House can express its view that such dreadful events should never happen again.

Ms Harman: I agree with the point that my right hon. Friend makes through his question. It is very important that we have, as we do, a statutory requirement to teach children in our schools about the holocaust as part of the curriculum. The year before last, the Chancellor announced that the Government were providing a further £1 million to support the Holocaust Educational Trust's "Lessons from Auschwitz" course, which takes sixth-form students to Auschwitz. The trust and the Holocaust Memorial Day

[Ms Harman]

Trust have made a big impact on educating and informing people of all ages and from all walks of life, to make sure that the holocaust is never forgotten.

Mr. David Heathcoat-Amory (Wells) (Con): On Members' pay, does the Leader of the House agree that if the proposed Lisbon treaty is ratified more powers would be transferred away from this House, and it would therefore be right for our pay to be reduced? Will she ask the Senior Salaries Review Body to recalculate its proposals in view of that reduction of powers? It would obviously be wrong for us to be paid more when our control over legislation and policy is reduced. The same thing should apply to ministerial salaries, particularly those of the Foreign Secretary and the Prime Minister.

Ms Harman: The right hon. Gentleman will have a chance to raise those points in debate either on Monday, on Second Reading of the European Union (Amendment) Bill, or on Thursday, when we debate the SSRB's recommendations, or he can again synthesise the two points on Monday or Thursday.

Keith Vaz (Leicester, East) (Lab): One hundred and nine Members have now signed early-day motion 512 on police pay, and next Wednesday thousands of police officers will be marching through Westminster in support of their claim.

[*That this House is disappointed by the failure of the Government to accept in full the recommendations of the Police Arbitration Tribunal police pay award; believes that the pay settlement should be backdated to 1st September; notes that the police are the front line in the fight against organised crime, terrorism and anti-social behaviour; recognises that their work puts them at great personal risk; further believes that this dispute over 0.6 per cent. difference is petty and needless; and calls upon the Government to reconsider its decision.*]

Given that the Leader of the House says that this is a listening Government, should not Parliament vote on this issue? Instead of a topical debate, may we have a topical vote on police pay?

Ms Harman: The situation in law is that it is for the Home Secretary to determine the pay of police officers, having considered any recommendations from the police officers' negotiating machinery, which is what she has done. I want to take the opportunity to pay tribute to the work that the police have done, which we all support. However, we also recognise that we are in a difficult situation as regards the question of public sector pay. We have to ensure that inflation is low so that the cost of living remains low, and so that interest rates can be low, allowing the economy to remain strong, and allowing us to continue to invest in important public services, such as the police. That includes the provision of higher numbers of police and ensuring that higher pay rates can be sustained, year by year.

Mr. Speaker: Elfyn Llwyd.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): Oh! Thank you, Mr. Speaker; I was on another planet, too.

Given the full answer given by the Prime Minister to the hon. Member for North-West Leicestershire (David Taylor) on the question of Darfur, may we have a debate in Government time on the plight of those people?

Ms Harman: I will consider the question of Darfur for a forthcoming topical debate. The House is always very concerned about Africa, and we are discussing Kenya this afternoon. I shall consider the hon. Gentleman's question as a request for a further topical debate.

Anne Moffat (East Lothian) (Lab): On the subject of pay, I would like to raise the issue of the national minimum wage, and the fact that employers are able to abuse it, particularly in the case of the lowest paid workers who work in restaurants and hotels. If they are given a tip when someone pays by credit card, that is used to supplement the national minimum wage. Could we have a debate to rectify that ridiculous anomaly?

Ms Harman: My hon. Friend raises an important point. I know that before this House introduced the national minimum wage by statute, she was a champion in her union for its implementation. She has now come to this House and said that it is important that we do more to enforce it. I will bring her points to the attention of my right hon. Friend the Secretary of State for Business, Enterprise and Regulatory Reform, because he is presiding over a taskforce at the moment to ensure that we have tougher enforcement of that important law.

John Bercow (Buckingham) (Con): May we please have a debate in Government time on the Floor of the House on special educational needs? Given the immense power of local authorities as the bodies that assess, decide on, pay for and, more often than not—through their in-house services—provide for children's special needs, but that the Select Committee on Children, Schools and Families has considered the question of assessment and funding and argued for a number of mechanisms by which that link could be broken, is it not now timely that the House should have an opportunity to consider the issue? There are very large numbers of vulnerable children who are not getting what they need, for whom we have to cater.

Ms Harman: The hon. Gentleman will know that the children's plan, which was announced to the House by the Secretary of State for Children, Schools and Families, places great importance on the provision for children with special educational needs. Indeed, it is drawing on the work of the hon. Gentleman in taking the matter forward. He raises an important point. It is not just a question of getting the right policy but of ensuring that it is implemented throughout every part of the country. There should not be a postcode lottery, but every family in which there is a child with special needs should have the right services and support, for both the child and the family.

Martin Salter (Reading, West) (Lab): I welcome yesterday's statement by the Leader of the House on the SSRB report, particularly the intention to end once and for all the invidious practice of allowing MPs to vote on their own salaries. Will she clarify for the House the exact timetable for implementing the future framework for MPs salaries, and for the ending of our ability to vote ourselves a pay rise? It is important.

Ms Harman: I shall set out the procedure and the timetable. Next Thursday, the House will be able to debate our proposals for the pay rate that will apply to us as Members of Parliament from April 2007 to April 2008. The House will also have before it a motion that the Government have tabled to establish the process of the review by Sir John Baker. It expresses the intent to come back to the House before it rises for the summer recess with the mechanics and procedure whereby we will never again have to do what is unacceptable both to Members and to members of the public—vote for our own pay increases.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): May we have a short debate or statement on applying the EU emission trading scheme to lifeline flights to remote and peripheral communities? Everyone appears to agree that different rules should apply to lifeline flights, but the Government and the Commission do not seem able to agree about how that should be done. The matter is of great concern to my constituents, and it is becoming time-critical. May we have it discussed properly, in the open?

Ms Harman: I know that that matter is of concern, and under discussion, in Government. I will bring it to the attention of the relevant Secretaries of State.

Fiona Mactaggart (Slough) (Lab): May I suggest that the topical debate on 31 January should be about prosecuting rape cases? Successful prosecution for rape is scandalously low, and women are frightened by rape, especially when they see the sort of articles that appear in the newspapers today. May the House debate the matter? I believe that we can introduce proposals to increase the successful prosecution of rape cases.

Ms Harman: My hon. Friend raises an issue on which she has campaigned. It is a matter of concern for hon. Members of all parties. We have had a debate on rape in the past month or so, but of course we will consider it again as a topic for a future debate. Too many men still evade justice. However, we have made progress in the past 10 years. Since 1997, the number of convictions of men for rape has increased by 30 per cent. That has happened because we have toughened the law, improved protection for victims and witnesses and have a special team of prosecutors now backing the important work, especially of the Metropolitan police, on rape. However, I take my hon. Friend's point, and we will consider this as a subject for a future topical debate.

Mr. Richard Benyon (Newbury) (Con): I apologise if I sound like a cracked record when I ask the Leader of the House yet again whether we can have a debate on post office closures—but that would allow me to raise the behaviour of Post Office Ltd, which has told a village shop owner in my constituency who is due to lose a post office in the shop, and wishes to replace it with a paypoint, that they will lose their compensation under the post office closure scheme.

Ms Harman: Post offices have been debated recently in Westminster Hall, and the hon. Gentleman had an opportunity only half an hour ago to raise the subject in oral questions with my right hon. Friend the Secretary of State for Business, Enterprise and Regulatory Reform.

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): I thank my right hon. and learned Friend for the way in which she dealt with my previous question about 25 per cent. cuts in physics departments in our universities and the implications for the Daresbury laboratory in the north-west. This week, documents were published under the Freedom of Information Act 2000, which suggest that Ministers have been told by the Science and Technology Facilities Research Council about the implications of their financial allocation. May we have a statement on the true position, and on how the current problem will be rectified?

Ms Harman: My hon. Friend is a real champion of important science research facilities in Liverpool, and she has raised this matter several times in the House. I have been in touch with the Department for Innovation, Universities and Skills about the point that she made previously in business questions—and I know that she raised it with the Prime Minister, too. I understand that my right hon. Friend the Secretary of State for Innovation, Universities and Skills has written to her. If any further points arise from the extensive letter that he sent her, I know that she will have the opportunity to raise them directly with him again.

Mrs. Nadine Dorries (Mid-Bedfordshire) (Con): Would it be possible to have a debate on the Floor of the House about Departments' interaction with local football clubs? Many of the supporters of Luton Town football club, which is in the constituency of the hon. Member for Luton, South (Margaret Moran), have put together a bid, called 2020 Ltd, to save the club. Unfortunately, the bid may fail because of requirements by Her Majesty's Revenue and Customs, and I know that other football clubs, such as Leeds, have suffered similar problems in the past. So will the right hon. and learned Lady consider a debate on football and Departments' interaction with local football clubs?

Ms Harman: Perhaps I can best respond by suggesting that the hon. Lady raise the matter with my right hon. Friend the Secretary of State for Culture, Media and Sport.

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): Will my right hon. and learned Friend make a statement on proposals to deny future Members of Parliament the same pension entitlement as the rest of us? Will she resist those oppositional—or opportunistic—proposals, and perhaps remind colleagues, especially those who are registered millionaires, that there is no compulsion to accept the pension entitlement, or, indeed, the salary?

Ms Harman: My hon. Friend has raised a point that will not be lost on Opposition Members—*[Interruption.]* The statements that the Leader of the Opposition makes for the sake of a quick headline grab might not necessarily get the support of Conservative Members. We shall see.

Sir Nicholas Winterton (Macclesfield) (Con): The European Union (Amendment) Bill is of huge constitutional importance to the country. Why has the Leader of the House not permitted two days' debate on Second Reading, so that more Back Benchers can be called?

On topical debates, when will the Leader of the House allow a meaningful contribution from all parties so that there is more transparency about the choice of subjects for topical debate?

Ms Harman: I think that the House can rest assured: my response to the question about the business for the following week will look pretty repetitive in the next few weeks, because we will have many hours of debating the European Union (Amendment) Bill on the Floor of the House. A whole day's debate for Second Reading of a Bill that has seven clauses and one schedule is perfectly adequate. We then have a day's debate on the procedure, followed by many days of discussion and clause-by-clause examination in Committee of the whole House. I assure hon. Members that we have ample time for debating the Bill.

On the choice of topical debates, the hon. Gentleman knows that the process is new and we will review it in due course to ascertain how it has worked. The review will include the way in which we choose the subject. In the meantime, I encourage hon. Members to make more proposals for topical debates by e-mail or letter.

Mr. Andrew Love (Edmonton) (Lab/Co-op): My right hon. and learned Friend knows that Lebanon has been without a president since 23 November—nearly two months. During that time, there have been 12 postponements of a parliamentary vote for the president. The recent Arab League initiative has failed once again, so we are left with an unstable and dangerous position, which could easily spill over into the rest of the middle east. It is a critical issue. Will my right hon. and learned Friend make time for a debate so that we can ask Ministers not only what they are doing but—perhaps more important—what more they will do to bring the matter to a swift conclusion?

Ms Harman: Instability in Lebanon and the wider middle east, which my hon. Friend raises, is of concern to the whole House. There will be a debate on the middle east next Thursday in Westminster Hall, and Ministers will be answering. That debate will be important, but it is by no means the last occasion on which we expect to discuss the matter in the House.

Mr. Edward Garnier (Harborough) (Con): Could the Leader of the House provide for a debate in Government time in the near future about the Government's policy on the creation of new towns? There is a proposal for the siting of 10 large new towns—a figure that has been reduced from 57 candidate spots—and one of those sites is in my constituency, where it is proposed that a town of some 50,000 people should be plonked down. There has been no local input, and the issue is not one that can be decided upon by the local planning authority, still less the county council. It is a matter for the Government. It would be useful to have a debate in the House before February, when the decision will be made, at least so that my constituents could feel that they had had some democratic input into the decision.

Ms Harman: On the specific issue in the hon. Gentleman's constituency, perhaps he will consider applying for an Adjournment debate. It is very important that we have more housing in this country, so that people's wish for a better home—a home that they can afford or that their children can move into when they grow up—can be fulfilled. Very many local authorities have applied for new towns, and for eco-towns in particular, to be developed in their areas. There is no question of a top-down approach having been taken, and of course there is widespread consultation. However, we must ensure that we have that extra housing, which is needed not by those who are already comfortably housed and well off, but by those who seek to improve their housing situation.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): My right hon. and learned Friend will have read today's *Hansard* report of yesterday's excellent debate in Westminster Hall on children with disabilities. The debate highlighted the fact that the £34 million allocated to Scotland as its share of the UK-wide allocation seems to have disappeared without trace into the Scottish Executive's coffers, presumably to fund some of the Scottish National party's pet policies, rather than being used for the purposes for which it was intended. Will my right hon. and learned Friend ask one of her colleagues to raise the issue with the First Minister and to report back to the House on what has happened to the money?

Ms Harman: I shall raise that issue with my right hon. Friend the Secretary of State for Scotland. We all want to ensure—I have already adverted to this—that there is proper support for every child with a disability and for their family, wherever the child lives. National resources should be available in all parts of the United Kingdom, and I shall ask my right hon. Friend to look into the issue.

David Howarth (Cambridge) (LD): Will the Leader of the House make time for a debate on early-day motion 690, on the collapse of the trial against Derek Pasquill?

[That this House notes the collapse of the case against Derek Pasquill; believes that the law about official secrets should be based on preventing damage to the public interest rather than preventing embarrassment for the leading party; and calls for an enquiry into the case of Derek Pasquill and for a review of the Official Secrets Act 1989.]

In particular, will she make time for a debate on the proposal for an inquiry into how the Foreign Office pursued Mr. Pasquill under the Official Secrets Act 1989, while all along holding documents that

exonerated him? Does that not show the need for a thoroughgoing review of the official secrets legislation?

Ms Harman: With regard to any individual case under the Official Secrets Act, the question whether a prosecution should be brought is initially for the Attorney-General to determine in the public interest. Thereafter, the prosecution is conducted independently by the Crown Prosecution Service. Whether to proceed with the prosecution is a matter for the Crown Prosecution Service or the court to decide—*[Interruption.]* As for whether there should be a debate in the House on the case that the hon. Gentleman raised, I understand that the Foreign and Commonwealth Office still has to consider whether disciplinary proceedings are necessary. It would therefore not be appropriate to discuss it in the House now.

Julie Morgan (Cardiff, North) (Lab): When can we have a debate on lowering the voting age? Is my right hon. and learned Friend aware of my private Member's Bill, which aims to bring the voting age down to 16? Does she not agree that if we can engage young people at an earlier age, when they are still in schools and youth clubs, there is more likelihood that they will engage with politics—an engagement that will remain throughout their lives?

Ms Harman: My hon. Friend raises a very important issue. We cannot have a situation in which our democracy has dwindling legitimacy because voting is increasingly the preoccupation only of older people, with younger people having turned their backs on our democratic process. Too many young people are not registered to vote, and too many do not go out to vote even though they are registered to do so. The issue is of major concern to my ministerial colleagues in the Ministry of Justice, who I know will consider the proposals that my hon. Friend has put forward in her Bill.

Sir George Young (North-West Hampshire) (Con): The right hon. and learned Lady was the midwife of the Electoral Administration Act 2006, which makes provision for a one-stop registration of MPs' interests. That provision can be activated only when the Government lay the relevant order. When do they plan to do so?

Ms Harman: I shall ask my right hon. Friend the Secretary of State for Justice to write to the right hon. Gentleman in respect of that question, and to place a copy of the letter in the Library.

Dr. Phyllis Starkey (Milton Keynes, South-West) (Lab): Last week Milton Keynes council voted to support proposals for a wind farm. Conservative councillors voted en bloc against the proposals, Labour councillors voted for them and, unsurprisingly, the Liberal Democrats split. Given the recent national report by the Socialist Environment and Resources Association—SERA—that found that Tory-controlled councils have an 82 per cent. rejection rate on wind farms, that Liberal Democrat authorities have a rate of 75 per cent. and that Labour authorities have a rate of just 36 per cent., will the Leader of the House consider making time for a debate specifically on wind power, so that the country can see who really supports renewable energy and who is just full of hot air?

Ms Harman: That is a good suggestion for a topical debate. It is important that more of our energy be provided by renewable resources. We shall of course be considering the Energy Bill next week, although the question is not just what the words are, but what the actions are. I have noticed another habit developing, which is that the Leader of the Opposition says one thing, but his party in local councils does something completely different. The environment is a classic case in point.

Mr. Christopher Chope (Christchurch) (Con): Next week, Mr. Speaker, you have selected a one and a half hour debate in Westminster Hall on the highly contentious issue of the regional spatial strategy for the south-west. Can the Leader of the House say what role she envisages the Minister for the South West playing in that debate next Tuesday, and what other opportunities there will be for a debate in Government time about that contentious document?

Ms Harman: The Minister for the South West is my hon. Friend the Member for Exeter (Mr. Bradshaw). We are developing the role of the regional Ministers—*[Laughter.]* Regional Ministers are a recent innovation. I think that they are doing a very good job on behalf of their regions and that we can build on that role. What we need to do next—we are looking at this in the Modernisation Committee—is to consider how to develop a system for regional accountability to the House. Perhaps the hon. Gentleman will contribute to that inquiry.

Dr. Stephen Ladyman (South Thanet) (Lab): This week a company based in Thanet called Grupo Antolin has closed its doors, with a significant loss of jobs. Since 1997 we have more than halved unemployment in Thanet, which is an incredible achievement. However, unemployment in Thanet stubbornly remains much higher than the national average. It is clear from yesterday's figures that there are about two dozen hot spots in the country where unemployment is a significantly worse problem than in other areas. Can we have a debate about how we can improve our ability to attract jobs to those unemployment hot spots?

Ms Harman: My hon. Friend has made an important point about the pockets of deprivation that can stubbornly remain, even in areas where the economy is going from strength to strength. He has also identified the fact that unemployment is often connected with a lack of skills. I know that he supports the work that the Government are doing both to bring more opportunities for training and apprenticeships into his region, and to raise the educational attainment of all children, by ensuring that no young person leaves school at 16, having already experienced the last moment when they will ever receive any education or training. I know that that is why my hon. Friend supports raising the education leaving age to 18.

Mr. John Leech (Manchester, Withington) (LD): May I bring to the attention of the Leader of the House early-day motions 702 and 707, regarding Arts Council funding? Early-day motion 702 states:

[Mr. John Leech]

[That this House condemns plans by the Arts Council to cut funding to Queer Up North; recognises the excellent work that organisation has done, including tackling homophobic bullying through performances of F.I.T. at local schools; notes with concern that funding cuts will lead to the cancellation of the 2008 festival in Manchester and all future touring plans, end its unique programme of work for young people and result in the immediate closure of the organisation; and therefore calls on the Arts Council to overturn its decision.]

Will the Leader of the House bring forward a debate on the funding cuts by the Arts Council to a large number of organisations throughout the country, including LipService and Queer Up North in Manchester, which threaten the existence of those organisations?

Ms Harman: I shall bring those points to the attention of my right hon. Friend the Secretary of State for Culture, Media and Sport. With regard to the Arts Council, the arts budget under this Government has increased consistently year on year and is set to increase again. In the latest Arts Council announcement, 80 new projects are to be funded. We cannot have a situation in which once something has been funded by the Arts Council, it is funded in perpetuity at the expense of any new projects. It is always difficult for projects that lose their funding, but that is happening not because of cuts in funding to the Arts Council but because of a determination to fund new projects. However, I will raise the points that the hon. Gentleman has made with the Secretary of State.

Mr. David Drew (Stroud) (Lab/Co-op): I associate myself with those who have called for a debate on Darfur.

My right hon. and learned Friend will know that much of my constituency is again under water or threatened by floods. May we have a debate to consider whether the planning system could be changed so that planning permissions could be rescinded where there was a considerable threat of flooding? The Planning Bill is now going through the House. Will the Government take note of the fact—of which we need to take notice—that we are now facing very difficult circumstances, and living in a different world?

Ms Harman: My right hon. Friend the Secretary of State for Environment, Food and Rural Affairs will be answering the questions of the Environment, Food and Rural Affairs Committee next Wednesday. I am sure that all those points will be under consideration, including those that my hon. Friend has just raised on behalf of his constituents, and those raised by other hon. Members whose constituents have suffered from floods and are still recovering from them, and want to ensure that they are protected from flooding in the future.

Alistair Burt (North-East Bedfordshire) (Con): On 15 November last year, the Public Accounts Committee published a highly critical report on the handling by the Department for Communities and Local Government of the Thames Gateway project. To date, there has been no oral or written statement by the Government in response—and in early December, the Minister for Housing sacked the chief executive of the Thames Gateway, whom she herself had appointed barely a year before. May we have a debate on the mishandling of the Thames Gateway project by the DCLG—and can that debate also cover the shameful scapegoating of a public servant by the Minister responsible?

Ms Harman: The Government will consider their response to the Select Committee's report, and will publish that response in due course.

Mr. David Chaytor (Bury, North) (Lab): The most successful Government policy for pensioners has been the free bus pass for local travel. My right hon. and learned Friend will know that millions of pensioners are eagerly anticipating the fact that that scheme will go nationwide in April. Will she find time for a debate on free bus travel for young people? In the context of the extension of the education participation age, and the increasing number of young people who will need to travel as a result, does she agree that we need to review the very variable arrangements for concessionary travel that apply around the country? In London, it is free, but in Manchester—

Mr. Speaker: Order.

Ms Harman: That is well worth consideration. The trail has been blazed by the Mayor of London, who is about to extend to pensioners free travel passes that are valid not only for off-peak times but throughout the day, having already extended that facility to young people. It is a pity that when the opportunity for such arrangements exists, some councils drag their feet. It is important for older people to get out and socialise, but it is also important for younger people to get out and extend their training opportunities. I will raise my hon. Friend's point with the Secretary of State for Transport.

Mr. Desmond Swayne (New Forest, West) (Con): Will the Leader of the House arrange for, at the very least, a written statement from the Secretary of State for Environment, Food and Rural Affairs on the reappointment, or otherwise, of the official verderer of the New Forest, as my hon. Friend the Member for New Forest, East (Dr. Lewis) and I fear that there has been some skulduggery?

Hon. Members: Oh!

Ms Harman: I suggest that the hon. Gentleman work out what the official parliamentary term is, and then table a written question.

Margaret Moran (Luton, South) (Lab): Will my right hon. and learned Friend take this opportunity to join me and the long-suffering fans of Luton Town football club in supporting the successful bid by a fans-based company to get the club out of administration? There is, however, a continuing threat to the club, largely as a result of the rules of the football league in respect of the repayment of debts. The matter has been referred to the Minister for Sport, but may I press my right hon.

Friend for a debate on behalf of those of us who have the long-term interests of Luton Town football club at heart, and on behalf of the many other ailing clubs in this situation—

Mr. Speaker: Order. The hon. Lady has an Adjournment debate on this matter.

Ms Harman: I know that my hon. Friend is a real champion of Luton Town football club, and I will bring her comments to the attention of my ministerial colleagues.

Mr. Andrew Mackay (Bracknell) (Con): The Leader of the House failed—inadvertently, I am sure—to answer the question asked by my right hon. Friend the Member for Maidenhead (Mrs. May) about Northern Rock. May I give her the opportunity to do so now? I am sure that she will agree that the House has an obligation to taxpayers, and that when billions of pounds of their money are floating around, we need to have figures and answers. May we have a statement next week from the Chancellor—or better still, from the Prime Minister, who evaded these questions yesterday?

Ms Harman: The Prime Minister answered questions in the House yesterday on Northern Rock—[HON. MEMBERS: "No!"] He answered questions yesterday on Northern Rock. But there is one question that remains unanswered. Our position remains absolutely clear—*[Interruption.]* I have stated this in business questions before. We have to make sure that we have a stable economy, and that the instability that came out of the American sub-prime market did not, through Northern Rock, infect the rest of the financial services industry in this country. So far, that has certainly not happened. We have said what we are doing about this—but what the Opposition have done is to say that they approve of what we are doing one day, and that they disapprove of it the next.

Mr. John Hayes (South Holland and The Deepings) (Con): May we have a debate on the plight of NEETs—young people not in education, employment or training? Their number has soared since 1997 to more than 1 million. Such a debate would give Members the opportunity to decide whether the principal reason for that increase is unrestricted immigration, which means that more than half of all new jobs go to foreigners, or the difficulties in the apprenticeship system, illustrated by figures published in December which show that the number of apprentices at levels 2 and 3 has gone down.

Ms Harman: There are 600,000 vacancies in the economy. The problem for young people who are not in education, employment or training is usually that they do not have the right training and skills to get into those jobs. We want to continue our programme of expansion for apprenticeships and for further and higher education, but we also recognise that we need to start early. That is why we launched the Sure Start and pre-school programmes, so that entrenched intergenerational deprivation can be tackled.

Richard Younger-Ross (Teignbridge) (LD): Further to the Minister's response about a one-stop shop for Members' declarable interests, would it be possible to have a statement on the workings of the declaration of Members' interests, with particular regard to whether there would be any benefit in trying to resolve the contradictions that Members are sometimes told, or in having a system of pro forma forms that would make it easier for Members and their staff to ensure that Members submit their declarations in good time?

Ms Harman: The registrar and officials who work on the Register of Members' Interests do all they can when their advice is sought to explain to Members how they should go about registration. There is a question about the overlapping rules relating to the Register of Members' Interests, electoral administration and, indeed, the ministerial code, which is under consideration by my right hon. Friend the Secretary of State for Justice.

Dr. Julian Lewis (New Forest, East) (Con): When the Government insisted on setting up a national park authority for the New Forest, my hon. Friend the Member for New Forest, West (Mr. Swayne) and I articulated the concern of many locally that the authority of the court of verderers as protectors of the forest would be undermined. The fact that that has not yet happened has been largely due to the fine performance of the official verderer, Oliver Crosthwaite-Eyre. May we have a statement by the appropriate Minister in the Department for Environment, Food and Rural Affairs on the reappointment of the official verderer, who is willing to be reappointed but whom we gather may not be reappointed for reasons not unconnected with the existence of the national park authority?

Ms Harman: If the hon. Gentleman wants to raise questions about the New Forest national park authority or verderers, I suggest he table a written question to the relevant Minister.

Mr. Mark Harper (Forest of Dean) (Con): I want to take the Leader of the House back to the question and answer about organ donation and putting the House first. Given that the Government published the first report of the organ donation taskforce this week, would it not have been better if the Health Secretary or the Prime Minister had made an oral statement to the House, in which they could have set out their views about presumed consent, rather than brief a newspaper earlier in the week?

Ms Harman: As I said in my answer to the earlier question, the Government have not changed their policy about presumed consent, although Ministers and I agree that there should be further debate on the issue. We have set up the taskforce and informed the House about it. We have also made it clear that we accept the taskforce's recommendations, particularly those relating to organisational change to ensure that consent for organ donation is put sensitively to relatives so that those who want their relatives' organs to be donated have the opportunity to say so. We have not changed our policy on presumed consent, but we all agree that there should be a debate on the way forward.

British Council (Russia)

12.32 pm

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): With permission, I should like to make a statement on the Russian Government's actions against the British Council in Russia. The House will recall that in October 2007 the Russian Government threatened to close the British Council's operations outside Moscow from 1 January 2008. That was confirmed on 12 December and again last week with the threat of a series of administrative measures against the British Council, including tax measures in St Petersburg and visa restrictions against British Council staff in St Petersburg and Yekaterinburg. The Russians also threatened to take measures against the British Council in Moscow, up to and including the removal of accreditation of British Council staff working in Russia.

On Tuesday this week, the Prime Minister's foreign policy adviser held what we believed were productive talks in Moscow about a range of international and bilateral issues, including the British Council. Yet on the same day, the Russian Government exerted further pressure on the British Council. The Russian security services summoned more than 20 locally engaged members of British Council staff in St Petersburg and Yekaterinburg one by one for interviews. Ten members of staff were interviewed late at night in their homes after calls by the Russian tax police. Questioning ranged from the institutional status of the British Council to personal questions about the health and welfare of family pets. These Russian citizens have chosen to offer their skills and hard work to promote cultural contact between the people of Russia and the UK. As a result, they have been the subject of blatant intimidation from their own Government.

I think that the whole House will agree that such actions are reprehensible, not worthy of a great country and contrary to the letter and spirit of the legal framework under which the British Council operates—notably international law, including the Vienna conventions and the UK-Russia 1994 bilateral agreement on cultural co-operation, which Russia has ratified.

Russia has failed to show any legal reasons under Russian or international law why the British Council should not continue to operate. It has also failed to substantiate its claims that the British Council is avoiding paying tax. The British Council is in fact registered for tax in Russia and has complied with all requests of the tax authorities in respect of its activities. Instead of taking legal action against the British Council, the Russian Government have resorted to intimidation of its staff. I am confident that the whole House will share the anger and dismay felt by this Government at the actions of the Russian Government. We saw similar actions during the cold war but thought, frankly, they had been put behind us.

The British Council's first priority is, rightly, the safety of its own staff, yet the actions of the Russian Government have made it impossible for staff to go about their work in a normal way. British Council offices in Yekaterinburg and St Petersburg have been prevented from operating, so the British Council has, with great regret, taken the decision to suspend its operations in those two cities. The council is making an announcement to this effect as I speak. The staff concerned will continue to be supported while the council considers its next steps.

There has already been strong international condemnation of Russia's actions. Following my conversation last night with the Slovenian Foreign Minister in his capacity as presidency of the EU, an EU presidency statement has just been issued on behalf of all European Governments. The statement makes it clear that the EU is

"very concerned at Russia's demand to close British Council regional offices"

and

"deeply regrets the harassment of British Council staff"

and other measures taken. It calls on Russia to

"allow the British Council to operate freely and effectively in Russia".

The Government of the United States have issued a statement of support, calling for the British Council to be able to continue its good work in Russia, and the Canadian Government are also expressing their concerns in Moscow about these developments. I am grateful for the many expressions of support that the British Council has received from Russians who have benefited from working with it.

The Russian Foreign Minister stated publicly on 14 December what the Russian Government had been saying to us in private—that their attacks on the British Council were linked to the Litvinenko affair. I announced to the House on 16 July a list of measures that the Government had decided to adopt in response to Russia's failure to co-operate with our efforts to secure justice for Alexander Litvinenko. These included introducing visa restrictions for Russian officials travelling to the UK and suspending our visa consultations. The House can rest assured, Mr. Deputy Speaker, that those measures will continue to be administered rigorously.

We regard as entirely separate the issues surrounding Mr. Litvinenko's murder and the activities of the British Council to build links between British and Russian schools and universities, to support English language teaching in Russia and Russian studies in the UK and to promote the best of British drama, writing, music and art. Nor do we believe that cultural activities should become a political football. In fact, educational and cultural activities are important ways of bringing people together. That is why I have decided not to take similar action against Russia's cultural activities in the UK—for example, by sending back Russian masterpieces scheduled for show at the Royal Academy or by taking measures against the two Russian diplomats at the Russian embassy who are dedicated to cultural work. We have nothing to fear from these contacts; we welcome and encourage them.

The immediate cost to the Russian people of the Russian Government's actions is their lack of access to the benefits of British Council activity. The longer-term cost is their country's standing in the world as a responsible international player. The British Council will continue its work in Moscow, meeting the demand from as many as possible of the 1.25 million Russian citizens who used the council's services last year.

The British Council's experience in Russia is not repeated in any of the more than 100 British Council operations elsewhere in the world. Russia's actions therefore raise serious questions about her observance of international law, as well as about the standards of behaviour she is prepared to adopt towards her own citizens. That can only make the international community more cautious in its dealings with Russia in international negotiations and more doubtful about its existing international commitments.

Russia remains an important international player in addressing key global issues and challenges, including climate change and energy security, as well as others such as Iran and Kosovo, but I hope the whole House will agree with me that Russia's actions against the British Council are a stain on Russia's reputation and standing that will have been noted by countries all around the world. I will continue to keep the House informed of developments.

Mr. William Hague (Richmond, Yorks) (Con): I thank the Foreign Secretary for his statement. Let me say at the outset that, across the House, we join him in deploring the Soviet-era tactics employed against legitimate cultural contact—tactics that we trust will be counter-productive from the Russian point of view and are deeply offensive from the British point of view.

I think the whole House will agree that the work of the British Council is invaluable in building mutually beneficial relationships between people in the United Kingdom and those in other countries. The work of the British Council in Russia has been undertaken in that spirit, involving in the last year—I think—almost half a million Russians in British Council projects visiting exhibitions, plays and films organised by the British Council, and the setting up recently of 40 new joint degree programmes between Russian and United Kingdom universities. As the Foreign Secretary said, the harassment and intimidation of the staff doing that work is not acceptable to the Government, and I think it true to say that it is not acceptable to any of us in the House.

We wholly support the Government's decision not to retaliate against other cultural exchanges. We trust, however, that the Foreign Secretary will convey to the Russian Government the united view in the House that while we are open in the future to a better relationship with Russia, such actions, and Moscow's wider response to the Litvinenko murder, will not produce such a relationship. In an interview with the BBC, to which the Foreign Secretary referred, the Russian Foreign Minister linked the order to close the British Council offices with the United Kingdom's expulsion of four Russian diplomats last summer, but an attack on an institution that is valuable to Russia and valuable to the United Kingdom serves no worthwhile objective whatsoever.

Let me now ask the Foreign Secretary some specific questions. What is the number of Russian staff currently employed by the British Council in the three offices in Russia, and have the whereabouts and safety of all of them been established? Have any documents or items of equipment been seized from the employees of the British Council? The Government in Moscow have accused the British Council of operating illegally. Will the Foreign Secretary clarify what constitutes the legal basis of the British Council's presence in Russia? Is the 1994 UK-Russia agreement on co-operation in education, science and culture still legally binding?

Russian Foreign Ministry officials have made much of the fact that cultural organisations from other countries, including France and Germany, are, they say, complying with Russian law as non-governmental organisations, and operate without difficulties. Under what arrangements are they operating, and how do they differ from the arrangements of the British Council?

Russian officials have been quoted as saying that the British Council's Moscow offices could be targeted next if no agreement on the status of cultural organisations and the availability of British visas for Russian diplomats is reached. Can the Foreign Secretary say whether Russia has sought an agreement on the status of cultural organisations, and have any other British institutions been subjected to similar pressures?

The British Council is a founding member of the European Union National Institutes for Culture. Recently a cluster of national institutes has been established in Russia, chaired by the British Council. Has the work in that cluster been affected by these events?

What assessment—this is important—has the Foreign Secretary made of the effect that the dispute has had on co-operation between our two countries in other areas? There are vital issues, such as Iran and the future status of Kosovo, which we want to see resolved, preferably in agreement with Russia. Has the issue of the British Council affected British-Russian discussion of those vital subjects?

The Foreign Secretary said that at the same time as the holding of productive talks in Russia earlier this week between the Prime Minister's foreign policy adviser and Russian counterparts, the pressure on the British Council was intensified. Does he think that that indicates a division of opinion within the Russian Government, and does he think that the good intentions expressed by Russia's foreign policy spokesman are being frustrated by its security services or by others?

Ironically, the basis for close co-operation between Russia and the United Kingdom is very strong. Our trade and investment links are growing, United Kingdom investment in Russia is huge, there remains considerable common ground on foreign policy, and there is a good basis for long-term co-operation. At the same time, however, harassment, intimidation and bullying of people including our ambassador, as well as the British Council, are unacceptable. They harm Russia's standing in the world, unnecessarily weaken the links between our countries, and will make opinion in this country not more emollient towards the Russian authorities, but more resolved not to be bullied by them.

David Miliband: I welcome the shadow Foreign Secretary's strong support for the Government's actions. He said at the outset that he believed the Russian actions were counter-productive, and at the end of his remarks emphasised the wide areas in which we can co-operate with the Russian authorities. He is absolutely right about the counter-productive nature of the actions that have been taken. The only losers are Russian citizens, and the reputation of the Russian Government. It is important to stress that there has not been a contagion from our disagreement about the

[David Miliband]

British Council to areas of common concern in respect of Iran and Kosovo—although, as the right hon. Gentleman well knows, we do not hold the same position on Kosovo as the Russian authorities.

There was only one item in the right hon. Gentleman's observations in respect of which there may be some room for confusion. I believe that the 500,000 Russians to whom he referred are those who use the offices outside Moscow. The 1.25 million figure that I gave related to Russian citizens using all the British Council offices, including those in Moscow.

Let me run through some of the right hon. Gentleman's questions. I referred to the 20 members of British Council staff outside Moscow as the number called in for questioning. I will write to the right hon. Gentleman with the number of British Council staff who operate in the Moscow office. No documents have been taken, to our knowledge. As for the legality of the British Council's operations, yes, the UK-Russia agreement of 1994 remains in force. The UK Government have been keen for some years to update it and move it forward, but we have not encountered a willing response from the Russian authorities. That is the bilateral basis, but there is also the international basis. The Vienna conventions, for instance, provide an important basis in international law.

The right hon. Gentleman asked about other countries. As the Russian Government have never made clear to us what is illegal or improper about the British Council's activities outside Moscow, it is very hard to draw a comparison with the activities of other Governments, although I think the European Union's statement and the alacrity and keenness of Governments to sign it show that there is widespread concern around Europe that this constitutes a threat to all Europe's cultural institutions. EUNIC, the body to which the right hon. Gentleman referred, brings together European countries on that basis. It will meet in Vienna this afternoon, and our delegate there will certainly make strong representations. I hope that the organisation will be able to follow up the strong statement that it made last year on the basis of what has happened today.

There have been threats, veiled and otherwise, about the Moscow operation. As of now it is operating normally, and obviously we want that to continue. I would report back to the House if it did not.

At the end of his remarks, the right hon. Gentleman raised a tantalising question that deserves further discussion: the question whether there is unanimity within the Russian Government about the wisdom of their operations, or whether the actions of the FSB outside Moscow are in the best interests of Russia and its people. I think it important to say that, at this stage, we have not found any part of the Russian Government to be yielding in its defence of the Government's current actions, but I believe that there are many sensible people in that Government who will come to realise that, far from being a demonstration of strength, the actions that they have taken are today a demonstration of weakness.

Mr. Denis MacShane (Rotherham) (Lab): I welcome the Foreign Secretary's robust statement. We must stand up to this bullying by the bear. It is not just the British Council and our fine ambassador Tony Brenton who have experienced harassment that is unacceptable, and it is not just the Vienna conventions that are threatened. Russia is not respecting its international convention obligations on the energy charter, or the reduction provisions in the conventional forces in Europe treaty. It is gutting the Organisation for Security and Co-operation in Europe of its main business. It is even seeking to take control of the Council of Europe, with the help, sadly, of some Conservative Members, who are now fellow travellers of the Kremlin.

It is not just the unity of the House that matters. It is the unity of Europe that is important. Will the Foreign Secretary continue to work with our European partners, and does he agree that it would be helpful if everyone in the House supported the unity of Europe on this matter?

David Miliband: I certainly agree with the latter part of my right hon. Friend's contribution. The united European response is important in this regard, as is the united international response. My right hon. Friend was right to say that there is a range of concerns about Russian activities internationally, and he was also right to mention the harassment of the ambassador, which is obviously unacceptable as well.

The one part of our relationship that has not been interfered with—perhaps I should have mentioned this in response to the questions of the shadow Foreign Secretary—is trade and economic links. We have had no reports of interventions on, or interruptions of, such ties. Obviously, that is important, but my right hon. Friend makes a significant point about the number of fronts on which the Russian Government are currently arguing and are at variance with the international community, and I know that Foreign Ministers, Prime Ministers and Presidents are actively discussing that.

Mr. Edward Davey (Kingston and Surbiton) (LD): It is clear from the Foreign Secretary's tone that he very much regrets having to make this statement, but I thank him for keeping the House informed and for his efforts to keep Opposition parties informed.

The Foreign Secretary will not be surprised to learn that we strongly support the Government's actions, particularly in securing the safety and well-being of the British Council staff. Does he agree that the Russian authorities' bully-boy tactics are making them look increasingly ridiculous in the eyes of the international community? When the British Council is successfully continuing its excellent work in places such as Zimbabwe and Myanmar, is it not utterly self-defeating and shameful for the Russian authorities to be acting in this way over educational and cultural links?

It is understandable that the Government do not wish this situation to escalate, but will the Foreign Secretary tell the House what the British Council intends to do in respect of the information and logistical support it has previously been able to provide to Russian students applying to UK universities, not least as they often come from the families of high-ranking Russians? More broadly, is it not now even more vital and urgent that we build stronger common positions with our EU partners on a range of issues relating to Russia? In an uncertain world of terrorist threats and failed states, it is particularly irresponsible of the Russian Government to sour our

relations, and I hope that the Foreign Secretary can assure the House that we will redouble our efforts to dissuade the Russians from their cold war-like tendencies.

David Miliband: I welcome both aspects of the hon. Gentleman's comments—his determination that we emphasise our common interests with Russia, and our determination to stand up for the values we believe in. I associate myself wholly with that. I know that his concern for British Council staff will be valued, and I thank him for that; cross-party concern for their welfare is important.

The hon. Gentleman said that the Russian Government had made themselves look ridiculous in their attacks on the British Council, and he made the point about the British Council's activities in Zimbabwe and Burma. In my question and answer session with the Foreign Affairs Committee in December, I suggested that the Russian Government's activities put them on a par, at least in their treatment of the British Council, with what was going on in Burma. I now regrettably inform the House that the situation in Russia is unique: it is worse than in Burma in respect of the British Council. The hon. Gentleman is right that in many capitals around the world there is incomprehension at the Russian authorities' actions. When I attended the European Council in December, just after the Russian authorities' first announcement, there was incomprehension—and, I am sorry to say, a fair degree of ridicule, to use the hon. Gentleman's word, because the British Council operates well in all such countries.

On UK logistical and other support for university entrants, the Moscow office will continue to be a base for such work, and that will continue without fear or favour. I entirely agree with the hon. Gentleman that the development of an EU common policy on Russia across a range of areas, notably energy, must preoccupy the EU. As I was able to report to the House in the autumn, a significant section of the September meeting of European Foreign Ministers was devoted to taking a more strategic view of our relationship with Russia.

Derek Wyatt (Sittingbourne and Sheppey) (Lab): If there were a Nobel prize for soft diplomacy, the British Council should win it every year, and I say as chairman of the all-party group on the British Council that what has gone on in Russia is shameful and shocking. Will the Secretary of State consider taking legal action in the courts in St. Petersburg and Moscow to make sure that we set the standard, because we should say, "This is legal; let's prove it's legal and embarrass them further"?

David Miliband: We are in a Catch-22, because although the Russian authorities keep on denouncing what they call the "illegal activities" of the British Council they never say what the illegal activities are, and it is very difficult for someone to prove that they are not doing something illegal if they are not charged with doing something illegal. Therefore, although I associate myself wholeheartedly with the spirit of my hon. Friend's question, he will understand if I am a bit cautious about pledging to take what he proposes forward.

Mark Pritchard (The Wrekin) (Con): The Foreign Secretary is absolutely right to say that the intimidation of British Council staff, whether diplomatic or locally engaged, is completely unacceptable, and I welcome the statement from our European partners. Does the Foreign Secretary agree that there is a great deal of difference between strong leadership and aggressive leadership in Russia, and that the latter is doing Russia's international reputation huge damage?

David Miliband: We would all expect every country to stand up for its interests, but what we cannot understand is a country doing damage to its interests, which is what is happening. That is not evidence of the sort of strong leadership that I—and, I am sure, the hon. Gentleman—believe in.

Mr. Tom Clarke (Coatbridge, Chryston and Bellshill) (Lab): Is my right hon. Friend aware that one of the first overseas visits in which I took part as a Member of this House was to the Soviet Union in the early '80s, in a delegation led by the late Lord Whitelaw and Denis Healey? We had the opportunity of meeting with Mr. Gorbachev and Mr. Gromyko, from which three lessons emerged: that we wanted improved diplomatic relations; that cultural exchanges were important; and that transparency was in our mutual interests. Given the standing of the British Council and the support it has not only in this House but throughout Great Britain and elsewhere, can we encourage those who currently speak for Russia to accept the wisdom of Mr. Gromyko, and agree that mistakes have been made and that what they have done in the past week, particularly in harassing staff, is a big mistake, but that they can correct it?

David Miliband: I did not know about my right hon. Friend's visit—

Mr. Keith Simpson (Mid-Norfolk) (Con): The Foreign Secretary was still at school then.

David Miliband: I thank the hon. Gentleman very much for that suggestion, but I think that I had just about left school at that stage.

I am sure that the whole House will want to know more about that visit in due course. I hope that the reaction in this country and around the world, and the ongoing reaction that will continue as people come to terms with what has happened, will bring home to the Russian authorities that this is doing them no good. That is the fundamental point: we are arguing that this is against Russian interests.

In the end, the British Council cannot operate in a country where the host Government is not willing to consent to its presence in particular places. The British Council operates all around the world because all sorts of Governments of all sorts of stripes consent to the presence of British Council offices in their cities. I am confident that the Russians' actions will not send a signal that others should take on the British Council; in fact, I think that many others will come to realise the value of what the British Council does.

Several hon. Members *rose*—

Mr. Deputy Speaker (Sir Michael Lord): Order. Many Members are seeking to catch my eye. May I appeal for one brief question, and perhaps a reasonably brief response from the Secretary of State?

Mr. Nigel Evans (Ribble Valley) (Con): I concur with everything that the Foreign Secretary has said. The British Council is one of the great sources of information about education and culture abroad, and it should never be a political football. We usually award about 45 Chevening scholarships to young Russian scholars every year. Will the Foreign Secretary give an assurance that with the suspension of the Yekaterinburg and St. Petersburg British Council depots, young people from those areas will not be disadvantaged in fresh applications for a scholarship this year?

David Miliband: The hon. Gentleman raises an important point, and as I tried to make clear in my statement we are determined to make sure that the ongoing work of the British Council in Moscow will continue to reach out as widely as possible throughout Russia, to minimise any impact on people who want to come and study here or engage with the United Kingdom.

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): I am sure that the Foreign Secretary agrees that the greatest threat facing the world is climate change, and towards the end of his statement he mentioned Russia's important position on that issue. Will assure the House that the recent bilateral talks on energy efficiency and climate change will not be jeopardised by recent actions?

David Miliband: My hon. Friend raises an important point. The irony of the situation is that in December my special representative on climate change visited Russia and had good meetings with the Russian authorities, and our discussions on climate change are moving forward more productively than they have done in the recent past. I can report some progress on that score at least.

Dr. Julian Lewis (New Forest, East) (Con): Can the Foreign Secretary give the House an assurance that the intelligence relationship that we must presume has developed between Russia and the United Kingdom since September 2001 in dealing with the threat of un-Islamic extremism worldwide will not be undermined by the permafrost that has sadly set in between Russia and ourselves recently?

David Miliband: The hon. Gentleman knows very well that we never comment on such matters. I have made it clear that we do not see any grounds for taking this cultural attack into other spheres.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): This incident underlines the importance of the European Union working together on such issues. What specific steps does the Foreign Secretary intend to take to ensure that we continue to get a united EU response on this issue? We must make it clear to the Russians that what they are doing jeopardises their relationships with not only the UK, but the entire European Union.

David Miliband: The statement that has been issued today is clear, coherent and strong, and it is important that it has been made so quickly. As I said, the EU Foreign Ministers discussed the need for a more coherent common approach to Russia across a range of areas at their informal meeting in September, and that has now been followed up in a range of matters, including energy, which is probably the most important one. If the European Union wants to be respected by Russia, it must work in a way that gains respect, and that means working more closely together in a co-operative way.

Mr. Robert Goodwill (Scarborough and Whitby) (Con): The spark that seems to have ignited this tinderbox in the British Council in Yekaterinburg and St. Petersburg is the status of activities described as commercial, such as language courses. What proportion of the British Council's activities could be described as in any way commercial? The resumption of purely cultural activities, which could not be criticised by the Russians, might be a way forward.

David Miliband: I am grateful to the hon. Gentleman for giving me the chance to nail this one. The British Council used to operate exams, which were alleged to be, quote unquote, commercial. It never accepted that they were of a commercial nature, but it none the less suspended all its exam-based operations to ensure that there was no excuse for Russian action against it. Therefore, the answer to his question is zero.

Mr. David Winnick (Walsall, North) (Lab): Does not all that has occurred demonstrate to a large extent that the days of the KGB seem to be coming back? Would it not be wise of the Russian authorities to bear in mind that having lost one cold war, they are most unlikely to win another?

David Miliband: My hon. Friend speaks with wisdom and experience in these matters. None of us wants the memories and the eerie echoes of earlier times to come back. I know that the Russian people do not want them to return either, and that is the most important part of this.

Mr. Oliver Heald (North-East Hertfordshire) (Con): May I welcome the Secretary of State's statement? Does he agree that the decision not to retaliate against Russian cultural interests shows, and is a recognition of, the deep desire in this country to learn more about the Russian people and their culture? Does he agree that that is in stark contrast to the sort of threats that we are hearing from Moscow, for example, which has described the fact that it is keeping open the British Council in Moscow as a gesture of goodwill?

David Miliband: The hon. Gentleman makes an important point. When I came to this House today, I wondered whether or not people would say that we should have tried to retaliate in some way. The united view across the House that lowering ourselves to that level would do us no good and would be a tremendous own goal speaks positively about the instincts of hon. Members on both sides. I welcome both what he has said and the opportunity to put this point on the record: the Russians are doing something that is against their interests and which we deplore—we certainly deplore

the intimidation of the staff. We look forward to the day when the Russians see that learning more about other cultures is in all our interests.

Mr. Mark Hendrick (Preston) (Lab/Co-op): The harassment of British Council Staff by the FSB—Russia's federal security services—is clearly outrageous. It would seem that all this is because this Government had the temerity to ask for a murder suspect to be extradited. My right hon. Friend has spoken about the coherent position held by the EU. Does he have any view about, or could he foresee, further international action, perhaps through the offices of the UN?

David Miliband: The incredulity that I discussed in answering the hon. Member for Kingston and Surbiton (Mr. Davey), who speaks for the Liberal Democrats, is widespread. The international culture institutes, not only the European ones, but other international ones, will want to examine carefully their reaction to this matter, notwithstanding the fact that we do not want culture to become a political football. It is important that we do not end up in an escalating war of either words or actions on this issue. The losers are the Russians. We deplore what they have done and look forward to the day when they see the error of their ways.

Gregory Barker (Bexhill and Battle) (Con): As someone in this House who regards himself as a particular friend of that great country, may I say that the current actions of its Government are appalling, shocking and exasperating? Can the Foreign Secretary tell the House about any strategy or additional resources being deployed to help the thousands of Russians who benefit from contact with the British Council every year? Is there a strategy in the cities where the offices are being closed? Are resources being deployed, either online or via distance learning, to help those engaged with current projects and courses?

David Miliband: Until now, the focus has obviously been on keeping the offices open, but the hon. Gentleman will know that the online work of the British Council is burgeoning. It offers access irrespective of whether there is an office in someone's home city. I am sure that we will want to use such techniques as widely as possible to ensure that the open access that has been a feature of the British Council's work through its physical presence is also a feature of its work through its online presence.

Nigel Griffiths (Edinburgh, South) (Lab): When I visited the British Council in Russia, it was the young Russians themselves who told me of the great value of the British Council in engendering a spirit of not only education and culture but friendship between our two nations. Will my right hon. Friend ask his Russian counterpart to listen to those young Russians, to pursue this matter in a message and spirit of friendship, and to end the hostilities now?

David Miliband: My hon. Friend puts it extremely well, and I agree with him wholeheartedly. The good thing about this, if there is one, is that I do not think that British people will take against Russian people as a result of it; they will see these actions as being in no way symptomatic of the ordinary Russian citizen's interest in furthering friendly relations with this country.

Derek Conway (Old Bexley and Sidcup) (Con): The Foreign Secretary will doubtless be encouraged by the support that he has received from both sides of the House for not only his position but that of the superb British Council. Is he aware that many members of the Russian Duma are part of their non-voting delegation to the NATO Parliamentary Assembly? Has he had the opportunity to discuss with the right hon. Member for Walsall, South (Mr. George), who is the excellent leader of Britain's delegation, whether or not something could be done through that forum to try to lower the temperature of relations a little?

David Miliband: The short answer to the hon. Gentleman's question is that I have not had the chance to discuss the matter with my right hon. Friend yet. The hon. Gentleman raises an important point. Parliamentarians meet not only through NATO, but through a range of other international forums. As it happens, two weeks ago, I met a member of the Russian Duma who was having dinner with a member of the Conservative party here in the Palace. Those sorts of Parliament to Parliament and parliamentarian to parliamentarian links are an important way in which we can try to bring home to important people in Russia the fact that what Russia is doing is against its own national interest and is not a wise way to proceed.

Mrs. Ann Cryer (Keighley) (Lab): If it should be that the British Council can no longer continue its good work in Russia in the long-term, could consideration be given to a new outpost in Mirpur, where the British Council would be appreciated? In the long-term, such an outpost could help with the integration of the Pakistani community in many of our northern towns and cities.

David Miliband: There is as yet, thank goodness, no real and present threat to the British Council's operations throughout Russia. We do not yet face the prospect of the British Council closing across Russia: we still have the Moscow office. I shall be certain to draw the attention of the chief executive and chairman of the British Council to the expansion plans that my hon. Friend has suggested.

Paul Farrelly (Newcastle-under-Lyme) (Lab): The Russian actions are ridiculous and the Foreign Secretary is right not to engage in a cultural tit for tat. President Putin may also be frustrated by the presence of certain Russian billionaires in London. Indeed, the Kremlin may have memories of the actions of US and UK banks and brokers who also profited greatly, in and out of the country, from the Yeltsin sell-off. But the British Council is entirely different: it is there to foster much needed long-term relationships. I agree with my right hon. Friend's closing statement that, far from making Russia look stronger, the attack on the British Council and its staff makes it look very weak in the eyes of the international community.

David Miliband: I am grateful to my hon. Friend, who makes an important point. It is one that I hope that we can try to take forward in imaginative ways as we try to move on from this very difficult situation.

Mrs. Claire Curtis-Thomas (Crosby) (Lab): My right hon. Friend will know that the British Council has recently established a British Council office in Algeria and is seeking to establish itself in very difficult countries all over the world. It is a testament to the British Council that it has staff who are prepared to take the personal risks associated with the job: I am particularly heartened to hear my right hon. Friend's comments in relation to those contracts that have already been established between the British Council and a range of very difficult countries and I would encourage him to look further at renegotiating those contracts and extending them to reaffirm our commitment and our joint approaches in those nations to develop a mutual respect for our individual cultures and, therefore, consolidate those cultures in this country.

David Miliband: My hon. Friend makes an important point, with which I have only one quibble. That is, of course, that at every stage it is for the British Council, as an independent organisation, to negotiate its contracts. I will certainly convey to the British Council her strong view, and I hope that she understands that the operational decisions are for the British Council itself. One of the things that we have tried to emphasise at every stage of this affair is that the British Council sets its own priorities. Although it is funded by the taxpayer, it makes its own decisions about how it moves forward.

Chris Bryant (Rhondda) (Lab): Russia is a great nation and we have had strong economic relations with that country ever since the founding of the Muscovy Trading Company in the 16th century, and strong cultural relations since Peter the Great made his first state visit back in the 17th century. Notwithstanding the fact that nobody in this House wants to ruin those strong relations, I hope that the Foreign Secretary is making it extremely clear that there is a strong sense of anger in this House and this country at the despicable actions of the last few days and at the sustained level of attack on independent journalists and organisations, and on many non-governmental organisations—not only the British Council.

David Miliband: My hon. Friend speaks with real expertise on this question and has contributed a lot to my understanding and that of the House about some of the things that are going on in Russia. He makes an important wider point, which is that a decent society depends on strong, independent institutions in civic society, across politics, the media, the economy and the judiciary. It is very important that the drive towards such standards applies to all countries around the world because they are the best guarantor of the stability that we all seek.

TOPICAL DEBATES

Kenya

1.14 pm

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Meg Munn): I beg to move,

That this House has considered the matter of Kenya.

I welcome the opportunity to address the House on the topic of Kenya, following the Foreign Secretary's statement last week. At that time, thousands had been displaced from their homes, hundreds killed and the international community was responding to the growing humanitarian crisis. The Foreign Secretary called on Kenyan leaders to be ready to engage in a credible mediation process and he warned that if they failed to compromise, those leaders would forfeit the confidence, goodwill and support of the Kenyan people and the international community. That warning still applies today.

Kenya remains tense and unpredictable. What began as politically motivated protest has changed in some areas to redress of old grievances between ethnic groups. We now know that at least 700 people were killed in the immediate post-election violence and that number is likely to grow as more bodies are discovered. While the political stand-off continues, ethnic tensions increase and the more divided the country becomes. Up to 250,000 people remain displaced from their homes, and there is little sign that they will be able to return soon.

Mr. Andy Reed (Loughborough) (Lab/Co-op): Does the Minister agree that while it is vital that we put political pressure on those involved in the violence, the people who suffer most in such circumstances, as always, are those facing the consequences of the humanitarian disaster? Will she ensure that while we are putting political and financial pressure on the Kenyan Government, humanitarian aid always gets through to those who need it most on the ground? I know that that is a difficult balance to strike.

Meg Munn: My hon. Friend makes an important point, and I can give him the assurance that we are working very closely with the Department for International Development on precisely those issues.

As I was saying, as well as the displaced persons, the National Association of Churches in Kenya estimates that two thirds of slum dwellers in Nairobi, more than 2 million people, have been negatively affected by the violence and the continuing instability. That includes those who have lost family members, their homes or their livelihoods. The splits in Kenyan society are deepening. We condemn without reservation all acts of violence; those acts of violence that have an ethnic motivation are especially disturbing given the risk that they run of escalating tension. It is incumbent on all to respect the legal framework and human rights, whether those rights apply to media freedom, including live broadcasts, or to peaceful assembly.

Yesterday the world was shocked to witness on its television screens unarmed protestors being shot by Kenyan security forces. A process of national

reconciliation is desperately needed to start to heal the wounds that have been inflicted by the disputed elections and the violence that has followed.

Furthermore, while the crisis continues, Kenya's economy will suffer. We do not want that: we want Kenya to grow. But continued political uncertainty means continued uncertainty for the business community and a decline in tourism and investment. That will impact most sharply on Kenyan workers.

We fully support President Kufuor's mission to Kenya, on behalf of the African Union, which succeeded in gaining agreement from both Mwai Kibaki and Raila Odinga that there should be an end to violence and that there should be dialogue. They also agreed that they would work with a panel of eminent Africans towards resolving their differences and all other outstanding issues, including constitutional and electoral reforms.

We are pleased that former United Nations Secretary-General Kofi Annan agreed to head the panel, and that Graca Machel and former Tanzanian President Benjamin Mkapa also agreed to take part.

James Duddridge (Rochford and Southend, East) (Con): The Minister mentioned President Kibaki. Does the Foreign Office formally recognise him as the President of the country?

Meg Munn: Our Government have not recognised the Government and are calling on both leaders to co-operate in a process of mediation.

The panel of experts has our full support, and the UK stands ready to assist them in any way we can. We also wish Mr. Annan a speedy recovery from the illness that has delayed his departure for Nairobi and hope that he will soon be able to travel. Speaking to our international partners, we know that they are also fully behind this effort. Both sides in the political dispute must now use this opportunity to come together for dialogue to resolve their differences. A lasting political solution, based on compromise, which reflects the will of the Kenyan people, needs to be agreed.

The fundamental issues that need to be addressed remain the same. All the allegations of fraud during the elections should be fully investigated. Those who are found to have acted illegally and contrary to the principles of democracy should be held to account. That also applies if they are found to have instigated or orchestrated violence, as has been alleged. The possibility of auditing the results of the election should be examined, although we recognise that the original data may no longer be available. In the longer term, it is important that there is institutional reform to reduce the risk that the events of late December might be repeated.

Jo Swinson (East Dunbartonshire) (LD): The Minister mentions the possibility of auditing the votes that were already cast, but most of the available information shows that that will not be possible because they have been destroyed or tampered with. Surely the way forward for Kenya is to hold fresh elections so that people can have their say and have their votes counted properly.

Meg Munn: We believe that that possibility needs to be discussed properly. The two leaders need to agree on the mediation process and constitutional and electoral reform need to be considered. It is not for us to say at this point whether there should be further elections. That is a matter for discussion. The African Union delegation and the panel of eminent persons that I mentioned will go to Kenya to talk to the leaders and consider those issues. We must support that process.

Mr. David Evennett (Bexleyheath and Crayford) (Con): I am listening with great interest to the Minister's comments. Of course, the political issues are important, but the humanitarian ones are even more so. It has repeatedly been claimed by UN observers, independent charity workers and local Kenyans that aid dispatched from the west is not getting through to the people who need it, but is being siphoned off corruptly. Is there more that the Government could do to help to prevent that?

Meg Munn: We have considered carefully for some time the long-term issue of corruption. For that reason, we try to ensure that our aid is delivered through organisations that are not part of the Kenyan Government. We continue to support all efforts to tackle corruption, as we have done for many years. On the subject of the current situation, the UK and the EU are considering whether they should stop the aid that they provide because of corruption. We need to look at the right way to ensure that humanitarian relief reaches Kenya.

The hon. Gentleman will appreciate that the safe delivery of aid poses considerable difficulties. All the aid agencies do the best that they can to ensure that help gets to those who need it, particularly when the social situation deteriorates because of the political situation. He is right to be concerned about the plight of ordinary people and the humanitarian crisis, but we also know that the resolution of the political situation and a move towards an agreed solution will help the humanitarian situation. That is why I have placed such emphasis on talking about all the issues, in particular ethnically motivated violence, which is a cause for great concern. Kenya had turned from such violence and its re-emergence poses a risk. The sooner that we have an agreed mediation process and move forward on the subject of constitutional and electoral reform, the better it will be for the humanitarian situation described by the hon. Gentleman.

In the longer term, we have to see institutional reform because that will reduce the risks of the events of late December being repeated. Sufficient checks should be put in place to allow Kenyan people to restore their faith in democracy and their trust in the electoral system. We hope that the panel will help Kenya's leaders to examine how the crucial elements of constitutional reform can be fast-tracked. Changes that spread executive power and patronage more widely could reduce the winner-takes-all nature of the presidential election. They would reduce the temptations to cheat or resort to violence.

Mrs. Ann Cryer (Keighley) (Lab): Will the Minister enlighten me on the subject of whether teams of observers were present during the conduct of the elections? If we have to have more elections, can we ensure that even more observers are present?

Meg Munn: Indeed there were. It is interesting to note that the previous elections had gone well and it

[Meg Munn]

had been considered whether, on this occasion, observers needed to be sent. They were present and reports on the elections have also been made. The Commonwealth observer group produced a report today—hon. Members will understand that I have not seen it in detail—that clearly said that the elections fell below acceptable international standards, so my hon. Friend's point is well made.

James Duddridge: I am grateful to the Minister for giving way, as I appreciate that time is short. I am concerned about whether there were early indications that things were going wrong. For example, everyone whose name began with the letter O was left off the register in Nairobi. That happened well before the elections took place, and members of the second ethnic group that the President wanted to disadvantage commonly have surnames that begin with O. There were early indications of the problem, and I am concerned that they were not picked up.

Meg Munn: The hon. Gentleman may have misunderstood me. I was talking in a general sense about how Kenya's democracy had progressed. It was hoped, because of the conduct of previous elections, that the attendance of observers would not be necessary this time, but obviously the decision was made to send them. Concerns were raised by the EU election observers and other observer missions about alleged irregularities in the conduct of the elections. It is important that they are investigated fully through proper democratic and legal channels. Those early indications of the problem were taken into account.

Constitutional reform is important because it would help to ensure that Kenya's diversity is better reflected in its Government and could strengthen the prospect of future Governments carrying the broad confidence of the Kenyan people

I call for the lifting of the ban on live media broadcasts in Kenya and for respect for the right to peaceful assembly. It is important that all people have an outlet through which to express their views, and that the media can report objectively on events in Kenya. We hope quickly to establish the basis for restoring stability in Kenya and regaining the trust of its people in how they are governed. Until that happens, it cannot be business as usual. The United States and the EU made that clear in statements released over the weekend. The Department for International Development is keeping our development aid programme for Kenya under close review.

All Kenya's leaders need to overcome their divisions, to engage in a genuine process of reconciliation and to agree on a way to govern that reflects the democratic will of the Kenyan people. The Kenyan people, Kenya's business community and its international partners have had their confidence in the Government of Kenya damaged over the past three weeks. Kenya's politicians will have to work hard to win back that trust. Let us hope that the swearing-in on Tuesday of Kenya's 10th Parliament, the election of which broadly carried greater confidence in the eyes of observers, and the successful election of a Speaker and deputy Speaker will be a first step on that path.

1.27 pm

Mr. Keith Simpson (Mid-Norfolk) (Con): This is the first time that I have participated in one of the new topical debates. I suppose it is the parliamentary version of speed dating, in which speakers have to make an impact straight away.

I welcome the opportunity to evaluate the efforts that have been made so far to restore calm in Kenya since the crisis erupted more than three weeks ago. The initial outbreak of widespread violence and displacement has lessened, although, of course, confrontations are still going on between protestors and the Kenyan security forces. As the Minister said, some 250,000 people remain displaced and at serious risk of violence, intimidation, hunger and disease. Increasingly, there are worrying signs of tribal and ethnic divisions. The crisis has not been resolved, and although we hope that a compromise will be reached between the two main political contenders, there is a danger that the situation could get much worse.

In the short time that I have been allocated, I want to put a series of questions to the Minister. She might not be able to cover them all when she winds up the debate, but if that is the case, perhaps she will take the opportunity to write to me later.

It is still far from clear what happened during the contested elections. Does the Minister agree that the publication of a full report by the EU monitoring mission would be helpful? Is such a report being prepared and when might it be published? Is there any evidence that the initial violence following the election, which was initiated by Mr. Odinga's supporters, was premeditated rather than spontaneous? I do not ask that question lightly, but some friends in Kenya have told me that there is a strong feeling in the country that the violence was more premeditated than spontaneous.

Hilary Armstrong (North-West Durham) (Lab): The hon. Gentleman makes an important point. The observer from this country who was in Kenya as part of the Commonwealth mission said that translations of vernacular radio broadcasts had been obtained and that they showed that the Orange Democratic Movement had appealed for violence, both before and after the election.

Mr. Simpson: I thank the right hon. Lady for that intervention. I have no definitive knowledge of that, but perhaps the Minister will be able to enlighten us.

Human Rights Watch has accused the Kenyan police of using live ammunition to disperse protestors and looters, killing and wounding dozens. Have the Government been able to confirm such reports, and have strong representations been made to the Kenyan authorities about them? Will the Minister confirm reports that the Kenyan Government are maintaining the suspension of news broadcasts? Have the Government protested about such actions? Will the Minister confirm that the UK has urged the two leaders to meet? What is her understanding of their continued refusal to do so? Are they genuinely at odds, or are they looking for reasons not to meet, in the hope of gaining an advantage one way or the other?

Crucial during this period of instability is the Kenyan army. I taught some of the young men in it when they were officer cadets, and they have a very

good reputation for being highly professional. Does the Minister believe that the army's cohesion and discipline have been threatened by the crisis? Can the army be relied on to remain outside politics?

As the Minister said, it is clear that international efforts have not yet had a significant impact on the crisis. Have Ministers spoken to Mr. Annan, and can the Minister shed any light on what sort of compromise plans he is prepared to propose? What plans are there for further African or international mediation if the Annan initiative does not make progress? What options does she believe the international community has to put pressure on President Kibaki and Mr. Odinga to agree a power-sharing arrangement?

Will the Minister say a little more about Britain's role? What is the background and experience of the UK high commissioner to Kenya, and how long has he been in his post? There have been reports of some differences of opinion between the UK and the US about what would be the best political arrangement to emerge out of the crisis, and in particular about the UK's clear support for a Government of national unity. Will the Minister confirm that, and is she confident that we are working effectively with our international partners to co-ordinate a response to the crisis?

Does the Minister, or any other member of the Government, plan to visit Kenya in the near future? If so, does she believe that that would have a positive impact? Does the Minister agree that it is important that we listen to the voices of the Kenyan people? Does she accept that we should send a message of support to the population, making it clear that the international community does not back either of the contending political groups? An impression exists, rightly or wrongly, that the British Government tend to back Mr. Odinga rather than the president. I do not assert that that is the case, but it is the impression conveyed by some press outlets.

Have the Government sought contact with influential groups in the wider Kenyan society, such as the Churches, business and trade unions? In his recent statement to the House, the Foreign Secretary said that the UK would consider providing more aid, as necessary. Is the Minister confident that sufficient international aid has been dispatched to meet the immediate needs of displaced people, and are the Government considering further assistance?

Louis Michel, the EU's Development and Humanitarian Aid Commissioner, has warned that the EU may consider cutting long-term development aid to Kenya unless the political situation there improves. Is that something that the British Government support, and at what stage would decisions about EU aid be made?

All the matters that I have raised will need to be addressed, and Kenya will need international support to that end, but will the Minister assure the House that the Government are giving no thought whatever to the idea of imposing sanctions on the Kenyan Government—something that has been suggested by the Liberal Democrat party? Will she assure the House that the Government are considering the long-term support that should be extended to Kenya, especially as that concerns the reforms to the electoral and judicial systems that the country will need if it is to deal with electoral disputes in the future?

I turn now to the wider ramifications of the crisis. The Opposition remain concerned about the impact on regional stability. As the Minister knows, Kenya is the transit point for a quarter of the gross domestic products of Uganda and Rwanda, for one third of the GDP of Burundi, and for the supply of many essential commodities. Many hon. Members will know that this is not just a Kenyan crisis but an east African one.

The road blocks and instability in Kenya have made it impossible to move fuel along the regular routes through east Africa. Will the Minister confirm that the Government are in close contact with the Governments of countries neighbouring Kenya? Are those countries providing good feedback? What assessment has been made of the number of Kenyans who have fled to neighbouring countries? Is humanitarian assistance reaching them, as their presence is having a major impact on the economies of the countries involved? Will the Minister confirm disturbing reports that Ugandan soldiers have been brought into Kenya, and does she agree that that would be a worrying escalation of the situation?

There have been al-Qaeda attacks and major terrorist incidents in Kenya in the past. Is there any concern that the current crisis might provide cover for an upsurge in that sort of activity, especially since al-Qaeda is known to be active in Somalia?

Kenya is an important hub for international bodies and non-governmental organisations operating across Africa. Has the crisis had any impact on their ability to operate?

In the past, Kenya has been held up as a good example of a new African country which, although not a perfect democracy, has managed to maintain many democratic institutions. Its level of violence has been lower than that experienced in many of its neighbours. The sadness is that Kenya may be joining the group of African countries that are sliding away from the democratic process. I am sure that all hon. Members would want the Government to give Kenya all possible assistance, but to make it clear to the authorities there that the UK does not back one political party over another.

1.37 pm

Hugh Bayley (City of York) (Lab): The situation in Kenya is extremely serious, for Kenyans and for black Africa as a whole. Kenya's stability since independence has enabled it to attract inward investment in sectors such as tourism, horticulture, telecoms and banking. It is a low-income country, but not so poor as to count as one of the world's least developed nations.

Just after the new year, I was fortunate enough to be invited by Mr. Speaker to attend the conference of Commonwealth Speakers. I was able to speak at some length with quite a few of the African Speakers and to get their views. They were extremely concerned about what was happening in Kenya, in part for the reasons outlined by the hon. Member for Mid-Norfolk (Mr. Simpson). Mombasa is the seaport for Uganda and Rwanda, and a great deal of the exports from Burundi also go through it. In addition, Jomo

[Hugh Bayley]

Kenyatta airport is a regional hub for countries in sub-Saharan Africa and around the Indian ocean.

The crisis with Kenya's stability is a problem for Africa for other reasons as well. The unexpected collapse of the rule of law in Kenya has sent a signal to investors in other parts of the world that Africa is not a safe place to do business, and that could have very serious consequences for the continent's development.

Some people in the media and elsewhere in this country—including some Kenyan expatriates living here—have suggested that Britain should do something, such as supervising new elections. Yesterday evening, I attended a meeting on Kenya organised by the all-party group on Africa, and I heard a Kenyan expatriate call for Britain to send in the troops. The Government must be level-headed. We are not the colonial power—Kenya has been independent for almost 50 years. We would not expect to step in to manage the affairs of India, France or the United States if they faced an electoral crisis, and we should not do so in Kenya.

I support strongly the visit of John Kufuor, chairman of the African Union, which seemed at least to damp down the violence, for which we should all be grateful. I hope that Kofi Annan will soon be fit and able to visit the country and start work toward a process of reconciliation. Well respected African leaders are more likely to be able to broker some sort of settlement than a UK envoy.

Mr. Andy Reed: As always, my hon. Friend is making an excellent speech. Although it is difficult in the short term not to want to do more, does he agree that it is far more important for Africa's long-term development and stability that it and the African Union sort out the situation themselves, involving political leaders in the region in the process of bringing people together, than there be a quick fix, which is probably not possible in Kenya anyway?

Hugh Bayley: I agree with my hon. Friend, who makes an important point. We should stand with the African leaders and support their efforts.

I do not want to be prescriptive. I support mediation, but I have to say to the Minister that I doubt that a power-sharing deal would work. Mwai Kibaki and Raila Odinga are both strong men with enormous egos. Ten years ago, at the request of the Labour party, I went on an exercise funded by the Westminster Foundation for Democracy to see the then opposition candidates who intended to stand against President Moi in the election before last and to ask them whether they would unite around a single candidate, to make defeat of the KANU party, which had been the ruling party of Kenya since independence, more likely.

The candidates, including Odinga, all agreed that there should be one candidate; the problem was that they all said, "It should be me." Five years ago, however, a deal was struck among the opposition parties. Raila Odinga stood back, Mwai Kibaki went forward as a rainbow coalition candidate and the KANU presidential candidate was defeated. Raila Odinga entered Kibaki's rainbow coalition cabinet, but did not stay long. He fell out with President Kibaki over the President's constitutional reform programme fairly soon—two years, I think—after the election. He left the Government and formed an opposition party, now known as the Orange Democratic Movement.

I am certain that what Kenya needs is not a political fix between Kibaki and Odinga, or between Mwai Kibaki and the minority parties in Parliament. Kibaki has already done a deal with Kalonzo Musyoka, who broke from Raila Odinga's ODM last year to form the ODM-Kenya. Mr. Musyoka has been rewarded with the vice-presidency, which delivers 16 parliamentary votes—the 16 members of Mr. Musyoka's party who were elected to Parliament—to the Government coalition. What Kenya needs is not a fix between leaders. What Kenya needs is the rule of law and democracy. I believe firmly that it needs fresh elections—at least, fresh presidential elections—this year. We know that such elections cannot happen immediately, because so many people have been driven from their homes and would be unable to vote. A period of calm is needed to enable people to return home, but the elections need to take place this year, not in two, three, four or five years' time.

What can our Government do? First, we should advocate good policies, but recognise our limitations. We can advocate such policies, but we cannot enforce them. Secondly, we should press for and provide technical assistance for a forensic investigation of the ballot, if such an investigation is possible. In that way, we and the world would know whether the election was stolen and what went wrong, so that lessons could be learned for the future. That was proposed at yesterday's meeting in Parliament by Gladwell Otieno, who is an extremely well respected Kenyan anti-corruption and human rights campaigner and founder of Transparency International-Kenya. She flew in yesterday to speak to our group on behalf of a coalition of voluntary bodies, Kenyans for Peace with Truth and Justice.

Our Government should continue to refrain from recognising the election as free and fair and from recognising Mr. Kibaki's election as President. We should discuss with other African countries whether Kenya, in the present circumstances, should be suspended from the Commonwealth. I agree with my hon. Friend the Member for Loughborough (Mr. Reed) that we should not cut aid—certainly not humanitarian aid. I have seen the work that DFID money funds for people with HIV/AIDS in Kisumu and Kibera—one of the worst slums in Nairobi—and that work should not stop. However, DFID should do what we did in Ethiopia after that country's President jailed some opposition MPs and politicians, which is reroute the money through channels other than the Government of Kenya.

We should work to strengthen the democratic institutions in Kenya, especially the electoral commission. The present commission must stand down—it is wholly discredited. The chairman of the commission who announced that Mr. Kibaki had been elected President said later that he did so under duress; the commission cannot be allowed to remain as it is. Through the mediation process, we need to broker talks on how members of the electoral commission in future will be elected or appointed on the basis of all-party support.

We also need to work to strengthen the judiciary and to work with the Kenyan Parliament. Parliament is especially important because Mr. Kibaki's party, the Party of National Unity, has only 43 seats. Mr. Odinga's

ODM party has 105, but not an overall majority. Although the presidential election—whatever the true outcome—was extremely close, the parliamentary elections were not. The small parties in the Parliament hold the balance of power, which provides an opportunity for negotiation and compromise between the parties. We should do whatever we can to foster that process.

We must recognise that Kenyan parties are not the same as UK parties. They are, if I may say so, less tribal than British parties. They are much more fluid: members of parties and Members of Parliament move from party to party, almost in pursuit of the best offer from a party leader. To be blunt, people are swayed by offers of office or of money. Parliament voted against MPs being able to switch parties last year, but it has not implemented that rule. As I mentioned, President Kibaki's decision to make Mr. Musyoka Vice-President delivered an additional 16 parliamentary votes to his parliamentary camp. We have to enter into dialogue with various parliamentary parties in Kenya to discuss the basis on which they can work together and whether a compromise between the parties in Parliament, at least, is possible.

Many of Kenya's MPs are new. That was bound to happen, given the ruling party's loss of so many seats. Many of them have little experience of how Parliament works and what it can do to hold the Executive to account. I should declare an interest as chair of the Westminster Foundation for Democracy. I know that one of our trustees, Myles Wickstead, who was the secretary of the Commission for Africa set up by our former Prime Minister, Tony Blair, and who was formerly our ambassador in Ethiopia, has spoken to our high commissioner in Kenya, Adam Wood, to explore whether the Westminster Foundation for Democracy can help. The foundation has a history of work with political parties and Parliaments in east Africa. If we can help, I hope that the Foreign Office will get in touch with the foundation. We would be only too pleased to do what we can to help.

1.50 pm

Jo Swinson (East Dunbartonshire) (LD): Some people have criticised the Leader of the House for her decisions on subjects for topical debate, but today her choice cannot be faulted. It is very welcome that the House has this opportunity to debate the crisis in Kenya. As we speak, thousands of Kenyans are protesting on the streets of Nairobi, in Kisumu and throughout the country. I am particularly delighted to follow the hon. Member for City of York (Hugh Bayley), who made an eloquent and powerful contribution and who has much experience in international development.

Let us be clear: the humanitarian and political crisis in Kenya has arisen because on 27 December, Mwai Kibaki stole the elections from the people of Kenya. More than 600 Kenyans have lost their lives and 250,000 have fled their homes as a direct result of an election that betrayed democracy and involved corruption at the highest levels, in the heart of the electoral commission of Kenya. The evidence is stark. In one constituency, recorded turnout was 115 per cent. In Molo, western Kenya, official results gave Kibaki 35,000 more votes than the total tallied by observers at the count. Delays in announcing results from Kibaki's stronghold allowed time to let officials know how many extra votes to add to the tally. There were no outside observers at the final stage of the ballot count. It is quite clear that the result was manipulated behind closed doors at the electoral commission.

Hilary Armstrong: My understanding from the Commonwealth observer is that if a tally in the presidential election was more than 100 per cent. by the time it got from the constituency to Nairobi, it was discounted.

Jo Swinson: I welcome the right hon. Lady's intervention. There is a huge amount of anecdotal evidence from media reports. One television channel showed an official leaving the count saying, "I can't do this anymore, because of what I am being asked to do." We have been told what the chair of the electoral commission said about making the announcement of results under duress. We need forensic examination, as far as is possible, to determine the scale of the deception, but I do not think it is in doubt that the actual election result was not the one declared.

We have known for some time that Mr. Kibaki has failed to tackle corruption as he pledged to do when he took power in 2002. That is just one in a long line of broken promises, such as the pledge to create the new constitution that Kenya so badly needs. Most seriously, more than a year ago Kibaki stacked the electoral commission with his own appointments and failed to consult Opposition parties. Surely that should have been the canary in the mine—a clear warning of what was to come. The crisis was predictable; in fact, it was predicted. I refer to the comments of my noble Friend Lord Steel of Aikwood in the other place on 31 January 2007:

> "Does the Minister therefore agree with the outgoing chairman of the commission, who is quoted in the Kenyan press as saying that if it is constituted in a way that people are not happy with, they will not trust the result?"

The situation in Kenya shows how true that was. The Minister, Lord Triesman, responded in part by calling the lack of consultation

> "a weakness which we will continue to bring to the attention of the Kenyan Government." [*Official Report, House of Lords*, 31 January 2007; Vol. 689, c. 227.]

On 7 January this year, my hon. Friend the Member for Kingston and Surbiton (Mr. Davey) asked the Foreign Secretary what representations had been made to the Kenyan Government, but received no answer. I ask the Minister again now: what exactly did the Government do? What representations were made, and what actions did they take, at what levels, when Kibaki's rigging of the electoral commission pointed to forthcoming electoral chaos in Kenya?

I welcome the Government's clear statement that they do not recognise Kibaki as the Kenyan President. We must ensure that there is no doubt, either in Britain or the international community, that the December elections are not seen as legitimate. The international community must be united in its rejection of Kibaki as Kenyan President.

I understand that the UK Government have already put in place travel bans against certain members of the Kibaki Government. There is another lever that we can use: surely we could wield influence through the extension of such bans to all those who are blocking

[Jo Swinson]

the political process, including, if necessary, Kibaki himself. I should be interested to know whether the Minister has considered that, and whether we have considered whether there are other members of the Government and the political class in Kenya to whom travel bans could be extended. We should work closely with our EU neighbours to widen the impact of such personal sanctions.

Of course, when applying sanctions, we have to be careful that they are targeted against corrupt members of the Government, and those blocking the democratic process. They should not harm poor Kenyans, who are already victims in the crisis. The free education and HIV health programmes must be safeguarded.

Elections are due in Angola, Malawi and Ghana in the next 18 months. There is a great danger that failing to deal rigorously with electoral corruption in Kenya will make similar problems more likely in those other African states. The political solution to the crisis in Kenya must involve fresh presidential elections.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): The hon. Lady is absolutely right: the only lasting solution to the crisis is fresh elections and, as the hon. Member for City of York (Hugh Bayley) says, they should be held relatively soon. Does she not agree that both the parties concerned should use this interim period to reach a joint agreement on the composition of the electoral commission of Kenya, so that whoever wins the election will buy into the commission's processes, and so that the elections can be seen as free and fair?

Jo Swinson: I welcome that intervention. The hon. Gentleman is right: it will, of course, be key that everybody involved in the Kenyan political process buys into the electoral commission processes, and the body must be seen to be independent.

The idea of a Government of national unity is unlikely to work. Let us remember that Kibaki reneged on a memorandum of understanding between him and Raila Odinga back in 2002, so there is unlikely to be sufficient trust. The only realistic solution is for a transitional power-sharing Government to take office, and a timetable for new elections to be drawn up. It will take time for Kenyans who have been displaced to be resettled and reregistered to vote, and a lot of rebuilding work will have to be done across the discredited branches of government. The restoration of the electoral commission's independence is a vital step, as the hon. Member for Cotswold (Mr. Clifton-Brown) says.

The year 2002 brought a new sense of optimism to Kenya. That year's elections deserved the praise that they received for being the most free and fair in Kenyan history. Last December, voters again approached the polls with optimism, and recorded turnout was 70 per cent. However, the situation has quickly turned into a seminal crisis. Whether the violence is blamed on tribal tensions, a conflict between the haves and have-nots, or an intergenerational clash, we should not lose sight of the fact that the direct cause of the bloodshed was the manipulation of the presidential election result.

As we enter the second day of fresh protests in Kenya, the potential for further large-scale loss of life is very real. Pressure must be brought to bear on Kibaki so that Kenya can have a transitional Government and fresh elections. Failing to act now will push Kenya closer to the brink.

1.58 pm

Ms Sally Keeble (Northampton, North) (Lab): I am extremely pleased that we now have topical debates, and particularly pleased that today's is on Kenya, a country with which I have had involvement over the past few years. Like other hon. Members, I want to consider the political and humanitarian dimensions of the issue.

Last summer, I was fortunate enough to go to Kenya with the Westminster Foundation for Democracy, and spent some time speaking to Raila Odinga. I met Kalonzo Musyoka on the day when he moved from his previous party to the Labour party of Kenya. I also met the chair of what was then the party of Mwai Kibaki, the President. That gives some idea of all the changing of parties that goes on. Having spoken to a number of extremely articulate and able politicians, one thing was overwhelmingly clear: that the recent elections would present people in Kenya with a stark choice.

They would be choosing between stability, economic growth and Kibaki's track record of universal primary education, albeit with criticism of the corruption, his Government's centralism and lack of vitality, and change under Raila Odinga, which would provide redistribution and decentralisation, and tackle the poverty agenda in Kenya, with the downside that the party was an unknown quantity and untested in government.

I went back just before Christmas and it was clear that the ODM was way ahead, but there was a fervour of debate and people were looking at the big choice that faced Kenya. The hon. Member for East Dunbartonshire (Jo Swinson) made some important points, but I disagree with some of her comments. It was for the Kenyans to choose, not for us to say, and it certainly was not for any political party to steal the elections, which is what has happened. It is just not clear who stole what.

In the parliamentary elections, as my hon. Friend the Member for City of York (Hugh Bayley) said, there was clearly an overwhelming majority in favour of the ODM. When I visited Kenya last year I could see that people were fed up with politics as they had been, and they did not like politicians. That was reflected in the number of Ministers who lost their seats. Younger people wanted a greater say, and people wanted sweeping changes. The presidential election was clearly going to be closer, and that is where the conflict lies. As long as the results are disputed and people in Kenya believe that the election was stolen, there will be no resolution of the other problems that have arisen. It is therefore essential that the political situation be resolved.

On the humanitarian front, there has been much talk about the various tribes of Kenya. I have quite a large number of Kenyans in my constituency and they had a prayer meeting at the weekend. One of them said that there were only two tribes in Kenya—the haves and the have-nots. The haves are a small group who hold power. The have-nots are a vast mass of people. That is the real political divide in Kenya.

I run a little charity, which some hon. Members support. It works with organisations in the slums of Kenya, in particular in conjunction with the Kenya Network of Women with AIDS. It works in Kibera, Mathare and the other slums in Nairobi. I visited the project before Christmas when, among other things, we had the kids from the slums together for a great big Christmas party. It is sobering to think that most of those children, who have already been orphaned by HIV/AIDS, have now lost not only their parents but their homes and their few possessions. Even worse, the agencies that were feeding them cannot operate, so they have not had food for quite a while.

The Kenya Network of Women with AIDS had to shut down all its feeding programmes because of the violence. World Vision in Kenya has also reported appalling consequences for its programmes, which were supporting some of the poorest people in Nairobi and outside. As that work cannot go on, the UN has to run feeding programmes in the slums. Kibera is not a slum on the fringes of the city; it is right in the middle of Nairobi. One drives past big affluent houses, and just round the corner, or just down the street, one finds oneself in the biggest slum in Africa—in such a rich city. It is an appalling thought that the UN has to run feeding programmes in such a place.

Colleagues have spoken about the importance of Kenya, and they are right. It is a centre for east Africa. I understand that at one point the blockades on the roads were stopping fuel reaching Uganda, and that pressures were building up in Uganda because of fuel shortages and problems with other strategic supplies. Much of the humanitarian work that goes on in southern Sudan and Somalia, and some of the security work there, is based in Nairobi. That is affected by anything that damages the ability of people in Kenya to move about and carry out their business properly.

Others have spoken about Kenya's having been a beacon for multi-party democracy. It is therefore important that we deal with the political crisis and the humanitarian fallout from that. Although it is for Kenyans to decide, there are steps that we in the UK can take, given our historic relationship and our close economic ties with Kenya, to make sure that things keep moving there. The first is to keep on Kenya's case, and especially on Mwai Kibaki's case.

I suspect that some are hoping that after the world has made a fuss and a compromise deal is reached, which people in Kenya are quite capable of achieving, the world will accept that and life will go on, while the underlying question of what happened in the elections is never resolved. It is important that this debate is taking place, and I hope that the scrutiny and the pressure from the Government will continue. A recount is probably not possible because of the tampering with the ballot papers, but there should be an investigation of what happened in the elections. In due course there must be fresh elections. I hope that they will take place in an orderly fashion, and that all the lessons will be learned about how the monitoring is carried out, how the ballot boxes and ballot papers are moved and so on, to avoid a rerun of the disaster.

If there is to be power sharing, my hon. Friend the Minister and her colleagues in Government should keep a close eye on the nature and basis of that power sharing. There is ample previous experience of coalitions in Kenya. At best they can be inspiring and move the country forward; at worst they can be a grubby deal between politicians horse-trading power and influence. The former is needed, not the latter. We should ensure that there is a genuine sharing of power, not just a divvying-up of jobs. That is difficult under the present constitution, without certain checks and balances, with a very powerful presidency, and with the vice-presidency apparently now occupied as well.

I hope my hon. Friend and the rest of the Government will push for real transparency about who is pulling the strings. Like others, I welcome the mission by the UN and other African Heads of State. However, I notice that almost every communiqué issued refers to talks with Daniel arap Moi. Moi's influence in connection with Kibaki is well known. He was his fund-raiser during the election campaign. This is a president who was thrown out in the previous elections for corruption on a scale that leaves most people gasping. It is important that if there is to be international confidence and transparency, the elected politicians, not those who were chucked out for corruption, are making the decisions and pulling the strings.

I ask my hon. Friend to keep a close watch on what happens with the Kenyan Parliament. When Mwai Kibaki lost the referendum on the constitution and was in difficulties, one of the responses was to put Parliament into recess and keep it there for several months. That must not happen again. I understand from reports that it is not due to sit until March. Can the Minister confirm that? If that is the case, that means that while there is unrest on the streets and there are debates about the nature of the power sharing and the future of the country, Kenyan MPs are in their constituencies, but Parliament is not sitting and holding the President and Government to account, which is really important.

The hon. Member for East Dunbartonshire rightly mentioned the packing of the electoral commission; the same happened with the judiciary just before the election, when the President appointed a number of judges. People say that things should be left to the courts, but there are real fears that that is a difficult issue. I ask my hon. Friend and her colleagues to keep up the pressure on those points and provide the space and certainty so that the Kenyan people can make their own decisions on the proper way forward for their country.

I plead above all that we maintain long-term commitments to the humanitarian work and ensure that that goes through non-corrupt channels. One night I opened the *Evening Standard* and saw a picture of flattened parts of Kabira. I knew that a number of the children whom I had seen only a couple of weeks previously had lived there. Either those shacks—and they were terrible things—will re-emerge or the international community will say that in this day and age such housing is not appropriate and we should consider providing proper shelter there, and do the same for the other appalling slums. We should ensure that the supply lines for people's HIV/AIDS treatment, some of which is being disrupted, are maintained. Above all, we should ensure that the children will get food.

[Ms Sally Keeble]

Kenya has been a country of great wealth, dynamism and enterprise, but it has also been one of massive poverty. As other Members have said, what is happening there now is impacting grossly on some of the poorest and most vulnerable people in the world.

2.12 pm

James Duddridge (Rochford and Southend, East) (Con): I must admit that I am somewhat resistant to modernisation of the House, but topical debates are a brilliant idea, as a number of contributions clearly demonstrated today.

Perhaps I should not admit it as an ex-banker, but sometimes I struggle with numbers—250,000 people in Kenya have been displaced; I struggle with the enormity of that number. More than 600 people have been killed—about the same as the number of Members in this House. I think of the life of the young girl in Kenya whom my wife sponsors. She writes to us every six months about what is happening in her village, which is one of the affected areas.

To put the numbers into context, 6,000 people regularly meet at Southend United football club; 250,000 is an enormous number. The situation is horrific for Kenya, the region and the African continent generally. As one who spent a lot of time working in Africa before entering this place, I know it to be a place of great optimism and entrepreneurship. There are great business opportunities in Africa. However, every crisis there is an indicator for the uninitiated that Africa is not a safe place in which to holiday or work or to trade with. That is a complete tragedy.

A number of hon. Members have spoken about Kenya's regional role. I, too, am deeply concerned about the links with Uganda, Rwanda and Burundi in respect of essential goods and petrol. The Kenyan crisis could have a severe long-term impact on the whole region. I would welcome any information that the Minister can provide on Nairobi being a financial hub for the whole region. I presume that the stock exchange is closed and that financial transactions are not taking place; if so, that will have wider impacts, beyond Nairobi.

Kenya always provided great optimism—just as, ironically, Zimbabwe did as a large, affluent country with lots of natural resources. Now, however, those are two major blights in Africa. Although we should not interfere in Kenyan affairs, we should look critically at the failure of the British Government and international institutions to spot the problems. Specifically, there were strong indications before 27 December that the elections might not be free and fair and could cause problems. I should be interested to hear from the Minister what representations the high commissioner made to the Department about the elections and their likely validity before they took place. Were there any indications that people were preparing for violence, if that was indeed premeditated?

The statistics and facts prove absolutely that the elections cannot be relied on. In some areas, 115 per cent. of the voters apparently voted. In an intervention, I mentioned the problem of the electoral register and the manipulation that left whole tribal groups with a common name off the register. All that happened before the election, so there were early indicators that there could be major problems.

The Kenyan economy might not be fundamentally damaged. There is some cause for optimism; everyone feared that the bombs in Nairobi in 1998 and Mombasa in 2002 would bring Kenya and its tourism to a grinding halt. However, Kenya has managed to get back on its feet and attract business and tourism again. However, the country is losing £15 million a day as a result of the problems, and a country with a GDP per capita of about $500 a year cannot afford that.

Like other hon. Members who have spoken, I spend a lot of time considering Africa through the prism of development and the departmental prism of the Department for International Development rather than that of the Foreign and Commonwealth Office. There needs to be greater co-ordination between the two; it seems farcical that, as the DFID budget is rightly being ramped up and spending on governance is increasing—some of that money needs to flow through to places such as Kenya—the Westminster Foundation for Democracy, for example, is not receiving the same funding increases. Perhaps that organisation would be more effective than DFID trying to reinvent the wheel. Although I support DFID as an independent Department, perhaps there is not the co-ordination that there would have been under a single Department in respect of situations such as Kenya's. I urge greater co-operation.

This topical debate has rightly concentrated on Kenya's problems, but the Minister should take time to reflect on what the Department does to spot other problem areas. We often talk about the three major issues of trade, aid and conflict resolution for the developing world, but we need to consider not only post-conflict, but pre-conflict resolution. There were certain signs in Kenya that indicated that there might be social, civil and political unrest—issues of corruption, overpopulation and pressures on the land are very evident in Kenya and they are easily monitored. Corruption can be followed through the excellent organisation, Transparency International and population growth is closely monitored by a number of international organisations, including the UN. Land pressure can be monitored by looking at agricultural statistics on land yield. Surely the FCO should do some statistical modelling to note countries at risk across Africa and give greater economic, governance or political support. Indeed, extra FCO and DFID people should go to the country to try to assist.

I did not hear the Minister mention British citizens in Kenya. When my good friends Councillors Liz and Mel Day were in Kenya, their return was delayed because of the difficulties. While it is not our primary concern to worry about British citizens—and should not be, given the large numbers of people killed and displaced—there are significant issues in that regard.

Several Members mentioned the African Union, which must be the powerhouse of change and peer-to-peer review within Africa. It is not right for the UK, as an ex-colonial Government, to impose solutions, nor even for the EU or any other international organisations to do so—much better that the AU should do it. That is easy to say, but we need to

give the AU a lot more support. It would be fair to say that while Britain has encouraged the AU to act in several other countries—for example, in Zimbabwe—it does not have the momentum to be what we would call the critical friend that would allow countries to be critical of one another and say, "You're my neighbour but what you're doing is unacceptable." We need to give it the confidence to be able to do that.

That said, I am optimistic. Kenya recovered from the Nairobi bombs. I wholly disagree with one aspect of the speech by the hon. Member for East Dunbartonshire (Jo Swinson), which was very good overall. I think that imposing sanctions or travel bans now, 30 days or so after the incident, would be premature and counter-productive, even if it was the right thing to do at some point. It might be possible to resolve the situation quite quickly, and there should not be a knee-jerk reaction to these events.

Jo Swinson: Does the hon. Gentleman recognise that the Government already have travel bans in place for some of the individuals concerned, so it would just be an extension of that? The elections were on 27 December. The situation is escalating, so it is incredibly important that the Government bring pressure to bear now to precipitate free and fair elections.

James Duddridge: I do not accept the hon. Lady's proposition; in fact, it might get in the way of people travelling here for international discussions about what is happening.

Other than that, it has been a good debate. I very much hope that for the young girl whom we sponsor in Kenya, and for the whole community, things get better, because it is a dire, horrific situation.

2.22 pm

Mr. David Evennett (Bexleyheath and Crayford) (Con): I am pleased to be able to make a brief contribution to today's topical debate on Kenya and to follow my hon. Friend the Member for Rochford and Southend, East (James Duddridge).

I have never visited the country, and therefore have no personal experience of it, although I have many friends who have visited on business or on holiday and tell me what a beautiful place it is and what great people Kenyans are. However, the results of the recent elections and the subsequent crisis remain of great concern to us all. The humanitarian issues remain tragic and the consequences are very worrying for the future. The indiscriminate violence has been appalling and still, sadly, continues. Without doubt, the top priority for Kenya's political leaders and the international community must be to bring the murder and violence to an end. All Kenyan political leaders have an obligation, and must do everything in their power, to end the bloodshed and to start talking.

As we have heard from many Members in a very good and measured debate, Kenya has been quite different from many of its African neighbours, with relative stability. Surely compromise and all the politicians working together must now be the answer. The efforts of the African Union, the United Nations and the Commonwealth to bring political reconciliation must be supported, and I welcome what the Minister said about that in her opening remarks. We must all be ready to assist wherever possible. I strongly support the questions posed by my hon. Friend the Member for Mid-Norfolk (Mr. Simpson) in his opening speech from the Opposition Front Bench.

While accepting, as the Minister did in response to my intervention, that a political solution is vital and the way forward, the suffering of the people must not be forgotten. In the UK, we must be ready to respond to the appeals from the Kenyan Red Cross for humanitarian support. The displacement of people, the destruction of homes, the violence, the killings and the problems of so many are heart-rending, and we remember that today. The UK-based charity Merlin Relief International has stated, and I hope that the Minister will note, that it needs £300,000 to continue its work beyond the end of this month in Nyanaza province alone. What plans has the Minister made for dispatching aid, especially financial provision, to Kenya and supporting the efforts of UK charities such as Merlin and the British Red Cross? These are vital areas where we should be looking to help. Of course, the political influence that the Government can exert is very important, but the humanitarian aspect is equally so.

Kenyans complain bitterly of Government corruption, stressing that few of their own parliamentary leaders visit the poorest areas and that domestic and foreign aid packages are mis-targeted or appropriated so that they do not reach those in greatest need. Others claim that neither Kenyan nor foreign leaders fully appreciate the problems facing the common man and woman in the country. That hinders the effective application of aid packages. All the issues that have been raised today on both sides of the House have highlighted how critical the situation is, and we urge the Government to do everything possible.

Mr. Clifton-Brown: DFID's recent policy has been, rightly, to direct aid in most cases, and wherever possible, directly through the foreign Government concerned. Does my hon. Friend agree that in this case that policy needs reassessing so that we can get money quickly to the NGOs that are involved at the sharp end? Mention has been made of AIDS, but many other health and food projects urgently need aid to get into Kenya.

Mr. Evennett: I am grateful to my hon. Friend for that comment and for his expertise on these issues. I entirely endorse what he says.

Hugh Bayley: For clarification, although DFID provides aid through the Governments of many developing countries through a process called budget support, it does not, because of corruption and for other reasons, use that as a route for delivering aid in Kenya, so it is not a problem in this case.

Mr. Evennett: I am grateful for that comment and hope that that is so.

We are all united in the belief that it is absolutely essential that Kenya returns to normality as quickly as possible to avoid long-term damage to the economy, to end the suffering of the people, and to protect the future of a very beautiful country.

2.27 pm

Mr. Brooks Newmark (Braintree) (Con): I was not expecting to speak in this debate; I would have hoped

[Mr. Brooks Newmark]

not to have to speak in such a debate, but the images that I saw on the television of young men carrying machetes struck home tremendously.

Last summer, I spent time in Rwanda, and those who know that country know that over a period of 100 days in 1995, an incredible genocide took place involving the Hutus and the Tutsis, in which the Hutu majority slaughtered 750,000 Tutsis. I went to see one of the memorials, on which it said "Never again". That phrase struck me when I saw television reports showing young men carrying machetes in the aftermath of the election in Kenya. That is why I wish to speak briefly; I appreciate that I have only a brief time to talk on this important issue.

We heard from President Kibaki that the elections were free and fair, but we would not have seen the response on the street, and from the international community, if those on the ground believed them to be free and fair, and if those internationally, who know best practice when it comes to elections, thought so too. It is important that the Government take a strong stand on the issue, and I hope that the Minister will respond to this point. She should address the question asked earlier about whether the Government will recognise the Kibaki Government.

Meg Munn *indicated dissent.*

Mr. Newmark: A simple yes or no will do, rather than equivocation. That is an important message that we need to send to put pressure on the Kenyan Government.

On the nuances of what went on, my experience of what went on in Rwanda is that it was a tribal reaction. I have been to Kenya, and it is important that we do not see the current tensions in a country that is relatively stable compared with some of the countries around it, and which is relatively progressive—Nairobi is a big city—disintegrate into the tribal tensions to which I alluded earlier. What can we do, and what should we do? As an international community, aid is extremely important. I would like to congratulate those from the Department for International Development who are going to Kenya today to give that aid. It is a stressful time, there are tensions and it is not a particularly safe place to go. I know that people from DFID are going out there at the moment, and I want to give them my support.

In particular, I should like to congratulate DFID on the support it gives in relation to HIV/AIDS, which is a big issue in Kenya, as it is, unfortunately, in many other African countries. I know that the Minister was shaking her head earlier; perhaps she can tell me why in her response, and I would also like to ask her about the targeting of aid. One of the criticisms we have heard from experts on the ground in Kenya is that aid is not as targeted as it should be. We are hearing that from independent observers, and perhaps she could address that issue.

In responding to the situation, it is always easy for us in the west to say what we think should be done in Africa, but I am a great believer in the idea that those who are most local to a problem are those best placed to provide a solution. Therefore, I congratulate Kofi Annan, who is leading a panel of eminent Africans organised by the African Union, which includes President Benjamin Mkapa and Nelson Mandela's wife, Graça Machel, to try to resolve Kenya's problems. If Africa tries to resolve things along with its neighbours, we are far more likely to achieve success than we would as outsiders. That is better than us as westerners going in and imposing our views—and our sense of colonialism, as they would perceive it—to try to achieve peace and stability in that part of Africa.

Finally, the overall response should be to try to support the Kenyan Red Cross, which has asked for our support through humanitarian aid. We should provide that assistance to the Red Cross, first of all. Secondly, we should ensure that we protect our citizens. A number of British citizens are there, and the Government have a responsibility to protect them. Thirdly, we must do whatever we can to condemn the Government of President Kibaki, and send a powerful message to him that we do not see his elections as free and fair and, therefore, do not recognise his Government as legitimate.

2.33 pm

Meg Munn: We have had an excellent debate, with much agreement in the House. Several hon. Members' expertise added to its quality. I shall try to answer all hon. Members' questions—it is a bit disconcerting to be asked questions that one has already answered, but I shall forgive the hon. Member for Braintree (Mr. Newmark) on this occasion.

I am not sure whether I can answer all the questions that the hon. Member for Mid-Norfolk (Mr. Simpson) asked. I am mightily relieved that I am unlikely to go on a speed date with him because the idea of having to answer so many wide-ranging questions about oneself is frightening. I do not know whether he has experienced speed dating—I certainly have not.

Mr. Keith Simpson: To save herself, I think that the Under-Secretary should move on.

Meg Munn: Perhaps the hon. Gentleman was worried that I was pressing him too much about his experience. However, it is right that we should move on because the debate is serious. Hon. Members have rightly asked a wide range of questions and I want to try to respond to as many as I can.

As my hon. Friend the Member for City of York (Hugh Bayley) said, the Department for International Development does not give direct budget support to the Government of Kenya. We will not give them direct budget support unless credible progress is made on tackling corruption. Clearly, we will not abandon people in need. Corruption hits the poorest people hardest and undermines development.

Let me briefly set out our general aid programme and what we are doing in the current circumstances. In 2007-08, the Department for International Development provided £50 million in aid. The UK's aid programme is directed at health, education and social protection. Any suspension of it would inevitably have a direct negative impact on the poorest people, but we are keeping matters under review. On 3 January, the Secretary of State for International Development announced the provision of

£1 million to Kenya Red Cross to meet the humanitarian needs of up to 500,000 people who are affected by the problems in the Rift Valley area. The Department for International Development Kenya submitted an application for an additional £1 million on 15 January.

Business as usual is not possible until progress is made on dialogue and reconciliation, and the Department for International Development has temporarily suspended all aid payments to the Kenyan Government. We signed a public statement on 15 January as part of a broader donor co-ordination group to maintain pressure on the Kenyan Government for compromise and resolution.

Jo Swinson: Did the Under-Secretary say that, because of the current circumstances, the Government had suspended all aid payments to the Kenyan Government? How does that fit with the fact that we do not channel aid through the Kenyan Government?

Meg Munn: I am clarifying that there will be no aid payments to the Kenyan Government.

Ms Keeble: Will my hon. Friend also ensure that our payments that go via some of the Kenyan Government Departments from, for example, the World Bank, especially the global fund, are handled carefully during this turbulent period?

Meg Munn: I referred to a broader donor co-ordination group, which has agreed a public statement to ensure international co-ordination so that all those involved are aware of the position. The EU signed the development partners' statement, which agreed to reconsider budget support if the current situation continues and to channel a larger share of assistance through civil society organisations and the private sector. I therefore believe that I can give hon. Members the assurance that they seek that we are considering the matter carefully, that international organisations and partners are doing the same, that we will keep the position under review and that my hon. Friends in the Department for International Development will ensure that aid concerns are tackled.

The most urgent humanitarian needs are clearly being prioritised. International non-governmental organisations can still operate in Kenya and I am informed that, so far, only World Vision has withdrawn any staff.

Let me deal with some of the specific questions, especially those of the hon. Member for Mid-Norfolk. My noble Friend Lord Malloch-Brown has spoken to Kofi Annan about the African Union proposal and his visit. There are no current plans for UK Ministers to visit and we support the African Union-Annan process. We are non-partisan and we are talking to all sides.

We have seen reports from human rights organisations in Kenya that some violence was premeditated and our high commission is looking into those. To answer the question that the hon. Member for Mid-Norfolk asked, our high commissioner is Adam Wood, who has been there since 2005 and is well respected. I had a video conference with him yesterday, in which he gave me an update on the situation. The current tension is concerning and we are monitoring it closely. We know that live ammunition has been used. We as the Government utterly condemn that and call upon the Kenyan authorities to stop its use.

We know that the Kenyan military has supported humanitarian work, and we have so far heard no reports of the army's cohesion breaking down. Similarly, we are aware of reports that the Ugandan army is in Kenya, but our investigations have turned up no evidence of its presence. While we are on Uganda, we also believe that between 3,000 and 4,000 Kenyans have moved to Uganda and are receiving humanitarian support there.

To move on to the electoral situation and the future of the process, our high commissioner, Adam Wood, raised the issue of appointments to the electoral commission with the Kenyan Foreign Minister at the time. Hon. Members asked how aware we were ahead of the elections that there might be problems, and I can assure them that those concerns were raised at the time. The election day itself was calm.

Jo Swinson: I appreciate the Minister's generosity in giving way again. It is welcome that our representative in Kenya raised the issue, but was it also raised by our Ministers at that level?

Meg Munn: I do not have that information to hand. Perhaps I can write to the hon. Lady about it after this debate, although she may be aware that the issue was not my personal responsibility.

Problems started as votes began to be counted. The domestic and EU observer missions have reported serious irregularities in the tallying process for the presidential elections. I can tell the hon. Member for Mid-Norfolk that the EU observer mission will release its final report on 4 February.

The UK's position is that we are working closely with our allies. A number of hon. Members, including my hon. Friend the Member for City of York, who speaks with great authority, rightly said that it is not for us to be prescriptive. We are therefore working with our allies—the US, and our European and African partners—to support efforts to resolve the crisis in Kenya. The UK wants Kenyan politicians to live up to their responsibilities and agree a way forward. Crucially, we are supporting the mission led by Kofi Annan to assist them in doing so.

A number of hon. Members called for a rerun of the elections, although I recognise that they appreciated the problems of doing so straight away. We want African mediation to help the parties agree a way forward, but it is not for us to prescribe the outcome of that mediation.

Briefly, on consular issues, we are not advising British nationals to leave—we are currently providing consular support—but we are advising against all but essential travel to Kenya. We keep our advice updated, and we want to ensure both that consular support is in place and that British citizens in Kenya are informed of what is happening.

To conclude, there is a unanimous view throughout the House that the situation needs to be resolved—

It being one and a half hours after the commencement of proceedings, the motion lapsed, without Question put, pursuant to Temporary Standing Order (Topical Debates).

Mr. Christopher Chope (Christchurch) (Con): On a point of order, Mr. Deputy Speaker. Before we get on

[Mr. Christopher Chope]

to our substantive business, may I raise a follow-up to an exchange at business questions today, in which the Leader of the House denied that Ministers were continuing to treat Members of the House with contempt by making announcements outside the House before making them to Members here? Shortly after business questions had concluded—I suspect that this was no coincidence—I received a hand-delivered letter in my office from the Minister of State for Work and Pensions, the hon. Member for Don Valley (Caroline Flint), saying that she had endorsed the closure of the Christchurch Jobcentre office. I bumped into my right hon. Friend the Member for West Dorset (Mr. Letwin) just now, and he had yet to receive a similar letter telling him that the Dorchester office of Jobcentre Plus was also closing. What concerns me is that the Minister knows that I take this issue very seriously. It has been the subject of a public meeting in my constituency, the subject of a petition to Parliament, and the subject of an Adjournment debate that I initiated. Indeed, it was also the subject of a delegation that I took to discuss the matter with the Minister, yet her letter makes no reference to any of those matters. What concerns me most of all, however, is that I have now received a piece of paper from one of the journalists at the Bournemouth *Daily Echo* which shows that, at 9.21 this morning, the Minister's Department was communicating directly with a journalist, making the telephone number of the Minister, no less, available—

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I think that I have allowed the hon. Gentleman to get his point on to the record. We must not start a full discussion about this. This throws further light on the lapses that appear from time to time at a disturbing level. Mr. Speaker has a strong view on this, and I can only say that, by placing this matter on the record, the hon. Gentleman has perhaps underlined the need for Ministers to be scrupulous in ensuring that hon. Members' interests are placed as a priority above all other communications. I hope that that will satisfy the hon. Gentleman.

Orders of the Day

Channel Tunnel Rail Link (Supplementary Provisions) Bill

Not amended in the Public Bill Committee, considered.

Clause 1

POWERS OF SECRETARY OF STATE

2.46 pm

Mr. Christopher Chope (Christchurch) (Con): I beg to move amendment No. 7, page 1, line 4, at end insert

'and the railway assets at Waterloo Station released by London and Continental Railways.'.

Mr. Deputy Speaker (Sir Alan Haselhurst): With this it will be convenient to discuss amendment No. 4, page 1, line 5, at end add—

'( ) The powers of the Secretary of State under section 6 of the Railways Act 2005 shall be exercised in such a way so as to ensure that assets associated with the rail link at Waterloo Station are developed for the purpose of providing domestic rail services'.

Mr. Chope: I am delighted that amendment No. 7 has been grouped with amendment No. 4, tabled in the name of my hon. Friend the Member for Wimbledon (Stephen Hammond), who sits on the Front Bench. This is an important issue relating to the railway assets at Waterloo international terminal. Most of my constituents who commute into Waterloo had assumed that, by the time the international terminal there was closed, a clear plan would be in place for its re-utilisation. It has now emerged that that is far from being the case. The decision to move the terminal from Waterloo international to St. Pancras was first taken in 1994. The Government have therefore had about 13 years' planning time in which to work out what would happen to the Waterloo international terminal when it was vacated by London and Continental Railways and the Eurostar services.

Rather late in the day, back in February 2005, the Strategic Rail Authority, as it then was, invited tenders for consultants to look at all the options for future use of the Waterloo international terminal. Ove Arup, the partnership that won the tender, produced a voluminous and, I thought, very helpful report, dated July 2005. It set out a series of options. One of the options, mothballing, was considered and rejected because it was accepted that that was an expensive option. Even then, it was estimated that it would cost more than £500,000 a year. Obviously, it was also considered by many to be a shameful waste of valuable railway assets, particularly at a time when, as everyone who uses Waterloo station knows, the station is under tremendous pressure, with not enough platforms for all the services and passenger numbers close to the station's capacity. Amendments could be made to the structure of railway assets at Waterloo and nearby that would release the five platforms at the Waterloo international terminal for domestic services use.

Mr. Greg Knight (East Yorkshire) (Con): I agree with my hon. Friend's argument, but does he accept that his amendment No. 7 is not ideal because it is only permissive, which would enable a Minister to ignore his argument? Does he accept that amendment No. 4 provides a far better way of dealing with the matter because it directs the Minister in what to do?

Mr. Chope: I acknowledge that my amendment is more probing in order to raise the issue, while I view amendment No. 4, proposed by my hon. Friend the Member for Wimbledon, as a more substantive amendment. If we have the opportunity later, after withdrawing my amendment—providing you, Mr. Deputy Speaker, agree to that—I would like to see amendment No. 4 put to the vote. My right hon. Friend the Member for East Yorkshire (Mr. Knight) is absolutely right that that is a mandatory amendment. On the other hand, even that amendment will not achieve anything unless we have a clear indication from the Government that there is a will to do something. I note that the Under-Secretary acknowledges that. Let us hope that this debate will provide him with an opportunity to explain why we have the mere prospect of having one of those platforms opened for domestic services by the end of 2008 and no prospect whatever of any of the others being available for such services in the foreseeable future.

Of course, there are all sorts of available options, some of which are incompatible with each other, which is the nature of options. That is why the Strategic Rail Authority, before it was abolished by the Government, was wise to engage the services of consultants. What depresses me is that, all these months and years on, it seems that the Government have still not reached a clear conclusion. Indeed, I do not believe that the Government commissioned the additional work recommended by the SRA consultants, so it provides yet a further example—to the detriment of hard-pressed commuters—of Government indecision in the critical area of public investment. Taxpayers are already paying through the nose for the cost of subsidies to Network Rail and railway services.

We know that socialism is normally associated with public waste, public expenditure and declining quality of services, but there is no reason why the Government should make a habit of it, particularly in respect of Waterloo international. This should not be a party political issue because Labour constituencies are served by services going into Waterloo station and there are certainly Labour voters at Waterloo on a Monday morning. People are increasingly bemused by the fact that the Government talk the talk about investment in railways and the need to transfer people from road to rail, yet, when they have an opportunity to invest in it and take a decision, they fail to do so. Indeed, they funk it. That is exactly what has happened in respect of Waterloo international terminal.

This Bill is all about ensuring that we continue to subsidise the channel tunnel rail link services with taxpayers' money and add value to London and Continental Railways. Yet, as I have said, the Government seem to be very mean when it comes to finding the necessary investment to make the most of the assets at Waterloo. I hope that the Minister will tell us precisely what has happened since the publication of the Strategic Railway Authority's review in July 2005.

This issue affects a great many Members of Parliament. That is why I was a co-signatory to an early-day motion tabled by my hon. Friend the Member for Esher and Walton (Mr. Taylor), who is anxious for the assets to be returned to use as quickly as possible. What worries him and many others is that although the Government know that it would be right to invest in Clapham Junction as well, and thus to enable full use to be made of the facilities at Waterloo, they lack the will to find the money to do so, thereby leaving the commuting public and other passengers in a much worse position than would be possible if they made the necessary investment.

I do not need to make a meal of this issue, but I would not want anyone to think that the fact that I had not spoken at length meant that I did not feel strongly that the Government must address the issue and address it today, and also apologise to the people of London and others who use Waterloo for the fact that they have already wasted valuable years with their indecision.

Stephen Hammond (Wimbledon) (Con): I support the amendment tabled by my hon. Friend the Member for Christchurch (Mr. Chope), but, as he said, my amendment is subtly different, and requires action by the Minister.

Mr. Greg Knight: Will my hon. Friend confirm that, if our hon. Friend the Member for Christchurch (Mr. Chope) seeks leave to withdraw his amendment, he will seek the Chair's permission to press amendment No. 4 to a Division?

Stephen Hammond: In that eventuality, I shall certainly seek the Chair's permission to do so.

When the decision was made to transfer the international rail terminus from Waterloo to St. Pancras, the reasons for the move were announced by Eurostar's director of communications, Mr. Paul Charles, who listed some key benefits. He said, for instance, that

"Domestic commuters will benefit from faster access into Waterloo and the opening of more train pathways",

and that there would be

"Opportunities for domestic train operators to utilise capacity vacated".

That announcement was made on 15 November 2004. In the three years that have passed since then, the move to St. Pancras has taken place and we have witnessed the successful opening of the United Kingdom's first high-speed rail line, which enables travellers to cross from London to Paris in two hours and 15 minutes. However, improving Paris-London services was only one part of the deal. The other part of the deal was opening up the vacant platforms at Waterloo, and that has not been kept: the platforms remain empty.

It is interesting to look at the forecasts of traffic and passenger numbers. In 1996, when LCR first bid for the project, it forecast that the number of passengers using Eurostar would reach 21.4 million in 2004. In fact, by that stage the number was only 7.3 million, and the latest available figure is 7.85 million. When we contrast that rather optimistic forecast with the huge increase in the number of people using routes into Waterloo, we see the problem. The Office of Rail Regulation estimates that 60 million people a year—164,000 a day—are now either coming into or leaving Waterloo.

3 pm

As I and my constituents experience, those trains are all too often overcrowded, and passengers are carried in conditions that may be described as subhuman. Interestingly, every time I look at the daily scrum on platforms 1, 2, 3 and 4—as people try to get the train from or back to my constituency—I sense the empty platforms at the other end of the station that ought to be used for my constituents and for those of so many other Members.

Sir Peter Soulsby (Leicester, South) (Lab): The hon. Gentleman makes the use of those platforms—which is, indeed, very desirable—sound very simple. Does he not accept that it is a complicated issue that would involve alterations not only to the station, but down the track, and particularly at Clapham Junction, as has been suggested?

Stephen Hammond: Alterations to the station do not present a difficult problem. I accept that there are some track problems, but the overall cost of putting those five domestic platforms into operation, including the track works, has been estimated at under £10 million. I will listen to the Minister's response carefully. The cost of mothballing the platforms is reckoned to be about £500,000 a year, so there is a huge cost to mothballing, as well as to doing something. I also ask the hon. Gentleman to bear it in mind that this problem did not arise yesterday. As I made clear in my opening remarks, we knew from November 2004 that Eurostar operations were to move to St. Pancras, so there has been a long time to work out what might happen in the post-relocation period. That is a fact.

It is also a fact that South West Trains operates some of the most overcrowded services in the United Kingdom. It wants to use the platforms at Waterloo for its longest trains—those that serve Basingstoke, Winchester, Southampton and Portsmouth. Those vacant platforms are already long enough to host those trains. The ownership of Waterloo international will pass to the Department in March this year, and work could then begin, with an eye to having all the vacant platforms open. As I understand it, work will begin on platform 20, and the platforms will be available for use from December 2008.

A number of issues arise from the lack of forethought. Let us be clear that the Government have had three years to get to this point; they cannot shirk responsibility. Eurostar is pulling out of Waterloo. It has no incentive to safeguard the platforms for domestic services post-withdrawal. The Government are taking over the platforms in question, and therefore it is their job to see that they are put to good use. I credit the Minister for clearly recognising that fact. He has given written answers to questions on Waterloo in the past two months on 12, 21, 26 and 27 November and on 6 and 18 December; he is a very busy man. Let me remind the Minister of what he said on 6 December:

"Ownership of Waterloo International transfers to the Department at the end of March 2008 following Eurostar's de-commissioning of the facility as an international station. The Department is currently working closely with Network Rail and Stagecoach South West Trains...to finalise the design and costs associated with the partial conversion of Waterloo International to accommodate some domestic passenger services. The cost information should be finalised early next year. Works on site are expected to commence soon after the station transfers to the Department and will take several months to complete. Services could then operate into and out of Platform 20 of Waterloo International from the start of the timetable change date in December 2008.

Options for the medium to long-term use of all five international platforms are being assessed...as part of a wider strategy for the upgrade of Waterloo". [*Official Report*, 6 December 2007; Vol. 468, c. 1484-85W.]

On December 18, the Minister said:

"It is primarily the railway infrastructure outside Waterloo that limits the number of trains that can use the station rather than the number of platforms. Therefore the need is to run longer trains rather than more trains. So we are planning a large scheme to make all the platforms long enough to accommodate 10 and 12 car trains...The scheme also presents opportunities at Waterloo International to reconfigure the passenger circulation space and the interchange with other transport modes, and to better integrate the station into the surrounding area. Such an ambitious scheme requires very detailed planning to make the most of this unique opportunity." [*Official Report*, 18 December 2007; Vol. 469, c. 1441W.]

None of that is in dispute, but the Minister's Department has known about the availability of the platforms since November 2004, so what excuse will he give us for the fact that it did not have a comprehensive plan for the redeployment of the platforms ready as soon as they were available after the decommissioning of Eurostar?

Mr. Ian Taylor (Esher and Walton) (Con): I have listened to this debate for longer than it would appear by the length of my presence in the Chamber. Since 2004, my colleagues and I have constantly prompted the Government to address this issue. The key to it is Clapham Junction, because of the size of the viaduct going in. Thus, it is not just about the circulation at Waterloo; it is also about investing at Clapham Junction in order properly to give commuter access to the five now-vacated lines.

Stephen Hammond: My hon. Friend again makes the excellent point about the need for works at places other than Waterloo. As I explained in answer to an earlier intervention, a decent estimate has been made about the cost of those works, which, in toto, would not last longer—

Mr. Deputy Speaker: Order. I am sorry to interrupt the hon. Gentleman, but may I urge him to address either the Chair or the microphone at all times? If he turns round completely, in a courteous effort to address his hon. Friend, the record can sometimes be impaired.

Stephen Hammond: I am grateful for your instruction, Mr. Deputy Speaker. Some of my colleagues might think that the record would be better if I were turned round more often.

I want to ask some further questions, and I hope that the Minister will address them. Why is it only now that the options for the medium to long-term use of all five international platforms are being considered? Why is only one platform being prepared for domestic services? Will he confirm that it will meet the December 2008 target? In the written answer of 18 December that I quoted, he said that the work planned at Waterloo is designed to allow longer trains to use the

platforms. South West Trains runs 10 and 12-car trains on the main line and hopes to extend the number of cars used to at least 14. The reality is that the Eurostar platforms are the longest in Britain and can accommodate 18 carriages, so surely they are long enough to support the long trains.

If the reason for the delay is an ambitious plan for Waterloo, when will it be revealed? What is it? What will it cost? Is the ambitious plan that the Minister mentions merely a fig leaf to cover the embarrassment of the Government and Network Rail for not having a plan to use all the five platforms immediately on decommissioning? We seek answers to those questions from the Minister.

The mess in the lack of preparedness for the decommissioning and the vacation is symptomatic of the failure to give the people of this country an accountable, efficient railway system that is focused on the needs of the passenger. The long-suffering commuters into Waterloo are amazed that this national asset, which is part of the answer to their problems, sits there lying empty. They will be unforgiving if four platforms continue to lie empty until 2012 to 2014, as the Minister suggested in one of his written answers.

There is a way through this situation. Under section 6(1) of the Railways Act 2005, the Secretary of State has the power to

"provide, or agree to provide, financial assistance to any person

(a) for the purpose of securing the provision, improvement or development of railway services or railway assets; or

(b) for any other purpose relating to a railway or to railway services."

Before anyone starts asking whether we are about to hear a spending commitment, I should remind hon. Members that financial assistance as defined by that Act is

"(a) the making of grants or loans;

(b) the giving of guarantees; and

(c) investments in bodies corporate".

So that does not necessarily imply that spending would be necessary, but it does imply that the Government may be required to give guarantees.

I am sure that the Minister will tell us that part of the rationale for this short Bill is to ensure that the financial assistance, as defined by the 2005 Act, already given to London and Continental Railways by the Government remains in place as the construction phase ends and the operational phase begins. The Government currently provide financial assistance for capital funding in several ways. The whole financial assistance is utilised, including loans, Government-guaranteed bonds, securitised bonds and other debt facilities. The Government also have the power to provide some revenue funding for domestic services operating on the channel tunnel rail link. Therefore, it is clear that as part of the overall CTRL project, an asset—albeit an asset that is now post-construction and operationally redundant to CTRL—could receive a Government guarantee of financial assistance of some form to maximise its usage or disposal value. The disposal value of the Eurostar platforms, if disposed for railway purposes, would undoubtedly be maximised by ensuring that they were operational.

We are told that the Bill is necessary because, among other reasons, the maximisation of the disposal value of other railway assets must be ensured. If the Government are to continue to provide revenue funding for the rest of CTRL, and capital funding guarantees, why not make Waterloo part of the scheme? It is undoubtedly critical that the platforms at Waterloo left vacant by Eurostar's relocation are put to use. We are all aware of the capacity shortages on our railways and they are particularly acute at Waterloo. The liberation of the five platforms represents a golden opportunity to address some of those capacity needs.

The Government have, by the virtue of the Railways Act 2005, the power to provide financial assistance to those who own or run railway services or assets. The amendment in my name will put an obligation on the Government to exercise that power in such a way as to ensure that the platforms at Waterloo, which they will own from March, are put to domestic train use. The Government will fail in their obligation to passengers at Waterloo if they fail to do that. Amendment No. 4 would ensure that that obligation is fulfilled.

I am known as a big fan of high-speed rail. Now that the dust has settled after the spectacular opening of St. Pancras international, it has become painfully obvious that not all of the obligations of the move from Waterloo have been honoured. The last cross-channel train has pulled out of Waterloo international and there is an eerie void where it once hummed with activity. That void must be filled. The Government must meet their obligations and, unless we receive more reassurance from the Minister this afternoon, I will seek to divide the House on the amendment.

Norman Baker (Lewes) (LD): I welcome amendment No. 4. It is a very timely amendment that raises a serious issue. Indeed, it is difficult to disagree with the case that has been made. As soon as it became clear that Waterloo international was no longer to be used for Eurostar services, it should have been obvious that there was a wonderful opportunity for an improvement to domestic rail services into Waterloo. That is certainly obvious to the commuters who use trains into Waterloo every morning. The public would have expected the Government to have a plan to ensure that as soon as Eurostar services ceased, new domestic services began seamlessly. I accept that three years is not a long time, but the Government tell us that in 2012 they will come forward with plans for the period beginning 2014. So they seem to think that two years is sufficient for investment in long-term rail projects.

It is clear that with rising congestion, overcrowded trains and a significant increase in the number of train passengers, for which the Government are happy to take some credit, we will need extra capacity on the rail network above and beyond that suggested by the Government's White Paper on railways. All the evidence suggests that railway passenger numbers are increasing faster than the Government anticipated. The pressures on the network will therefore be greater at an earlier stage than the Government admit. That is the same at Waterloo as everywhere else. It seems to me to be a no-brainer that we should bring the platforms into use for domestic services. The fact that the Government are talking only about platform 20, not the other platforms in Waterloo international, is a failure.

3.15 pm

Sir Peter Soulsby: I want to make the same point as I did when I intervened on the hon. Member for Wimbledon (Stephen Hammond). The hon. Member for Lewes (Norman Baker) makes the use of those platforms sound very easy. In fact, he spoke just a moment ago about reusing the platforms. Does he, too, not accept that it is not simply a question of reusing the platforms but a complex business, involving realigning the track further back at Clapham Junction? That cannot be done the following morning or week, but needs a considerable amount of planning and investment.

Norman Baker: The hon. Gentleman did raise that point a moment ago, and I am tempted to give the same answer as the hon. Member for Wimbledon (Stephen Hammond). First, the planning should have started some time ago. Secondly, of course there are constraints further back at Clapham Junction and elsewhere—I accept that. However, this is a feature of the Government's rail policy. They are attempting to get as much as possible out of the network through signal improvements and so on, which is fine, but they have not yet grasped the nettle and recognised that we must invest significantly in the rail network to deal with the modal shift from road and air to rail travel, which is needed for climate change reasons, and to deal with the increase in passenger numbers.

We will have to spend money on places such as Clapham Junction. There is no getting away from that. If we do not spend it now, we will spend it in 10 years' time. Such forward projections ought to be made by the Department for Transport, but it has not made them. It has failed to make projections far enough ahead about what will need to be done, including about such changes as those at Clapham Junction. The Department is still working on the presumption that oil will be $50 a barrel in 2025; that is the official DFT position. It was hardly surprising, with such inputs, that its answers were wrong.

Yes, there are problems at Clapham Junction. They need to be dealt with. They should have been thought about before, but they were not. It is a complicated matter, but it all needs to be dealt with. It is insufficient merely to leave the platforms empty—or worse. One written answer that was referred to a moment ago, which I saw in *Hansard* the other day, talked about "passenger circulation space". To me, that is rather a worrying phrase. It conjures up ideas of Birmingham New Street, where a lot of money is spent to provide not very much space for trains and quite a lot of space for people to sit and wait for trains. I wonder whether passenger circulation space actually refers to the idea of building a shopping mall and a couple more McDonald's or Kentucky Fried Chicken outlets where passengers can wait in comfort for trains running from platforms one to 20, rather than using the platforms from 20 onwards for more trains. I hope that the Minister will confirm that there is no intention permanently to remove the platforms above platform 20 from Waterloo international and that that will not happen.

I need not detain the House much longer. The hon. Member for Wimbledon made a good case, and if the House divides, my colleagues and I will support him.

Mr. Greg Knight: We have just heard three excellent speeches, all of which have made a compelling case for action. I hope that the Minister will satisfy us that he will take such action.

My hon. Friend the Member for Christchurch (Mr. Chope), as a lawyer, always makes a good case. However, I feel that today his drafting skills have deserted him. Amendment No. 7 is extremely wishy-washy, and if the Minister does not satisfy the House I, like my hon. Friend the Member for Wimbledon (Stephen Hammond), will be minded to support amendment No. 4.

I congratulate the Government on eventually overseeing the successful opening of the UK's first high-speed rail line, which enables passengers to get from London to Paris in two hours and 15 minutes. I also welcome Eurostar's move to St. Pancras, which is far easier for my constituents, and for residents of Yorkshire and other parts of the north in general, to get to than Waterloo—although why any resident of Yorkshire would wish to cross the channel, when in my constituency of East Yorkshire we have the delightful seaside town of Bridlington, I do not know.

However, improving services from London to the continent was only part of what we were told would happen, as we were promised that vacant platforms at Waterloo would be used for domestic services. I do not blame the present Minister for the problems that we now face; they arose before his watch, but he must explain to the House why his predecessors did not undertake the necessary planning to bring the vacant platforms into use.

The hon. Member for Leicester, South (Sir Peter Soulsby) made a fair point, but there has been a gap of three years in which action could have been taken to resolve the problems at Clapham Junction. As far as I am aware, no such action has been taken.

Mr. Ian Taylor: I think that I was the first to raise this matter: I did so in 2004, and have done so regularly since then. The issue is complex, and investment at Clapham Junction is required if we are to get the crossover facilities that we need. My right hon. Friend's constituents may well be happy that St. Pancras is now the terminal for Eurostar, but in my constituency there are nine railway stations that feed into Waterloo. I am unhappy that the vacated platforms are not fully in use for commuters.

Mr. Knight: I can well understand my hon. Friend's concern but, although my constituents do not face the disastrous travel problems that his face, the point is that the Government have a duty to maximise the use of public assets. They are spending some £6.5 billion on our rail network, and we were told that platform 20 and all the other vacant platforms at Waterloo would be brought into use. I hope that, unless it transpires that some platforms have to be demolished to allow the track to be realigned, the Minister will be able to reassure commuters that that is what will happen.

My hon. Friend the Member for Wimbledon was right to say that the Railways Act 2005 gives the Government the power to provide financial assistance to those who own or run rail services and assets. The Government would be in dereliction of their duty if they did not make available the money to allow the

vacant platforms at Waterloo to be brought into use. Amendment No. 4 would oblige the Government to ensure that the vacant platforms at Waterloo were brought into use for domestic train services. I hope that, in the absence of an unequivocal assurance to that end from the Minister, the House will support it.

Mr. John Horam (Orpington) (Con): I support amendments Nos. 7 and 4. I heard the critical remarks that my right hon. Friend the Member for East Yorkshire (Mr. Knight) made about amendment No. 7, moved by my hon. Friend the Member for Christchurch (Mr. Chope), but it is wholly consistent with my hon. Friend's known philosophy. He likes to enable, rather than force, people to do things, and the amendment is entirely consistent with that approach. Amendment No. 4 is more positive: it is designed to get the Government to do something—but then my hon. Friend the Member for Wimbledon (Stephen Hammond) is the shadow Minister, and that is his job. I am therefore delighted with how he has phrased his amendment.

Both amendments enable us to raise the problem of congestion on commuter railways south of the Thames—a matter of profound importance about which there has been a great deal of comment. The underground system south of the river is skeletal, and the commuter lines into the relevant stations south of the river—and occasionally just to the north—are suffering from huge and worsening congestion. Here is a golden opportunity to do something about that problem very quickly and simply.

The opportunity presents itself to the Minister to score a quick hit. When we raise the problem of congestion on commuter lines, he always tells us that Thameslink will come along in due course and other things will happen in 10 years' time—*[Interruption.]* Thameslink may be being built now, but when will it be open? When will the famous Borough Market junction be free of congestion? Not for years to come. That is the truth of the matter.

Norman Baker: May I remind the hon. Gentleman that the project used to be called Thameslink 2000?

Mr. Horam: Yet in 2008 it is still not built—or, rather, it has been built but it will be years before it relieves congestion. That is precisely my point.

The Parliamentary Under-Secretary of State for Transport (Mr. Tom Harris): I do not want to prolong the debate, but to answer the comment made by the hon. Member for Lewes (Norman Baker) about Thameslink 2000, may I remind the House that the first thing I did on becoming a Minister was to change the project's name from Thameslink 2000 to Thameslink?

Mr. Horam: The Minister was wise to do that. However, the fact remains that it will be a long time before we will see serious relief for my constituents and those of many other hon. Members as a result of the scheme.

I understand that most of the pressure in this debate has come from my hon. Friends the Members for Christchurch and for Esher and Walton (Mr. Taylor), who represent commuters coming in from the south-west—from Portsmouth, Southampton and stations closer to London. That is a priority, and Waterloo is the station for those commuters, but the fact is that after crossing the channel, the Eurotrains passed through Ashford, Orpington and Petts Wood—stations in my constituency—and then diverted from the main line carrying commuters into Charing Cross and Waterloo East to go into Waterloo station. There is therefore a line available.

I do not expect to take all three or four lines—I am sure that South West Trains naturally expects to take the majority—but there must be some room for people from Orpington and Petts Wood to go into Waterloo, using those now disused lines. As my right hon. Friend the Member for East Yorkshire said, we should maximise the use of public assets, which are there to be used. If we did that, it would immediately ameliorate my constituents' difficulties; otherwise, they will have to wait years for improvement.

I am glad to see the hon. Member for Leicester, South (Sir Peter Soulsby) back in his place. He often intervenes to say that what we are asking for will take a long time, but in this instance it would not. Eurotrains passed through Orpington, Ashford and Petts Wood and then went straight to Waterloo. Why cannot commuter trains from those stations in my constituency go straight to Waterloo, thus relieving the lines into Charing Cross? Now, many of my constituents travel from Orpington and Petts Wood and get out at Waterloo East, which is not far from Waterloo. Why can they not travel on the alternative line, which is available for use? It would not require a great deal of track rearrangement or similar work.

Sir Peter Soulsby: I was not suggesting that that was undesirable or that it would take a long time. I merely intervened, as I am doing now, to say that this is not a straightforward matter of reusing platforms. Extensive work on the line would be needed.

Mr. Horam: I am glad that the hon. Gentleman has elaborated and clarified his comment, but the fact is that this is not a big issue. The work could be done relatively quickly.

The Minister must know that what we want is some quick hits. I am trying to help him. He—a Minister in a Labour Government—would be able say to my constituents, "Here is something that will benefit you within a few months." We have a wonderful opportunity, but apparently it is not to be taken. Perhaps we are seeing the dead hand of Network Rail. We have seen how bad Network Rail is and we hope that, eventually, the Minister will do something about it. We have plans, as he may know. Perhaps the dead hand belongs to some other group involved in the railways, to civil servants, or to the Minister himself. The Government have an opportunity to do something imaginative and quick-acting, which is almost never possible with railway investment. I hope that the Minister will comment on that possibility.

Bob Spink (Castle Point) (Con): Will my hon. Friend give way?

Mr. Horam: No, because I have finished my speech.

Mr. Tom Harris: I rise to speak more in the hope than in the expectation that I can persuade Opposition Members that the two amendments are not necessary. However, as the hon. Member for Wimbledon (Stephen Hammond) has told the House that he intends to press them to a Division regardless of what arguments I make, I shall try to be brief.

Bob Spink: Will the Under-Secretary give way?

Mr. Harris: That is a very early intervention, but of course I will allow it.

3.30 pm

Bob Spink: I am grateful. I have listened to the debate, having sat in on most of it, and I am surprised that no one has mentioned the wider societal and regeneration benefits that would come from supporting amendment No. 4, in particular. The part of the south bank in question, and Waterloo, need regeneration. The amendment would benefit not only commuters but that whole area of London.

Mr. Harris: I was about to point out that no one has yet mentioned the relevance of the amendments to the Bill, which deals with the channel tunnel rail link and not with Waterloo or any other Network Rail mainline station.

Clause 1 confirms that the power under section 6 of the Railways Act 2005 permitting the Secretary of State to provide financial assistance for railway purposes applies to the rail link and the train services running on it. Clause 1 does not give a new power; it simply clarifies, for the avoidance of doubt, that the power will apply to High Speed 1, as it applies to the rest of the rail network. The rail link that the clause refers to is HS1, the railway between St. Pancras and the mouth of the channel tunnel. Waterloo station is not part of the rail link and is not subject to the provisions of the Channel Tunnel Rail Link Act 1996, which gave rise to the uncertainty.

It is also worth noting that ownership of Waterloo international terminal is to be transferred to the Department for Transport in March this year, as the hon. Member for Wimbledon said, and it will not be among the assets sold as part of the HS1 business. There is not considered to be any ambiguity about the application of section 6 funding powers to Waterloo. The transfer of Waterloo does not form part of the restructuring with which the Bill is concerned. As a result, amendment No. 7 is unnecessary and irrelevant.

Turning to amendment No. 4, I congratulate the hon. Member for Wimbledon on his intellectual acrobatics in attempting to justify its logic and crowbar it into a short Bill concerned primarily—I would say exclusively—with the channel tunnel rail link. He started by describing his amendment as more subtle than that of his hon. Friend the Member for Christchurch (Mr. Chope). If subtle is the definition of a brick, I suppose I agree.

Amendment No. 4 would ensure that domestic services could use the platforms at Waterloo international. Assurances that that will be possible have already been given on numerous occasions. As far back as October 2005, my right hon. Friend the Member for Edinburgh, South-West (Mr. Darling)—now the Chancellor of the Exchequer, but then the Secretary of State for Transport—announced that the platforms at Waterloo international would be retained for domestic passenger use. We debated the issue again in March 2007, when I described our plans for Waterloo in some detail. In case hon. Members wish to consult the record, I should tell them that the debate was on 14 March in Westminster Hall.

My officials have been assessing the scope and benefits of altering the platforms at Waterloo station for domestic services for some time; the process did not begin recently. A feasibility study completed in 2006 concluded that running South West Trains services to those platforms would deliver short-term performance benefits, and that long-term development options required further consideration. After the transfer of ownership of Waterloo, work to convert platform 20 for domestic services will start, and that capacity should be available from December 2008. That is our short-term plan.

Mr. Chope What action did the Government take immediately after the publication of the Strategic Rail Authority report from Ove Arup in July 2005, which concluded by recommending extra work in various directions to narrow the options for the future?

Mr. Harris: Will the hon. Gentleman be entirely surprised if I tell him that I do not have those details to hand? However, I shall be more than happy to write to him. Our proposal for the medium term is linked to the high level output specification objective of providing longer trains across the network to meet the expected growth rates forecast over the coming years. The scheme being considered by the Department and Network Rail could see longer commuter trains operating not only on the lines to Windsor and Reading, but on mainline suburban routes to Surbiton, Chessington and Hampton Court. Currently, services on these routes operate into the shortest platforms—platforms 1 to 4—of Waterloo.

The Department's proposal would see services being shuffled across the existing station, with the Windsor services operating into and out of Waterloo international. That would allow the other lengthened commuter services to access longer platforms within the main Waterloo train shed. Clearly, work is already in hand to implement the Government's plans for Waterloo international to be redeployed for domestic services.

The amendment seeks to go further and commits the Government to spending on the station for that purpose. That is not only unnecessary but inappropriate. Is the hon. Member for Wimbledon suggesting that a future Conservative Government, instead of putting commitments on major infrastructure changes into the high level output specification, which I assume his party will ultimately accept, would impose on the Secretary of State a statutory commitment that, not only in respect of Waterloo, but presumably in respect of every mainline station and all 23 main lines throughout the country, all those changes, improvements and spending commitments would be mandated in primary legislation? If he does not intend to do that, he is creating an unfortunate and illogical precedent today.

There are many factors to consider when designing major changes to a busy station. There was a wide range of interested parties to consult. Adding the amendments to the Bill would not be the most effective way of securing the best outcome for passengers at Waterloo. Domestic services are scheduled to begin operation from the international terminal in December 2008. Under the support arrangements in place, we will continue to work on the long-term options.

I conclude by referring to a comment from the hon. Member for Orpington (Mr. Horam). In his world the conversion of the platforms to domestic use could be done tomorrow—or perhaps, if he were being more realistic, Monday. I have to tell him that I agree strongly with my hon. Friend the Member for Leicester, South (Sir Peter Soulsby) that the engineering works, not only in the station but on the tracks outside Waterloo, are substantial.

Does the hon. Gentleman honestly believe that I, my colleagues or the Department for Transport had the option of making the platforms immediately available to domestic services, but that instead of pursuing what he called that quick and easy option, we deliberately decided not to do so? That makes no sense. I hope the hon. Gentleman will accept that I, as the Minister with a vested political interest in making our rail network more effective, would not deliberately turn my back on a cheap and quick option.

Several hon. Members *rose*—

Mr. Harris: As I am addressing my remarks to the hon. Member for Orpington, it would be better if he intervened now, rather than others.

Mr. Horam: The Minister is an affable man and one of the more able Government Ministers. It is hard to explain to commuters why, although until recently Eurostar trains were going through Orpington and ending up in Waterloo 15 or 20 minutes later, ordinary trains cannot now do the same journey on the same tracks and arrive at Waterloo, relieving congestion on other routes. It seems simple to commuters. I am sure that there are engineering complexities that the Minister will cite, but surely they cannot be that bad.

Mr. Harris: We are in danger of indulging in tabloid politics. With due respect, although the hon. Gentleman may be right to say that it seems patently obvious to the outside observer that when platforms are vacated by Eurostar, all we have to do is say to South West Trains, "You can use those platforms," of course it is not really that simple.

Stephen Hammond *rose*—

Mr. Harris: Let me make a relevant point that has not yet been made. I shall not give way to the hon. Member for Wimbledon. He is about to reply on behalf of his party, and in a few minutes he can say what he likes.

There seems to be a view, unfortunately prevalent on the Opposition Benches, that the creation of extra platforms will mean extra capacity on the rail network. The hon. Member for Lewes (Norman Baker) seems to be of the view that reopening a new railway line automatically creates extra capacity. However, such initiatives would be worthless unless we could buy new trains to run services on that new infrastructure.

I have to tell the hon. Member for Orpington that South West Trains does not have the spare capacity to run extra services to Waterloo international. The idea that South West Trains could conjure up x number of new carriages to run new services through platforms that were previously used but are now vacant is frankly unbelievable. The Conservative party should put its money where its mouth is and welcome the high level output specification, which we announced in July, and which commits the Government to purchasing, through the franchising process, 1,300 new trains—some of which will go to South West Trains for exactly the purpose mentioned. I have to conclude that opening up vacant platforms is utterly useless unless there are new trains to provide services for customers.

Stephen Hammond *rose*—

Norman Baker *rose*—

Mr. Harris: I shall give way to the hon. Member for Wimbledon.

Stephen Hammond: A moment ago, the Minister accused me of intellectual acrobatics; actually, he is engaging in them himself. We all accept that platforms cannot just be turned on and off and that there are engineering works in Clapham. However, in making his defence, he has failed to explain in any way what has happened between November 2004 and now. When the decommissioning and vacation happened, the Government could have put the plans into operation immediately. His defence would have been stronger if he had mentioned those.

Mr. Harris: I was trying to make the point that whatever work has been done in considering options for the domestic use of such platforms—and a great deal has—our major funding commitment for new carriages takes place between 2009 and 2014. Incidentally, the hon. Gentleman's party has not welcomed that spending commitment.

Norman Baker: The Minister has set out the complexities fairly. However, will he tell us the last possible date, in the worst-case scenario, by which those platforms will come into use for domestic services?

Mr. Harris: I expect the platforms to be in service by 2014. With that reassurance, I urge the hon. Member for Christchurch to withdraw his amendment.

Mr. Chope: The Minister's response to the debate has been disappointing. We have not raised the matter as a party political issue, but he seems to want to turn it into one. People who commute into Waterloo, or have constituents who do so, will wonder why someone who represents Glasgow, South is commenting on what it is like to go into Waterloo station.

We are not talking about needing new services straight away; we are saying that at the moment my constituents, those of other hon. Members, and I

[Mr. Christopher Chope]

myself experience delay every day as we come into Waterloo. The trains stop between Clapham Junction and Waterloo because of the lack of capacity at Waterloo and restrictions at Clapham Junction. To give one example, until 1909 there were eight lines between Clapham Junction and Waterloo; now there are only seven. If the flyover between the two stations was removed, there could be eight lines. That would not need to result in extra services, but it would mean that the services already there could run on time, and probably take less time.

Although the Government go on about how they have improved punctuality, they have actually increased the standard length of the journey. It certainly now takes longer to go from my constituency to Waterloo, and part of that is because of pressure at Waterloo. That pressure could be released if those extra platforms were brought into use. I hope that the Minister will spend some time visiting Waterloo to discuss with the people concerned exactly what the problem is and what could be done to put it right.

Stephen Hammond: I entirely endorse my hon. Friend's arguments. I am not yet sure if he is going to say whether he wishes to withdraw his amendment, but let me repeat that I wish to press amendment No. 4 to a Division, because I am not happy with the response that we have heard.

3.45 pm

Mr. Deputy Speaker: Order. Perhaps it will assist the House if I indicate that were the hon. Member for Christchurch (Mr. Chope) to withdraw his amendment, I would be disposed at the due time, after consideration of the next group of amendments, to allow a Division on the amendment in the name of the hon. Member for Wimbledon (Stephen Hammond).

Mr. Chope: I am grateful to you for that indication, Mr. Deputy Speaker. Obviously, I shall not seek leave to withdraw my amendment until I have finished my remarks; if I did, I would not be able to conclude what has been a really good

Mr. Deputy Speaker: Order. I assure the hon. Gentleman that I was not seeking to cut him off, as I had to on his lengthy point of order.

Mr. Chope: That is very fairly put, if I may say so, Mr. Deputy Speaker, in the light of my earlier provocation.

All the Minister has said is that he thinks that the platforms will be brought back into use by 2014. That is another six years away. Between now and 2014 we will be spending £500,000-plus a year on mothballing them, which is absolutely intolerable. That could still be mitigated, but it was avoidable had action been taken after the Strategic Rail Authority report from the consultants in July 2005.

Norman Baker: Does the hon. Gentleman notice any comparisons or parallels between Waterloo international and the millennium dome?

Mr. Chope: I used to be the shadow Minister for the millennium dome, so I will not be drawn into a long debate about that saga. The millennium dome was, at all material times, a white elephant; Waterloo international is a very fine building that needs to be brought back into use straight away. The problem with the millennium dome was that it was difficult to find anybody who could make a commercial go of it, whereas everybody is saying, "Let's get Waterloo station back into full operational use as soon as possible."

The Government talk about doing something by 2014. If they had a clear plan, the first thing that one would expect them to say—for example, to my hon. Friend the Member for Orpington (Mr. Horam), who made an excellent speech,—is, "The hon. Gentleman's suggestion is feasible," or, "That is not feasible." Of course, it would not be feasible if the bridge linking the old Eurostar line that goes over the railway tracks between Clapham Junction and Waterloo to allow services from Petts Wood and Orpington to come into Waterloo were taken away. What depresses me about this debate is that I would have expected a Minister to say, "That's a good idea—yes, we can do that," or, "That's a bad idea—it won't be practical because we think that our priority should be services coming in from the south-west." The fact that the Minister does not seem to know which of those options is to be used shows how far we are from reaching any conclusion.

Mr. Ian Taylor: Given that the Government have claimed credit for Crossrail, which has eventually been sorted out, should not they take the blame for not listening to the argument advanced by my hon. Friends and myself several years ago that thousands of commuters would be put out by the failure to integrate the platforms at Waterloo and make the investment at Clapham Junction? There seems to be a balance between Crossrail, where at last the Government have done something, and on Waterloo international, where they have failed.

Mr. Chope: Absolutely, they have failed, and sooner rather than later, more and more people are going to realise the extent of that failure.

I shall quote briefly paragraph 5(4) of the Strategic Rail Authority final report dated 11 July 2005:

"Waterloo domestic station is one of the largest and busiest stations in London. Its 19 platforms are intensively used, particularly those serving the Main Line, Suburban and Windsor Lines destinations.

The Waterloo area is currently a limited destination in itself, and most passengers arriving at Waterloo interchange onto other lines. Passenger circulation is a particular issue both in the main concourse and for interchange. Network Rail believe that the station is approaching the limit of its safe passenger handling capacity and that works will be required to increase passenger capacity if passenger numbers increase significantly. It is expected that at current rates of growth (and without any changes to Waterloo International), capacity will be reached by 2011."

That is three years before the Minister says that the platforms at the former international station will be open. That information was available to the Government—I accept that it was not available to him, because he has become a Minister only recently—in

July 2005. It is clear today that in the intervening period the Government have done absolutely nothing to address the issue.

When my constituents find in 2011 that they cannot get into Waterloo because of passenger congestion, what will I say to them? I will say that there was an opportunity to increase capacity, but the Government declined to take it. My hon. Friend the Member for Esher and Walton (Mr. Taylor) referred to Crossrail. That is an incredibly expensive project. For a much smaller investment, the lives of tens of thousands of commuters into Waterloo could be completely transformed, with quicker, more reliable and more comfortable services, safer platforms and more circulation space for passengers.

This has been a disappointing debate, because I had hoped that we would get a clearer picture from the Government, and that the impression I had before the debate that the Government did not have a clue where they were going with Waterloo international would be removed by the Minister's remarks. I am afraid that that feeling has been confirmed by the Minister's remarks, so the only way we have of showing our disapproval of the Government's laid-back attitude on this matter is to divide the House. The best thing to divide on would be amendment No. 4, so I beg to ask leave to withdraw amendment No. 7.

Amendment, by leave, withdrawn.

Stephen Hammond: I beg to move amendment No. 3, page 1, line 5, at end add

"(3) In subsection (1) "rail services" refer only to those services that both originate and terminate in the United Kingdom."

The Minister accused me of intellectual gymnastics. This amendment is full of intellectual clarity, so we shall have no problem with it. He will recognise the amendment because it is very similar to one that I tabled in Committee. I tabled it again because, as I said in Committee on reading the Minister's answer, we would like to seek further clarification, or to press the matter to a Division if we have a disappointing response.

As the Minister said, clause 1 is intended to clear up any potential confusion about whether the Government can continue to provide financial support to the rail link and the services running on it, now that the construction phase is complete and the services are up and running. That is deemed necessary because any future buyer might be in some doubt about it, which is why the clause includes the words:

"For the avoidance of doubt"

The clause gives the Secretary of State the power to subsidise HS1 into its operational phase, but it is the stated intention of the Government that this power will be exercised in relation to domestic services only, and not to international ones. The explanatory notes to the Bill say as much:

"the Secretary of State will provide revenue funding for domestic services operating ... in the CTRL."

The Under-Secretary said:

"It would be wrong for the UK taxpayer to subsidise services across the continent." *[Official Report, Channel Tunnel Rail Link (Supplementary Provisions) Public Bill Committee*, 4 December 2007; c. 13.]

It is therefore strange that the Government's stated intention is not reflected on the face of the Bill. Clause 1 states that the Secretary of State may continue to provide funds

"in relation to the rail link or railway services on it."

However, a large proportion of services on the rail link will be international. Nothing in the Bill prevents the subsidy of services bound for or returning from continental Europe.

The Bill states that

"nothing in sections 31 to 33 of the 1996 Act prevents the powers of the Secretary of State under section 6 of the Railways Act 2005 ... from being exercised in relation to the rail link or railways services on it."

We contend that leaving the clause unamended will not restrict revenue funding to domestic services, as the Government require. Elsewhere, the clause uses the phrase:

"For the avoidance of doubt"

Let us ensure that doubt is avoided and ambivalence removed. The amendment would add a new subsection, which states that

"'rail services' refer only to those services that both originate and terminate in the United Kingdom."

We are led to believe that it is not the Government's intention to fund international services, so let us make it clear in the Bill.

In Committee, I asked the Under-Secretary,

"in extremis, does not the Bill allow the possibility of part of the service that Eurostar is running in the UK being open to revenue funding?"

He replied:

"In essence, if, in the short term, any extra subsidy were to be provided to Eurostar Ltd. such as through leasing stock agreements, the hon. Gentleman is right. That could be interpreted as being a short-term subsidy from the Government. However, as I have repeatedly said, it is not the intention of the Government publicly to provide any subsidy to Eurostar in the long term." *[Official Report, Channel Tunnel Rail Link (Supplementary Provisions) Public Bill Committee*, 4 December 2007, c. 14.]

The Under-Secretary's answer was extraordinarily revealing. Although he repeatedly said that it is not the Government's intention, there is a genuine possibility that the Government will not be able to fulfil their intention.

If it is the Government's intention that there is revenue funding only for domestic services, let us include that in the Bill for the avoidance of doubt and ambiguity. The Government's current position appears to be that they offer revenue funding and support to domestic services and not to international services, but only in the long term, not in the short term. That is ludicrous. In Committee, the Under-Secretary told us that my amendment was unnecessary. He said that the power to support rail services under the 2005 Act extended only to the United Kingdom. That may be the case, but, as I pointed out, some of the trains that run on British soil are international services. As his answer showed, the Government may well subsidise some international services in the short term. Being in British territory does not necessarily make a train a domestic service.

Does the Under-Secretary concede that, in the light of his reply in Committee, just because the Secretary of

[Stephen Hammond]

State's powers are restricted by the 2005 Act to funding only services in Great Britain, funding is not restricted to domestic services? Does he concede that some trains that run on British track are international services? If he concedes those points, does he admit that the current wording of clause 1 does not meet the Government's stated objective? For the avoidance of doubt, my amendment will help the Under-Secretary. I hope that he will accept it in that spirit of help.

Mr. Tom Harris: In response to the suggestion of the hon. Member for Wimbledon (Stephen Hammond) that my answers in Committee were revealing, I assure him that that was not the intention. I am not sure whether my response to his questions will be any more persuasive or reassuring today than they were in Committee. Nevertheless, I will try.

Let me say again that it is not the Government's intention to subsidise international services through a franchise or any similar arrangement. Furthermore, the power to support services in the 2005 Act extends only to Great Britain. The Secretary of State does not have the ability to fund continental train services. The current structure of Eurostar UK Ltd preserves the distinction between charges paid by London and Continental Railways and charges paid by the other owners—SNCF and SNCB, the national railway operators of France and Belgium respectively. The cost and revenue-sharing protocols under which Eurostar is managed ensure that LCR pays only the access charges on the UK side and half the charges for the tunnel.

4 pm

Clause 1 does not give the Secretary of State a new power. It does, however, clarify that she has the same commercial flexibility to support HS1 as she has for the national rail network. Technically, that would include the ability to support cross-channel train operators in the same way as domestic franchise operators are subsidised, but Eurostar is an open-access operator and therefore has no franchise arrangements with the Government. However, as Eurostar UK Ltd is historically loss making and relies on future public support, through the access charge loan and guarantees of its rolling stock leases, to which the hon. Gentleman referred, it is fair to expect the company to continue to require support in the short to medium term if it is to remain financially viable and be able to run services.

The access charge loan has a limit of £184 million at January 1997 prices, which in current value terms will be roughly £500 million next year. Eurostar UK's rolling stock leases currently have a capital value of £175 million. The amendment would call into question the Secretary of State's ability to provide either the funding that has already been agreed through the access charge loan, the guarantees of rolling stock leases or any other means. That would place Eurostar in an unsustainable position, which would affect the value of HS1, too. Despite the hon. Gentleman's suggestion, far from adding clarity, the amendment would increase the likelihood of doubt about the Secretary of State's powers under the clause. I therefore hope that he will see fit to withdraw it.

Stephen Hammond: I have listened carefully to the Minister and have no doubt that his stated intention is that no subsidy should be given to international operations. I have also listened carefully to what he said about Eurostar. However, I fail to see how the amendment could do anything other than add clarity.

Mr. Harris: Trust me.

Stephen Hammond: The Minister may say that, but I have learnt in life that that is not always a wise thing to do, although I know him to be a generous, affable and able man.

I accept the Minister's explanation of why he thinks the amendment is not necessary. However, we shall watch carefully to ensure that the short-term funding that he says is necessary does not extend into long-term funding. If that happened, that would be contrary to the Government's stated intention and become a problem for them. With those caveats, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Amendment proposed: No. 4, page 1, line 5, at end add—

'( ) The powers of the Secretary of State under section 6 of the Railways Act 2005 shall be exercised in such a way so as to ensure that assets associated with the rail link at Waterloo Station are developed for the purpose of providing domestic rail services'.—*[Stephen Hammond.]*

Question put, That the amendment be made:—

The House divided: Ayes 166, Noes 259.

Division No. 49] **[4.3 pm**

AYES

Afriyie, Adam	Clifton-Brown, Mr. Geoffrey
Ainsworth, Mr. Peter	Crabb, Mr. Stephen
Alexander, Danny	Curry, rh Mr. David
Amess, Mr. David	Davey, Mr. Edward
Ancram, rh Mr. Michael	Davies, Philip
Arbuthnot, rh Mr. James	Djanogly, Mr. Jonathan
Bacon, Mr. Richard	Dorries, Mrs. Nadine
Baker, Norman	Duddridge, James
Barker, Gregory	Duncan, Alan
Bellingham, Mr. Henry	Dunne, Mr. Philip
Benyon, Mr. Richard	Ellwood, Mr. Tobias
Beresford, Sir Paul	Evans, Mr. Nigel
Binley, Mr. Brian	Fabricant, Michael
Blunt, Mr. Crispin	Fallon, Mr. Michael
Bone, Mr. Peter	Field, Mr. Mark
Bottomley, Peter	Foster, Mr. Don
Brady, Mr. Graham	Francois, Mr. Mark
Brake, Tom	Gauke, Mr. David
Brazier, Mr. Julian	Gidley, Sandra
Browning, Angela	Goodman, Mr. Paul
Bruce, rh Malcolm	Goodwill, Mr. Robert
Burns, Mr. Simon	Gove, Michael
Burrowes, Mr. David	Gray, Mr. James
Burstow, Mr. Paul	Grayling, Chris
Burt, Alistair	Green, Damian
Butterfill, Sir John	Greening, Justine
Cable, Dr. Vincent	Greenway, Mr. John
Carmichael, Mr. Alistair	Grieve, Mr. Dominic
Carswell, Mr. Douglas	Hague, rh Mr. William
Cash, Mr. William	Hammond, Stephen
Chope, Mr. Christopher	Hancock, Mr. Mike
Clappison, Mr. James	Hands, Mr. Greg
Clark, Greg	Harper, Mr. Mark
Clarke, rh Mr. Kenneth	Harris, Dr. Evan

Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Howarth, David
Howarth, Mr. Gerald
Hughes, Simon
Huhne, Chris
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Leech, Mr. John
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Malins, Mr. Humfrey
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Milton, Anne
Mulholland, Greg
Murrison, Dr. Andrew
O'Brien, Mr. Stephen
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Penrose, John
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Redwood, rh Mr. John
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Ruffley, Mr. David
Russell, Bob
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Simmonds, Mark
Simpson, Mr. Keith
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Mr. Ian
Teather, Sarah
Turner, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Williams, Mr. Roger
Wilson, Mr. Rob
Winterton, Sir Nicholas
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Ayes:
Mr. David Evennett and Mr. Brooks Newmark

NOES

Abbott, Ms Diane
Ainger, Nick
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Beil, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr. David
Cruddas, Jon
Cryer, Mrs. Ann
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Gardiner, Barry
George, rh Mr. Bruce
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Hendrick, Mr. Mark
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Illsley, Mr. Eric
Irranca-Davies, Huw
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Kennedy, rh Jane
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McFadden, Mr. Pat
McIsaac, Shona
McKechin, Ann
Meale, Mr. Alan
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Moffatt, Laura

Moran, Margaret
Morgan, Julie
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robinson, Mr. Geoffrey
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Mr. Neil
Twigg, Derek
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Mr. Alan Campbell and Mr. Sadiq Khan

Question accordingly negatived.

Clause 4

POWER OF OFFICE OF RAIL REGULATION TO CHARGE FEES

Mr. Greg Knight: I beg to move amendment No. 9, page 2, line 8, leave out from 'as' to 'in' in line 9 and insert

'is reasonably incurred by the Office of Rail Regulation'.

Mr. Deputy Speaker: With this it will be convenient to discuss amendment No. 2, page 2, line 25, at end insert

'but such further notice shall not include any increase to the fee payable in the original notice attributable to the fee remaining unpaid after the date specified in the original notice.'.

Mr. Knight: Given that my amendment has been signed not only by my hon. Friends the Members for Christchurch (Mr. Chope) and for Wimbledon (Stephen Hammond) but by the hon. Member for Leicester, South (Sir Peter Soulsby), to whom I am obliged, it would not be stretching the truth to say that it has the ring of an all-party amendment.

Clause 4 gives the Office of Rail Regulation power to charge fees, stating that

"the Office of Rail Regulation may by notice require a rail link undertaker to pay a fee in respect of the exercise of any of the Office of Rail Regulation's functions in relation to the rail link."

My concern relates to subsection (2), which states

"The amount of a fee under subsection (1) in any case shall be—

(a) such amount as the Office of Rail Regulation considers to represent the costs reasonably incurred by it in the exercise of the function in relation to the rail link".

As I said in Committee, what worries me is that, in effect, the Office of Rail Regulation will be advocate, judge and jury in its own cause. It will surely never admit that the fee it wishes to charge is unreasonable. Therefore, there is no objective test of whether the fee imposed is reasonable to a third party.

Mr. Chope: Does my right hon. Friend know whether this form of words is unique to the ORR and the Bill, or is there the same form of words for all self-financing regulatory authorities?

Mr. Knight: I do not know the answer to that, but my concerns nevertheless remain. If this wording is used elsewhere, however, perhaps I should start a campaign to amend the wording in other statutes similarly. If we were to have a profligate or wasteful ORR, it could cover its high-spending ways by imposing fees that are higher than necessary but that it decrees reasonable.

Amendment No. 9 would change the wording so that the fee payable in any case would be such an amount as

"is reasonably incurred by the Office of Rail Regulation".

In other words, it would introduce an objective test, so that in any disputed case that might come before the courts, they would be able to say whether that is a reasonable amount. That is how we should proceed, and the amendment's wording is far better than the original wording in the Bill.

I began to make this point in Committee, and the Minister stopped me in my tracks. He said he had listened to my point, and that if I were to table an amendment on Report:

"I shall be happy to consider it, but I make no promises at this stage on whether it will be acceptable to the Government." *[Official Report, Channel Tunnel Rail Link (Supplementary Provisions) Public Bill Committee,* 4 December 2007; c. 21.]

When we started on the process of considering the Bill and the Minister was facing questions, he rather dismissed my point, but when I returned to it in Committee proper it was clear that he had been reflecting on my remarks and he generously said that he would consider such a suggestion on Report. He has subsequently indicated to me that he is minded to accept this amendment.

I do not want to blight the Minister's career, but may I say to him that he has behaved as a model Minister in this instance? He listened to the argument and felt that a fair point was being made from those on the Opposition Benches, and he has graciously conceded that the amendment should be made.

I therefore hope that no Member will disagree with amendment No. 9. I am always nervous when I see my hon. Friend the Member for Christchurch (Mr. Chope)

in the Chamber, because I know how volatile he is, but I hope that I am taking him with me in my arguments.

Amendment No. 2 also relates to the power to charge fees under clause 4, but seeks to make a change by adding at the end of proposed new section 21A(6),

"but such further notice shall not include any increase to the fee payable in the original notice attributable to the fee remaining unpaid after the date specified in the original notice."

Proposed new section 21A(6) gives the ORR power to revise a fee notice that it has already issued by issuing a subsequent notice. My concern is that if there were an unreasonable person in the ORR they could issue a notice, and if it was not paid by the time stated in the notice they could issue a second notice increasing the fee—perhaps even adding interest on to it—and that subsequent notice would then supersede the original fee notice issued. That is not how the ORR should behave, but it could behave like that under the Bill as drafted. My amendment No. 2, which I am delighted my hon. Friend the Member for Christchurch has signed, would prevent that from happening. In other words, the ORR would not be able to issue a subsequent notice mentioning a higher fee solely because the original fee was not paid on time.

The Minister may be less convinced about amendment No. 2, but I ask him to reflect on the points I have made. Surely it is not proper for the ORR, or indeed for any body, to be able to revise a fee and thus impose a penalty on the person due to pay it merely on the grounds that they have been late in paying it. I hope that the Minister will give me a full house today by accepting that amendment too.

Stephen Hammond: I shall not detain the House long. I am delighted that amendment No. 9 has been selected. As my right hon. Friend has been saying, the question of fees charged by the ORR was raised during some lengthy deliberations in Committee. He has explained that the intention in Committee was to ensure that the fee was consistent with the fee levied on operators of other parts of the network and that it was based on the costs reasonably incurred, and not on anything else. He started suggesting some sensible changes in Committee and he has proposed them today, so I am pleased to have added my name to the amendment. As he said, under the amendment the ORR would no longer be assessing itself in terms of reasonable costs. Thus, the test of reasonableness would be made much more impartial, and therefore fair and credible. This excellent amendment improves the wording, and I hope that the Minister will support it.

My right hon. Friend also discussed amendment No. 2, which I also support. It would ensure that the fees could not be raised by the ORR upon a revision of a notice notifying a fee—he has just elucidated that important principle—and it represents an improvement to the clause. The amendment is sensible and rational, and it needs to be taken with amendment No. 9. Those amendments, taken together, improve the clause as drafted.

Sir Peter Soulsby: As the right hon. Member for East Yorkshire (Mr. Knight) said, I have added my name to amendment No. 9. I did so because, as he suggested in Committee, it makes good sense to clarify the clause's intention. It may seem a small point, but it is an important one, because, as he said, the clause as originally drafted would have left the ORR as judge and jury about what was reasonable in its own case. The amendment suggests a sensible alternative—the test of reasonableness should be objective rather than internal to that organisation—so I am pleased to support it. I share his hope that the Minister will accept it. I am sure that he will because—I say this as we are using the word—he is a very reasonable man.

I understand the point that the hon. Member for Wimbledon (Stephen Hammond) and the right hon. Member for East Yorkshire make about amendment No. 2. However, as the right hon. Gentleman said, such provision would be necessary only were we to envisage a situation where the ORR was acting in a grossly unreasonable way. I suggest that it is not necessary to write that into the Bill. There are other ways to ensure that persons acting in that capacity behave reasonably without setting specific provisions. I support amendment No. 9, but not amendment No. 2.

4.30 pm

Mr. Chope: I, too, support amendment No. 9. I was a little disappointed that my right hon. Friend the Member for East Yorkshire (Mr. Knight) was unable to answer my intervention, because he normally brings such intellectual rigour to our debates. He has normally done his homework and research, but it appears that he has not found out the answer to the question. I do not think that it is purely speculative. Paragraph 15 of the explanatory notes that have been kindly supplied by the Government states, on the subject of the charging regime:

"This clause allows the ORR to charge those responsible for operating the CTRL a fee calculated by reference to the costs it reasonably incurs in the exercise of any such function"—

and so on. The paragraph continues:

"This is similar to the position on the national rail network".

It thereby suggests that the wording that my right hon. Friend wants to amend is already extant in other legislation. My concern is that we should have some consistency.

Mr. Greg Knight: If my hon. Friend rereads the explanatory notes, he will see that they use the word "similar" rather than "the same".

Mr. Chope: I do not need to reread them to know that the words "the same" are not used. However, the words

"similar to the position on the national rail network"

infer that someone should be put on notice that the same wording may be used in other legislation to create a similar situation. The situation will merely be similar, but the wording might be the same.

Mr. Tom Harris: In an attempt to satisfy the hon. Gentleman's curiosity, I understand that such a form of words—or a similar form—is not uncommon in other legislation. I hope that he will not press me on which pieces of legislation, because I do not have that information to hand. If his case is that the wording is inappropriate in the Bill and is therefore inappropriate in other legislation, he should be careful that he does not countermand his argument. It is clear that the ORR, in following its general practice when charging fees across the rest of the rail network, has not charged unreasonable amounts.

Mr. Chope: I am not just concerned about the ORR, but I am grateful for the Minister's assurance.

If the Minister's information is that wording similar to the unamended wording in the Bill is extant in other legislation, I hope that, as a result of the debate, the Government will amend it. That can be done without the need for a long-winded piece of full legislation under the deregulatory regime introduced by the Government in the Legislative and Regulatory Reform Act 2006. Since that Act was passed, I have noticed a great paucity of measures brought forward under it. At the end of the debate, the Minister might seek to break the mould and suggest that that the modest deregulatory measure that we have suggested should be applied to all other legislation that is so worded. I hope that that is useful.

On amendment No. 2, my right hon. Friend the Member for East Yorkshire is on to a good point. I should much prefer it if people who paid the fee on time or earlier got a discount. That would be better than penalising late payment in the way envisaged in the Bill.

Unamended, the Bill puts the ORR in a position that is different from the one occupied by everyone else in the country. If I provide a service for which the bill is not paid on time, I cannot arbitrarily increase the size of that bill to reflect its late payment. I can issue a writ or summons to recover the money, and I might be able to charge a modest rate of interest and claim any associated costs, but the Bill goes rather further. That is why I believe that my right hon. Friend for East Yorkshire is on to a good thing with amendment No. 2.

Mr. Tom Harris: The right hon. Member for East Yorkshire (Mr. Knight) is right to say that there has been some debate already in Committee and in the House about whether clause 4 gives the ORR the right to decide, without restriction, what fees are appropriate for exercising its relevant functions. The current wording of the Bill says that the fee could be

"such amount as the Office of Rail Regulation considers to represent the costs reasonably incurred by it".

I assure the House that it is not the Government's understanding or intention that the Bill should allow the ORR to charge unreasonable fees, nor that the ORR would consider itself able to do so. The Government expect that any fee the ORR might charge under clause 4 would be reasonable, on an objective basis.

The recollection of the right hon. Member for East Yorkshire about our earlier discussions is correct. I was grateful to him for raising the matter then, but I believe that my objection to his proposal, which I rejected, was both genuine and robust. He raised the matter again in the full Public Bill Committee debate, and he is right to say that I subsequently undertook to consider in a positive light any amendment that he might decide to table.

I did that, and I even thought about the matter over the Christmas recess—after all, what else would one do at such a time but consider amendments to the Channel Tunnel Rail Link (Supplementary Provisions) Bill? I have concluded that the right hon. Member for East Yorkshire has made a valid point and, although I do not believe that the Bill as written would create the problems that he has predicted, I am persuaded that it would be improved by amendment No. 9. I can therefore tell the House that the Government are willing to accept that amendment.

I congratulate the right hon. Member for East Yorkshire on drumming up so much support on both sides of the House for that amendment. *[Interruption.]* These are the jokes, folks. However, I must make two qualifications—that he should not get used to me being so accommodating, and that I am not inclined to be so generous in respect of amendment No. 2 .

Clause 4, as amended, allows the ORR to charge a reasonable fee and then to arrange for that fee to be paid. The ORR has to issue a notice informing the rail link undertaker that will be the new owner of HS1 of the amount of the fee and the date by which it must be paid. Unpaid fees will be pursued through the ordinary process of civil debt recovery.

However, subsections (6) and (7) of clause 4 allow the ORR to revise the notices that it issues. These two provisions have been included in the interests of being fair and reasonable. For example, if the ORR finds that it has charged HS1 too much, it can correct the original notice. That would prevent the ORR having to secure payment of the original amount and then arrange a refund later.

Amendment No. 2 is aimed at a slightly different scenario. In effect, it would prevent the ORR from charging interest in the event of non-payment of a notice. That is standard commercial practice and, as I said in Committee, we are all used to having to pay extra for bills that are paid late. The wording of the clause as it stands simply allows the ORR the same rights as any other organisation when dealing with a debtor.

The Opposition are understandably proud of their links with small businesses. They know that the late payment of bills is a major and serious problem for many small and medium-sized enterprises. Without that right to charge extra on unpaid bills, many small businesses would be left in some difficulty. I hope that Opposition Members will extend the same rights to the ORR, because the same principle applies.

Amendment No. 9 would also mean that any costs, including interest, that the ORR charges HS1 would have to be reasonably incurred—whether something is reasonable being the objective test that the right hon. Gentleman requires. That provides sufficient protection for the HS1 infrastructure from unfair fees, so amendment No. 2 is neither necessary nor appropriate, and I hope that he will not press it.

Mr. Greg Knight: I am delighted by the Minister's response to my arguments in favour of amendment No. 9. It is pleasing to see that the generosity that he exhibited in Committee was not an aberration. I am also pleased to hear that I was in his thoughts at Christmas. I have to admit that he was not in mine.

I am grateful to the Minister for the fair way in which he has dealt with this matter. I never argued that the clause as drafted was without restriction. My objection was the test was such that the organisation imposing the fee had the right to be judge and jury in its own cause. I am pleased that he has taken the point and that we now have—or will have in a moment—an objective test in clause 4.

Clause 4 as amended by amendment No. 9 means that amendment No. 2 is less essential, as the Minister pointed out. The test overall, being an objective one now, is whether the fee, even if it includes interest, is reasonably incurred. Because of that, and because the Minister has dealt with amendment No. 9 in a fair and reasonable way and invited Government Members to support it, it would be ungracious and unreasonable of me to divide the House on amendment No. 2.

Amendment agreed to.

Order for Third Reading read.

4.43 pm

Mr. Tom Harris: I beg to move, That the Bill be now read the Third time.

I would like to take this opportunity to remind the House why we introduced the Bill in the first place. The channel tunnel rail link was one of the largest construction projects ever to be attempted in this country, and it opened on time and within budget only a few months ago. It was rightly hailed as a success story, and St. Pancras station is acclaimed as a triumph of Victorian engineering and modern design.

Passengers arriving at St. Pancras can now travel to Paris in two hours and 15 minutes and to Brussels in one hour and 51 minutes. As it powers through the countryside at up to 186 mph, travellers looking out of the windows of Eurostar will see the evidence of the £10 billion in private sector funding going into regeneration and large-scale development along the route. From 2009, commuters from Kent will experience impressive journey time reductions through the brand new fleet of class 395 Hitachi trains, which will also be used to operate the high-speed Javelin service during the 2012 Olympics.

The successful opening of High Speed 1 is one of the achievements of London and Continental Railways' corporate structure, and of the role played by Government. The next step in the journey will involve the separation of LCR's three different elements—the infrastructure, the land interests, and the UK stake in Eurostar—into three sustainable self-standing businesses. Our intention in restructuring is to put in place a new, affordable corporate structure that maximises value for taxpayers.

The Bill will facilitate restructuring. The objective of the competitive sale process that will be completed during the next three years is to secure value for taxpayers from the project. Though small, technical, and financial in nature, the Bill is crucial to delivering that goal. It confirms that the Secretary of State can continue to provide financial support to the rail link in the same way as at present, and it will remove potential duplication between two different regulatory regimes for access contracts and clarify the role of the Office of Rail Regulation. It will also give the ORR the ability to charge for functions that it carries out in relation to High Speed 1, provided of course that those charges are reasonable. Finally and vitally, the Bill will add the word "operation" to the definition of a development agreement in the Channel Tunnel Rail Link Act 1996.

I thank my colleagues on both sides of the House for the careful consideration and support that they have given the Bill during the past three months. The able chairmanship of the hon. Member for Hexham (Mr. Atkinson) in Committee and the useful and succinct contributions of most Members have assisted the Bill's speedy passage through the House. I look forward to monitoring its progress in the other place. In the meantime, I commend it to the House.

4.46 pm

Stephen Hammond: I was wondering whether the conclusion of the Under-Secretary's speech was a challenge to us to be succinct. This is a small Bill—it has only six clauses—but behind it lies a unique British achievement. High Speed 1 from St. Pancras launched its first service last year. It left to universal acclaim and accomplished the unique feat of achieving recognition on the front pages of all the national newspapers. The opening ceremony the week before was a tribute to British engineering and construction. Those of us fortunate enough to be there will remember our sense of excitement and achievement that night for a long time. The reinstated single-span roof is that achievement's crowning glory.

High Speed 1, formerly known as the channel tunnel rail link, stretches from the mouth of the channel through the Kent countryside to east London and Stratford, terminating at St. Pancras. It runs for 109 km, or 67.7 miles. Although the London to Paris service is the railway's focus, we must remember that about 40 per cent. of capacity will be reserved for high-speed domestic services from north Kent to Stratford. That will open up the City and docklands in central London, another exceptional achievement of the channel tunnel rail link.

On 20 February 1996, the Conservative Government awarded to London and Continental Railways the contract to build and operate the channel tunnel rail link. Who would have dreamed then that we would be able to travel at 186 mph through the countryside to France and beyond? The challenge is to ensure that our country can connect to the trans-European network and to expand high-speed rail in the United Kingdom. That is why I am delighted that the incoming Conservative Government are committed to a feasibility study of high-speed rail.

As the Under-Secretary said, the Bill is intended to make minor amendments to the current arrangements. That represents a general acceptance that the structure that contributed to LCR's success in delivering the project might not be the best structure for the future or for operational purposes. The Government and LCR undertook an evaluation of the restructuring options for LCR, which resulted in the Bill before us.

In Committee and on Report, we have examined this relatively small Bill at great length—some might say exhaustively; the Under-Secretary probably did. Although the Opposition accept that exceptional projects require exceptional powers to ensure their facilitation and operation, the powers should still be subject to scrutiny for evidence of abuse. We have indeed subjected the Bill to scrutiny, although I remain concerned that clauses 2 and 3 grant truly exceptional powers, the continuing need for which is contestable. We shall look carefully at the operation of those two clauses.

The Bill is short and largely technical, but it is important. The channel tunnel rail link has been a great success for the United Kingdom. The prospect of

[Stephen Hammond]

Eurostar and domestic High Speed 1 being operational is exciting, and if the Bill facilitates that, we should assist its passage. I hope that it will enable the operational phase of the channel tunnel rail link to be as successful as the construction phase, and that in due course St. Pancras will be not only the centre of a UK high-speed rail network, but part of an international high-speed rail network.

4.51 pm

Norman Baker: I largely agree with the comments of the Minister and the spokesman for the Conservative party, the hon. Member for Wimbledon (Stephen Hammond), both of whom support the Bill in principle. The Minister correctly says that it is a small, technical Bill, but it has significant implications for taking forward the channel tunnel link.

It is clear that we now have a railway of considerable capacity and one that we can be proud of, taking us from the channel tunnel through to St. Pancras. Many of us who used Eurostar when it first opened were embarrassed that we could travel through the French countryside so fast, yet clank around at probably 18.6 mph on the way from the Kent coast up to London. That has been dealt with. After a slow start, the Government have moved fast to help in their own way with the completion of the St. Pancras project, and the country is better off for that.

We on the Liberal Democrat Benches look forward to the day when high speed services do not stop at St. Pancras but run much further north, so that people from Edinburgh, Manchester, Glasgow and Liverpool will be able to access high speed services and travel to Paris and Brussels without the need to change in London. I hope that the Government will bring forward plans to examine those possibilities sooner rather than later.

As we send the Bill on to the other place, as I hope we shall shortly, I should like to highlight a couple of points that it would be helpful for their lordships to examine. The first is about the implications of the potential sale of the infrastructure. The Minister is right to talk about the three constituent parts, but I would be concerned if the track were ultimately not owned by Network Rail. That would be inconsistent with the rest of the rail network, and it is difficult to understand how a sensible arrangement could be reached with suburban or domestic trains running on infrastructure not owned by Network Rail. It would be much cleaner if it were owned and run by Network Rail. I hope that their lordships will examine that.

The second matter, which we have not considered today but which is important, is freight movement. The Minister said at column 1123 on Second Reading:

"High Speed 1 might be appropriate for freight usage"—

might be appropriate. It should be made clearer in another place how freight will be able to access the line. I hope that that will not be, as the Minister said,

"on a completely commercial basis".—[*Official Report*, 20 November 2007; Vol. 467, c. 1123.]

If that were the case, freight might be excluded.

Mr. Tom Harris: It is absolutely the Government's expectation that freight will use High Speed 1, but the hon. Gentleman should know that in this country freight is an entirely commercial operation. Any freight movements on High Speed 1 will therefore have to be commercial. I am sure that that is welcomed in all parts of the House.

Norman Baker: I am grateful to the Minister for that. I was suggesting not that freight should not be commercial, but that it might be in the interests of individual parties to maximise the number of passenger trains to the exclusion of freight. That would be unhelpful.

Mr. Harris *indicated assent.*

Norman Baker: I see that the Minister agrees.

Having made those two simple points, I welcome the Bill on behalf of the Liberal Democrats and wish it well in the Lords.

4.55 pm

Mr. Greg Knight: I join those who have contributed to this Third Reading debate in welcoming the amended Bill and wishing it well. I understand that the Government give £6.5 billion annually in subsidy to the rail network; that is a sum of which any Government should be proud. However, it is interesting that, despite all the congestion problems that we have heard about, our railways still carry only 6 per cent. of all passenger travel. Some 84 per cent. of journeys are still undertaken by car. Although the channel tunnel rail link is rightly a priority, at some point in the not-too-distant future there needs to be either a shift or an increase in transport funding so that road users are treated equitably.

I thank the Minister again for the fair-minded way in which he has dealt with the Bill and for his approach throughout. If there is any justice in this world, he will be made Secretary of State at the next reshuffle.

Question put and agreed to.

Bill accordingly read the Third time, and passed.

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No.118(6) (Standing Committees on Delegated Legislation).

ELECTRICITY

That the draft Electricity and Gas (Carbon Emissions Reduction) Order 2008, which was laid before this House on 5th December, be approved.—*[Mr. Khan.]*

Question agreed to.

SITTINGS OF THE HOUSE

Motion made, and Question put forthwith, pursuant to Standing Order No. 25 (Periodic adjournments).

That this House, at its rising on Thursday 7th February, do adjourn till Monday 18th February 2008.—*[Mr. Khan.]*

Question agreed to.

Sri Lanka

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Khan.]*

4.57 pm

Simon Hughes (North Southwark and Bermondsey) (LD): I am grateful to Mr. Speaker for selecting for today's Adjournment debate my suggested subject of Government support for the peace process in Sri Lanka. I had previously applied for a debate on the subject, but it could not happen. Mr. Speaker has kindly acceded to my request to reinstate the debate today. Little did I know that the debate would be as timely as it has turned out; I am grateful to Mr. Speaker for understanding the appropriateness of this debate at this time.

It is sad—this year should have been one of great celebration for all the peoples of Sri Lanka. The 60th anniversary of the independence of Ceylon from the United Kingdom falls on 4 February. In normal circumstances, that would be an occasion for great celebration across that beautiful country. Furthermore, this year is the 30th anniversary of Sri Lanka's change to an executive presidency. In the same year, under that constitution, Tamil was recognised, with English and Sinhala, as an official language. The country's history suggests that there is much for celebration, but that is not how it has been in recent years.

Since I was elected to this place in 1983 there has been a state of emergency and a continuing difficulty that is most easily and sadly described as an effective civil war. It has continued month in, month out, and last year ended in sad circumstances—violence, attacks, deaths and a very dim prospect. Sadly, this year has begun equally badly in two senses. First, the Government, for reasons that I can understand but that are ultimately misguided, announced on 3 January that they were to terminate the ceasefire agreement that was entered into in 2002, and yesterday that ceasefire agreement ended. In parallel with that, over recent weeks there has been continuing violence, with attacks in the north and the south, the assassination of a Minister and of another Member of Parliament, and the killing of innocent people—people absolutely not part of the political process, including children—on bus journeys.

Let me make it absolutely clear that my view, like that, I imagine, of every single person in the House and elsewhere, is that violence is unacceptable, that killing other people in the pursuit of political ends is not the way forward, and that, as other places have learned—I welcome to his place the right hon. Member for Torfaen (Mr. Murphy), who had direct experience of this in our country, in Northern Ireland—there must be an alternative route that says that violence is put aside and people talk to each other until they reach a solution.

So we have a dear Commonwealth country, with huge friendship between all its peoples and our people, now entering its 32nd year of unrest and civil war. Let me give just two or three sentences of background—shared knowledge among people here, but more for the record than for our debate. It is a country of about 20 million people, or thereabouts, three quarters of whom—approximately; I am not trying to be overly precise—are from a Sinhalese background and an eighth of whom, about 3 million people, are from a Tamil background, with other smaller groups. Two thirds of the population are Buddhist by faith adherence, about 15 per cent. are Hindu, about 7.5 per cent. are Muslim, and slightly less than that are Christians and people of other faiths. In this country, we have, best estimates tell us, about 200,000, or probably nearer to a quarter of a million, people from Sri Lanka, almost equally divided between Sinhalese people and Tamil people, contributing wonderfully to our nation in every respect, in business, in teaching, in medicine, in the professions, in culture, in sport—just a fantastic contribution.

I have no vested constituency interest in this issue. I have friends who are Sinhalese and Tamil, but I do not have a huge Sri Lankan population in my bit of London, although friends in other parts of London have significant Sri Lankan populations. I am not doing this because I have 10 per cent. of my electorate to address and want to deal with their concerns.

Back in the '70s, the Liberation Tigers of Tamil Eelam was formed as a liberation struggle movement. We know, in general terms, what its history has been. It led to the fact that in 2001, in this Parliament, we proscribed it as an organisation in this country. In May 2005, the European Union took a similar view. As a result, one of the players—an organisation that is not going to go away, whatever the Government and other people may wish—is officially illegal in the eyes of the rest of the world. We are familiar with that in this country, as we similarly banned the Irish Republican Army—the IRA—and placed restrictions on Sinn Fein in all those past days in Northern Ireland.

Just over two years ago, we had the latest political resolution when, in a very hotly contested presidential election, current President Rajapakse was elected by a narrow majority of 50.3 per cent. to 48.3 per cent. over Ranil Wickremesinghe, with the two big coalition parties providing the two main candidates. This is a country where, as you will know, Madam Deputy Speaker, people in high office have often had a very difficult time personally. One Prime Minister and one President have been assassinated, as have a Foreign Minister and many others. As in India, Pakistan and Bangladesh, families who have been involved in politics have sadly been afflicted by killing and terrible personal experiences. No one would wish that on anyone. A coalition Government are in place, who reflect the view of the President, by and large. There is a majority who reflect his view.

In this House, we have sought, along with the Minister, who has always been extremely co-operative, and his fellow Ministers, to debate regularly how the Government and others in the UK can assist in the peace process. I pay tribute not only to the right hon. Member for Torfaen, but to people such as the hon. Member for Woodspring (Dr. Fox), and other colleagues who have taken a consistent interest and sought to facilitate progress. Some of my colleagues who cannot be here today were with me yesterday at a meeting, such as my hon. Friends the Members for Kingston and Surbiton (Mr. Davey) and for St. Ives (Andrew George). The former has constituents from Sri Lanka, and the latter does not, but they have taken a concerned interest and want proper development,

[Simon Hughes]

economic success and prosperity for Sri Lanka. The Minister made the Government's position very clear at Foreign and Commonwealth questions last week. He called for the Sri Lankan Government to go down a different route to try to come to a peaceful and just conclusion. Sadly, that did not happen, and formally, as of yesterday, the ceasefire is at an end.

Last night, in the Grand Committee Room in Westminster Hall, there was a large gathering of the Tamil community. Colleagues from all three major parties met people to hear them express their concerns, which they did moderately but with great anxiety. I know that many of them have lost relatives; they have had family killed or injured. Many cannot get things through to their relatives, particularly if they are in the Jaffna peninsula in the north. At 4 o'clock today, a petition was presented to No. 10 expressing the concern of the Tamil community here that the ceasefire should be reinstated and that the peace process should continue.

During this period of catastrophe, according to the best figures available—Government figures that are not fundamentally disputed—70,000 people may have been killed and 1 million may have been displaced. On top of all that, as if it were not enough, the tsunami struck, and a further 30,000 or 40,000 people were killed on Boxing day just over three years ago; hundreds of thousands of people were displaced. This country desperately needs peace in order that it can have prosperity. I will not go through the litany of killing, but in the past two years probably 5,000 people have been killed—estimates vary—and that has continued, as I said, even in recent weeks.

I shall make a linked point before I come to my reflections and suggestions. I have been in touch with the Sri Lankan high commissioner here, and I am grateful for her considered response to my request for an accurate, up-to-date statement of the Sri Lankan position, to ensure that I was not misrepresenting it.

We have always had a good relationship, though a tense one, as we have debated the issues. According to independent reports, the economy is suffering as a consequence of what has happened there. There is growth in the economy, but the trade deficit has widened by 66 per cent. in a year, and exports have gone down. In November, imports went up, and stocks are going down. Probably some 1 million people are in poverty, mainly in areas affected most by the conflict. That situation will go on, and it is a worldwide phenomenon. On the BBC World Service this morning I heard someone reflect that it is always the case in the developing world that conflict absolutely and directly exacerbates poverty.

The Government and international bodies, such as Amnesty and the United Nations Commission on Human Rights, have a similar view as to what has happened in the peace process. There is not really any international dispute.

The agreement that was reached in 2002 followed unilateral efforts to hold a ceasefire for a month and see how that went. The ceasefire has been piecemeal and inconsistent, and of course, as everybody knows, it has not been universally respected. However, in the middle of it, suggestions for proper devolution were made. Proposals for an autonomous Tamil province or part of the country were on the table. I do not mean proposals for local government but a new constitutional settlement, such as, in some ways, we have achieved here, and as has happened in many other parts of the world. Things went well, but then the past President intervened and sacked people from various Ministries and progress stalled.

People keep hoping, but their hopes are repeatedly dashed. After the tsunami, people hoped that it might, paradoxically, be an incentive to get together but that was not to be. It is troubling that there is a universal view that, despite countries such as ours linking their development assistance to the peace process—the Government agreed a strategy in 2002 that was rightly clear about that—human rights have been poor. That remains a general understanding. The Foreign Office website states:

> "The Sri Lankan government has taken steps to improve its very poor human rights records of the 1980s and the 1990s."

Yet records for recent years and months confirm that serious cause for concern remains.

Amnesty International's 2007 report states that the United Nations special rapporteur reported in March on a visit made some months previously and on extra-judicial, summary or arbitrary executions. The rapporteur said that freedom of expression, movement, association and participation were threatened, especially for Tamil and Muslim civilians.

In May, the President appointed new people to the human rights commission, which then no longer appeared to fulfil its constitutional requirements or the international requirements for independence. In September, the supreme court ruled that there was no legal basis for the UN Human Rights Committee to hear cases from Sri Lanka. That was regrettable. As the year went on, international human rights bodies raised concerns about the escalating human rights abuses and violations of international humanitarian law. That has been on the agenda at the Security Council.

I do not say that those leading the Liberation Tigers of Tamil Eelam do not share responsibility, as insurgents, for the situation. However, it is clear from reports that Sri Lankan Government responses have not been confined to those acting militarily. They have intervened in the lives of civilians and gone far beyond what is internationally recognised as acceptable. I understand the provocation when suicide bombing happens and ships get blown up, but Sri Lanka spends $1 billion on defence—money that should logically be spent on development.

Amnesty International says that last year, humanitarian aid agencies were unable to reach many of those at risk in the north and east. From August, aid supplies to the north were obstructed by the closure of the Jaffna peninsula road and a sea blockade by the LTTE.

Mr. Lee Scott (Ilford, North) (Con): Does the hon. Gentleman share my concerns that, with the motorway remaining closed and the ceasefire having ended, the humanitarian crisis can only get worse? The international community must do something about that urgently.

Simon Hughes: I understand that the hon. Gentleman spoke at the same meeting as me last night, although he

was there before me. The community was grateful that he was there. The A9, the main road to Jaffna, is the only appropriate and established thoroughfare for a huge community on the peninsula in the north. It has been closed for a long time; it was reopened but is now closed again. Last night I heard at first hand people saying that they could not get medical supplies, food or money through to their families in that part of the country.

The Sri Lankan Government say that although the road is closed, supplies can be delivered by boat and so on, but that is clearly not the experience of people here who talk to us. I do not mean that those people are inventing or imagining that, and the hon. Gentleman is right to say that the road needs to be reopened. Whatever the decision about the ceasefire this month, I cannot believe that it is beyond the competence of the Government and the LTTE to agree that the road can be opened and protected, so that people can go to their homes and supplies can reach people who live in the north.

Jeremy Corbyn (Islington, North) (Lab): Earlier the hon. Gentleman mentioned the tsunami and the aid that went to its victims. I am sure that he is aware that there is still huge anger about the distribution of that aid and a feeling among those in the Tamil community in the north and east that they were deprived of necessary aid. Does he not think that there is still some point in pursuing that as part of confidence building?

Simon Hughes: Yes I do. The hon. Gentleman is quite right, and the Under-Secretary of State for International Development might be able to help us on that matter. There is now independent confirmation that large amounts of the aid given have not gone where they were intended to go. That is a tragedy, given the absolute destruction caused in those areas. It must be right for there to be further investigation, conducted independently of the Sri Lankan Government, into where that money has gone, and for us to seek to liberate it to rebuild those communities. The hon. Gentleman is right about that.

Mr. Brian Binley (Northampton, South) (Con): I had the good fortune to go to Sri Lanka two years ago, specifically to see how aid money was being spent. Although I recognise all the concerns that the hon. Gentleman has raised—he is absolutely right—equally I recognise how difficult it was, in a war zone, to rebuild and replenish the badly damaged area in the north around Jaffna. I got the impression that a Sri Lankan Government body comprising a group of young people was working very hard indeed and achieving a sizeable success in replenishing some of those areas in the north. I understand the difficulties and concerns; none the less, I want to inject some balance and say that, judging by my investigations when I was there, the Sri Lankan Government seemed to be trying their very best under difficult circumstances.

Simon Hughes: I have not been back to Sri Lanka since the tsunami, so I cannot comment from experience on the ground, although I know that the Under-Secretary of State has been. I do not doubt that much work has been done by Sri Lankan Government agencies and international non-governmental organisations, but often—I do not know whether this was true of the Minister's visit—Ministers from other countries, international agencies or parliamentarians cannot go where they would like to go, because the Sri Lankan Government say that it is unsafe. People therefore end up going where it is possible to see good things happening. I have no idea whether the hon. Member for Northampton, South (Mr. Binley) asked to go to Jaffna and the north, for example, and whether he was free to travel there—

Mr. Binley *indicated assent.*

Simon Hughes: He was. I am reassured by what he says; all I know is that there are internationally authenticated concerns that much of the money has not ended up where it should have ended up, as the hon. Member for Islington, North (Jeremy Corbyn) intervened on me to say. I am not attributing personal blame, but if that is happening, it is no good.

I have two final points of concern. There are still huge numbers of unlawful killings—it is not me saying that, but Amnesty. Several hundred extra-judicial killings were reported last year, which, as Amnesty makes clear, were carried out by forces of the Government, the Karuna group—a splinter group of the LTTE that is reportedly co-operating with Government forces—the LTTE and other armed opposition groups. We are not talking about one-side-of-the coin activity. The situation is complex, with many involved in taking people out of what they see as a political battle.

Both sides are also still recruiting child soldiers. Apparently the LTTE recruited 1,500 or so child soldiers a year ago, while more than 100 were reportedly recruited in Government-controlled areas in the east by the Karuna group. A special adviser to the UN reported in November—two months ago—that Sri Lankan Government forces had been actively involved in forcibly recruiting children. That is absolutely unacceptable. It is even more worrying if anyone connected to the Government or Government forces is involved. The world is trying to stop conflict, and in particular it is trying to ensure that it does not start with youngsters being brought in, as they are the most vulnerable people.

There have been numerous detailed reports about torture in police custody and so on, but my final point on this report is that an international commission of inquiry was announced by the President in September to investigate abductions, disappearances and extra-judicial killings. In the end, however, it was changed to being a national investigation with an international observer group. There are real concerns about the independence of the information gathering and assessment involved.

I guess that that is why, at the end of the year, some pretty robust statements were made by independent bodies. The programme director of Amnesty International for the Asia Pacific region said this month:

> "The withdrawal of the Sri Lanka Monitoring Mission, in addition to the downgrading of the National Human Rights Commission by the International Co-ordinating Committee of National Human Rights Institutions which has brought its credibility into question, leaves a vacuum in independent investigation and monitoring of human rights abuses."

Norway, the United States, Japan and the European Union have also made clear their unhappiness at what

[Simon Hughes]

has happened in connection with the ending of the ceasefire. I am grateful that our Government have made their position clear in that regard. I am also grateful that Norway, which has played an absolutely central role throughout by seeking to be a peacekeeper, to arbitrate and to initiate, is still willing to do that. I had the privilege of meeting the man who had led that exercise when he was passing through London just before Christmas, and I want to thank him and his team, and the Norwegian Government, for continuing to offer their assistance in very difficult circumstances.

I want to reflect on what the Sri Lankan Government have told me, to ensure that I am not in any way misrepresenting it. They have a view that the position of the LTTE, and the more extreme Tamil position, is to create a mono-ethnic, mono-political separate state. Some hold that view, but in my opinion it can never be possible in this world to have mono-ethnic mono-political states. Look at the history of the Balkans; look at anywhere else. No state is going to be like that; it is not a sustainable option.

Many people hold a different view, which is that self-governance within a federal, or confederal, solution is a viable option. Countries flourish, blossom and grow under such systems. India and Pakistan are examples of such states, as are—nearer to home—many of the European Union countries. One has to try to reflect the different aspirations and views involved. The negotiations looked as though they were going down that road and becoming much more realistic. It is unlikely that the support of the Sri Lankan Government would be won by an argument for the secession of part of the country to become a separate Tamil nation state. That is not a credible option under the present constitutional settlement. It must be likely, however, that people could be persuaded by the argument for a new constitution that could confer autonomy for the Tamil people. Yes, there would have to be a referendum, and independent political decisions would have to be taken, but that must all be possible. Within such a self-governing part of Sri Lanka, there would of course have to be freedom for other people to have their human rights acknowledged, whatever their faith, background or interests.

The Sri Lankan Government responded to the United Nations High Commissioner For Refugees by saying that they were awaiting the proposals of the all-party representatives' committee that they set up a year ago. They are doing that, and I welcome it. They are due to report next week. That might be a branch that is worth clinging on to, in order to start climbing back on to a more secure part of the tree. I do not know what the report will say, or how credible it will be, but I recognise that it is clearly important. I hope that it will provide a positive and constructive way forward.

Jeremy Corbyn: The hon. Gentleman has made an important point there. My understanding is that the United Nations Human Rights Council and the High Commissioner would prefer to have an independent UN presence in Sri Lanka the whole time. There seems to have been a long period in which the Sri Lankan Government have employed delaying tactics to try to head that off. Does the hon. Gentleman not think that we should still use our good offices at the UN to insist on an independent UN presence?

Simon Hughes: I absolutely do think that; it was going to be the last of my suggestions for the Government. The UN is absolutely clear that unless independent agencies can go where they want to in Sri Lanka, the Sri Lankan Government will not be believed by the international community. I appreciate that it can be difficult in times of war and hostility, but it is also about allowing independent relief organisations and independent reporting by valid and respectable press people. I am not talking about people with a partisan view, but respectable international journalists with credibility.

The Sri Lankan Government make a point—and it is not a good point—in their reply to the statement issued by the UN High Commissioner for Human Rights:

> "The Government wishes to take this opportunity to reiterate its intention to continue the existing dialogue with the UN High Commissioner, with the intention of obtaining assistance the government may require to strengthen domestic mechanisms including the National Human Rights Commission, so that its functions including the investigation and reporting of alleged Human Rights violations could be efficaciously discharged. The government remains committed to strengthen domestic mechanisms, and wishes to avail itself of this opportunity to restate its opposition to the proposal made by the UN High Commissioner to establish UN field presence in Sri Lanka for monitoring and reporting. The government is of the view"

they come on to a very odd argument here—

> "that the proposal has not been made applying objectively laid down transparent criteria adopted by the international community and does not reflect the actual ground situation. Furthermore, objective and accurate reasoning which would necessitate the implementation of such a mechanism has not been given by the UN High Commissioner. Thus the proposal is totally unacceptable to the Government of Sri Lanka."

I have to say that without international adjudication and verification, the Sri Lankan Government will not be regarded as acceptable. I understand the arguments about sovereignty, but if they are trying to win credibility in the world after 30 years of civil war, the UN must be represented in the country and able to go about its business there. The Sri Lankan Government must change their view on that.

The statement to the UN High Commissioner ended by saying:

> "The government wishes to state that, its decision to end the CFA would not be reversed and would be implemented as previously stated, in the best interest of the country and its people",

concluding that,

> "with the assistance of its... security forces, the Government of Sri Lanka would take all necessary measures".

However, the Sri Lankan Government apparently do not believe that a solution by force is the way forward. That being the case, I hope that they will recognise that they must find another way to have dialogue with the LTTE. Given that the co-chairs of the peace process are willing to help, and that the Government of Sri Lanka affirm that they are willing to help, given that the Government are saying that they want a negotiated solution and that a ceasefire agreement is not necessary for such a solution, given that this report is going to the President on 23 January, given that the Government say that they continue to value and uphold Norway's role, and given that they acknowledge that we could assist through our good offices to get all the minority

communities to negotiate, it seems to me that it all demands a context where there is no violence or aggression.

I know that we are about to change the high commissioner in Sri Lanka, and I know that there have been some difficulties about our representation, but I hope that the Minister will soon be able to tell us that, with the support of colleagues on all sides of the House and because of the seriousness of the situation, the Government will increase their efforts to ensure that all parties in Sri Lanka have some grounds for confidence. The Government must make it absolutely clear that to be critical of the Sri Lankan Government's position is not a way of endorsing the activities of the LTTE, but a way of reflecting that until all stakeholders in the outcome are around the table and all parties have the ability to exercise some political power, there will be no justice—and without justice, we will not get the peace.

I hope that the Government will be robust in helping the Commonwealth and the United Nations to be engaged, which was the request of the community to which I spoke last night. We need to be robust in ensuring that the north is opened up again, and that the Government of Sri Lanka are in no doubt that the present position is unacceptable. Peace is more urgent now than ever.

5.29 pm

Mr. David Kidney (Stafford) (Lab): I congratulate the hon. Member for North Southwark and Bermondsey (Simon Hughes) on securing this important debate. As he said, it is very timely for all the worst reasons. Like him, I observed the deterioration at the end of last year and the beginning of this, and asked for a debate to be held this week. That is how important it is at this moment.

I think the best thing that those of us who are in the Chamber now can do is demonstrate our united support for our Minister, and for the work that he must do in trying to bring together the international community to tackle three immediate interlinked tasks: stemming the recent increase—again—in violence, returning people to talks about peace, and ensuring that humanitarian aid reaches those who need it.

As I think Members will agree, the Minister already has a pretty good track record for demonstrating his commitment to peace in Sri Lanka. He has worked with great application and patience for longer than most in trying to bring about peace in the country. He was instrumental in securing our very full debate on this subject in May last year. I wish him the greatest success in the work that he will do in the coming days, and he has my full support.

I want to reiterate what the hon. Member for North Southwark and Bermondsey said about the many links that our country has with Sri Lanka, and the interest that all Members take in the subject as a result. There are all the historical and political issues mentioned by the hon. Gentleman, but the crucial current issues that make us interested in the country involve the Sri Lankans in all our communities, whom he also mentioned. He is right: people from Sri Lanka have come to this country, enriched our lives, and reached positions of great influence. I think of engineers, lawyers and doctors in my constituency, and of friends of mine who came from Sri Lanka originally. I think, too, of the civic links that we have with Sri Lanka throughout the country.

Last autumn I sat down in a school in my constituency, Walton high school, and listened to students who told me about taking part in the world challenge in Sri Lanka last summer. Twenty students and teachers from the school joined students and staff from 13 other schools around the country, establishing links with Sri Lankan schools. It is at that people-to-people level that we in this country feel such great concern to learn of an eruption of greater violence, and the human tragedy and greater instability that it is creating in Sri Lankan society. I am sure that we all feel a determination that that should stop.

I know the Minister will agree that we are speaking of a country of great beauty, and a people of great talent. They have so much to offer the rest of the world and so much to gain for themselves if they can secure the political stability and get the democratic structure right, and if there can be tolerance between groups in their society. There is so much for them to gain, and there is so much being lost while the violence and disagreements that we are witnessing continue.

I wish my hon. Friend the Minister the greatest success in the important days that lie ahead.

5.33 pm

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): I am grateful to you for allowing me to catch your eye, Madam Deputy Speaker. I am also grateful to the hon. Member for North Southwark and Bermondsey (Simon Hughes), not only for securing this timely debate but for allowing me and others to intervene briefly.

We know from our debate last May that what we say in the House is scrutinised very carefully in the Sri Lankan Parliament. Indeed, an entire debate was held there on our debate in May. I believe that one or two unfortunate comments were made in the debate, and that the wrong impression was left after it; so I think that we must be very careful. We must recognise that there is a democratically elected Government in Sri Lanka. It is not perfect, but it is better than some of the alternatives.

It is on a note of sadness that we are here today at the time of a recent upswing in violence, as indeed was the case when we last debated the subject. Every death on either side increases the suspicion on both sides, and I call for all parties to exercise restraint.

Barry Gardiner (Brent, North) (Lab): Does the hon. Gentleman not agree that while we would, of course, wish there to be forbearance on both sides, it was the Sri Lankan Government who unilaterally abrogated the ceasefire agreement in January this year?

Mr. Clifton-Brown: I was coming on to that, and it is an important point, but we must be very temperate and careful in what we say in these debates.

The recent history of the LTTE—the Liberation Tigers of Tamil Eelam—started in 1983-84. That was a time of considerable trouble in Northern Ireland, and I do not think that anybody then would have predicted that the Irish Government would give up article 3 of its

[Mr. Clifton-Brown]

constitution claiming sovereignty over the north, or that some of the principal leaders of both sides would be sitting in a democratically elected devolved Parliament in the Province of Northern Ireland with, as we hope, the peace process going forward. Therefore, while I take on board the remarks of the hon. Member for North Southwark and Bermondsey about the black nature of Sri Lanka's future, with good will on both sides it is not impossible that we could move to a peaceful solution. The hon. Gentleman put his finger on precisely the right button when he called for a confederate solution—a solution whereby there is a devolved Government of the Tamil areas with considerable autonomy, but under the sovereign Government of an elected Sri Lankan Parliament. I can envisage such a solution in times to come.

I agree with the hon. Member for Brent, North (Barry Gardiner) that it was unfortunate that the Sri Lankan Government abrogated the peace agreement unilaterally, and I had a discussion with the high commissioner this morning in which I made that very point. The agreement might not have been perfect, but it did

"recognise the importance of bringing an end to hostilities and improving the living conditions for all inhabitants affected by the conflict".

and it further agreed that

"bringing an end to the hostilities is also seen ... as a means of establishing a positive atmosphere in which further steps towards negotiations on a lasting solution can be taken."

I hope that all people of good will would agree that everybody should share that aspiration. I hope that the Sri Lankan Government and all the Tamil factions will be able to get together around a table and start negotiating because, as the hon. Member for North Southwark and Bermondsey said, there has to be a political solution. That was the one message from Northern Ireland: there could never be a military solution. There will never be a military solution to the Sri Lankan Government's problems.

I was delighted to receive an assurance from the high commissioner this morning—she allowed me to say this in the debate—that her Government are absolutely committed to finding a political solution. I hope and believe that that is so, in which case the different sides must get around the table and talk.

It is unfortunate that the international monitoring commission has been withdrawn. The considerable efforts of the Norwegians are proving difficult not only because they cannot monitor a ceasefire that does not take place, but they cannot monitor the process either. I made the point to the high commissioner this morning that it is important that we get some form of international monitoring under United Nations auspices in the country, so that accusations and counter-accusations can be verified by a completely independent body or individual.

When I went to Nepal, there was a powerful United Nations High Commissioner for Refugees representative there; he was a Brit—a Scot—and he was widely respected by all sides and was able to act as an interlocutor where the Nepalese Government were unable to go. We should be looking for that sort of model for Sri Lanka.

The right hon. Member for Torfaen (Mr. Murphy) is sitting in his place, and I wish to pay great tribute to him. I hope that he is able to go back to Sri Lanka, because he was widely respected by all sides and was able to talk to all sides. He was also able, modestly and patiently, to give all sides the benefit of his experience, which is characteristic of him. I hope that he will be able to revisit that beautiful island shortly, and that his good offices will begin to help the peace process again.

Mention has been made of the All Party Representative Committee report due to be handed to President Rajapakse on 23 January. It will be interesting to see what the committee comes up with, whether it is independent and whether it will move things forward. I truly that it will, because all-party talks are the route we should take.

Both sides must recognise that in this type of dispute the parties in Northern Ireland were in exactly the same position, as the right hon. Member for Torfaen knows only too well—people have to abandon the positions that they hold, although that might not be comfortable. The Tamil Tigers might have to recognise things and do things that they do not want to do. If there is to be a lasting peace process, it must be just that; both sides must recognise each other's position and recognise that they cannot just adopt the status quo.

It is not the Government, the armed forces or the LTTE who suffer, but the innocent civilians who get caught up in all this. I made it clear it to the high commissioner that the bombing the other day of the base at Kilinochchi was not acceptable. Bombing one's own people, even if one thinks that one is bombing an LTTE base, is unacceptable, because bombing cannot be that precise that it hits only one's opponents.

Keith Vaz (Leicester, East) (Lab): What was the high commissioner's response when the hon. Gentleman raised that concern with her?

Mr. Clifton-Brown: Some parts of my conversation should not necessarily be in the public domain. I am merely reporting to the House the points that I made to the high commissioner in the same manner as I am now, so that they can be heard in this House.

I call for restraint on all sides, because innocent civilians are the ones who suffer. We want this beautiful island to go forward as a democracy and as a full member of the Commonwealth. It has a wonderful future if peace can prevail. Its economy and tourism are fantastic; it has fantastic jungles, mountains and archaeological sites, all of which need to be generally open to the world. The island has a huge amount to contribute, and I believe that with good will peace could prevail.

5.42 pm

Mr. Paul Murphy (Torfaen) (Lab): I am grateful for the comments of the hon. Member for Cotswold (Mr. Clifton-Brown). I share the views of my hon. Friend the Member for Stafford (Mr. Kidney) and the hon. Member for North Southwark and Bermondsey (Simon Hughes), who ably opened this debate. We are grateful to him for giving us the opportunity to speak briefly on an important issue.

When we last debated this issue, I recalled the visit I made to Sri Lanka just over a year ago. I was given absolute access to anywhere I wanted to go, including the LTTE-controlled parts of the island and the LTTE's headquarters. I met its second in command, who has recently been killed. That brought it home to me how difficult and tragic the times now are in Sri Lanka. The assassinations of Ministers, Members of Parliament and innocent members of the public are all too redolent of what we experienced in our country over 20 or 30 years.

The answer is obviously a political one. All the hon. Members who have spoken mentioned the importance of a political solution. There is no military solution to this problem. The Sri Lankan Government have said that, and I am sure that everybody involved in the peace process in Sri Lanka would echo it. Most interestingly, from a Northern Ireland point of view, that was also Martin McGuinness's message when he went to talk to people in Sri Lanka some time ago. As he is now Deputy First Minister of Northern Ireland, he told both sides in Sri Lanka that there could not be a military solution and that the war simply could not be won by either side. That has to underpin everything that we do as a Government and a country to help in Sri Lanka. My hon. Friend the Minister would be the first to say that we have a special reason to intervene in this case. We were, after all, the colonial power for many years, and we are also in the same Commonwealth of nations.

It is not beyond the wit of the international community, in its different forms, to intervene in this terrible conflict, which, in some respects, appears to have been forgotten. The co-chairs of the peace process, the Norwegians, have played an excellent role, and we have played our part, too, but it strikes me that the international community must make a special effort to ensure that the ceasefire is restored.

I regret, like everybody else, the end of the ceasefire, even though it was not particularly effective. Nevertheless, it has to be replaced. It is certain that we would not have had peace in Northern Ireland without a proper ceasefire that was recognised by all sides. When a ceasefire is established in Sri Lanka, policed and monitored by the international community, we will be on the way to success. I hope that my hon. Friend the Minister will have some ideas about how to take forward the proposals.

Most importantly, people in Sri Lanka need hope. In a few months' time, it will be the 10th anniversary of the Good Friday agreement. This time 10 years ago, when I was Minister of State at the Northern Ireland Office, there was a murder every night. Everybody in Northern Ireland thought that the process had collapsed and was dead. In a matter of months, because of the effort of the international community and everybody involved, we signed that historic agreement. I am sure that those lessons can be learned in Sri Lanka and that we will pay an important role in that.

We have an excellent new high commissioner in Colombo; I know that he will play an important role. The opportunity to discuss the subject that the collapse of today's business has given us will be welcomed by all people who feel good will towards that beautiful country. I hope that when my hon. Friend the Minister concludes the debate, he will say that there is some possibility that the UK Government will intervene in this important matter.

5.47 pm

Mr. Andrew Love *(Edmonton) (Lab/Co-op):* I congratulate the hon. Member for North Southwark and Bermondsey (Simon Hughes) on the measured and balanced speech with which he opened the debate. I was struck by the contrast between today's debate, the tone of which has been rather consensual, and our last debate on the subject. I suspect that in the months since that debate we have learned a great deal more about the situation in Sri Lanka, and so members of all parties can come to similar conclusions on how we will try to make progress.

Without wishing to repeat what has been said, I think that we recognise that this is a long, drawn-out conflict. It started in the early 1980s and since then more than 70,800 people have died. However, today, more than at any point over the past five years, we face the prospect of a return to civil war. That is why the debate is apposite. It is important that we should concentrate and try to get the Government to do more to stop that decline to civil war.

I do not want to go over the ground that has been covered, but I want to mention three things. Human rights have been a primary concern. Anyone who reads the reports on the subject from Human Rights Watch, Amnesty International or any other body will be only too aware that there has been an explosion in the number of human rights violations. Perhaps that is understandable, as there has been a decline in relations between the different communities. Of course, the decision to withdraw from the ceasefire agreement has not helped.

The Sri Lankan Government say that they are committed to human rights and they have taken some measures to deliver that commitment; they have set up a commission of inquiry and begun investigations into 17 violation cases. As has been noted, they have also established an eminent persons group, one of whom is an eminent lawyer from this country, but there is still considerable disappointment at the lack of progress.

There are also concerns about how the investigations are being conducted. The backdrop is that so far there have been no prosecutions at all for human rights violations, and that has raised anxiety about whether the mechanism that has been adopted is likely to inspire trust—among people on the island of Sri Lanka and in the wider international community—that those guilty of human rights abuses are being brought to justice.

Louise Arbour is the UN Commissioner for Human Rights. Last year, the Sri Lankan Government agreed that she should visit the island, and her time there was very productive. We understand that Sri Lanka's Ministry of Disaster Management and Human Rights has a memorandum of understanding with the UN, but it is widely accepted internationally that that Government's withdrawal from the ceasefire meant that the monitoring mission conducted by Norway and the Scandinavian countries could no longer be effective. That makes it even more urgent that we find a

[Mr. Andrew Love]

way to monitor human rights and collect the evidence that will bring violators to justice.

A representative from Sri Lanka's Muslim community visited me last week to express the considerable concern that exists about what is happening to Muslims, especially in the east of Sri Lanka. In addition, the desperate worries felt by members of the Tamil diaspora in this country for their families and relatives in Sri Lanka have been expressed at meetings in this House over many months. The only way forward is to establish proper human rights monitoring in Sri Lanka, and it has been widely accepted around the Chamber today that the UN is the proper body to carry that out. I therefore hope that the Minister will tell the House what pressure he is exerting to secure the UN's involvement in that respect. People in Sri Lanka and around the world need to be reassured that something is being done.

Mr. Clifton-Brown: I am grateful to the hon. Gentleman for allowing me to intervene, especially as I have already made a speech in the debate, but he has made a point that needs clarifying. Last year's visit to Sri Lanka by the UN's Louise Arbour was welcome, but one visit is not the same as having a permanent UN representative stationed in the country. The UN representative in Nepal has been successful precisely because he is permanently on hand to deal with things when they go wrong.

Mr. Love: I accept that entirely. I did not intend to give the impression that I was asking for only the odd visit, as of course I believe that we need a permanent mission in Sri Lanka. The mission would need to be run independently through the UN, as that would give everyone the assurance that they seek.

The second matter about which I want to speak is the ceasefire agreement. Like other hon. Members, I was very saddened by the Sri Lankan Government's decision to withdraw from it. Various reasons have been suggested for that withdrawal, and I have a degree of sympathy with some of them. For example, it has been claimed that the ceasefire had given the LTTE a chance to rearm, to conscript children and young people and to perpetrate acts of terrorism.

However, I was interested to read recently that new reasons were being given for the Sri Lankan Government's withdrawal from the ceasefire, and one was that the agreement was seriously flawed. I think that everyone would accept that the document was not perfect, but the circumstances in which it was drawn up may have rendered that impossible. People were trying to make progress, and drawing up the ceasefire agreement was intended to be only the start of the process and to give momentum to it. We all understand that the reason why the ceasefire has not been as successful as we hoped is that that momentum was lost. In addition, the security forces were always understandably concerned about the layout. However, we have to ask why those issues are being raised now. That is the concern felt by this House and the international community.

One of the criticisms advanced to which I am slightly more sympathetic is that the ceasefire agreement was only with the LTTE. Representatives of the Muslim community come to me saying that they want to be involved in the peace process. Members of the Tamil community who are not sympathetic to the aspirations of the LTTE say that they want to be represented as well. The example of Northern Ireland shows that all the representatives who speak on behalf of sections of the community are needed if agreement is to be reached. I therefore have sympathy with that view.

Mr. Binley: I am sure that the hon. Gentleman agrees with me that there is another group of people who need to be represented and protected and whose lifestyles need to be massively improved. They are the 160,000 people who are the product of the series of wars, fighting actions and so on—the people of Puttalam, the forgotten people of Sri Lanka. I do not want them to be omitted from this debate or from the Minister's work. Their situation is a scar on humanity generally. I hope that the Minister will remember those 160,000 people and that in his discussions with the Sri Lankan Government, he will include their plight and the hope that something can be done about it.

Mr. Love: I agree with the hon. Gentleman. Again, I remind the House that the LTTE decided that it no longer wanted the Muslim community to be part of the polity that was created in the north of the island, and many members of that community became internally displaced as a result. I have great sympathy with the hon. Gentleman's comments, which reaffirm that we need to include democratic representatives of all parts of all the communities if we are to reach a solid, permanent and sustainable solution.

Barry Gardiner: My hon. Friend is being extremely generous in giving way to hon. Members on both sides of the House. I listened carefully to his comments on the imperfections in the ceasefire agreement, but does he not agree that what any party to that agreement should have done in response to those imperfections is propose a better ceasefire agreement—a more inclusive one, if that would be better—not withdraw unilaterally from the extant agreement? To do the latter is a counsel of despair, not a counsel of hope.

Mr. Love: In my view, the ceasefire that has just been broken was the only game in town. I accept the criticisms that have been made. Even when it was signed, it was criticised by both sides—indeed, by all sides, both internationally and in Sri Lanka. However, having a ceasefire agreement can be the basis for progress. As my right hon. Friend the Member for Torfaen (Mr. Murphy) said, it is only on the basis of a ceasefire that one can move forward. When there is no longer a ceasefire, the first priority must be to create one before seeking political progress.

Given the concern that has been expressed this evening about the decision to withdraw from the ceasefire agreement, I want to know what steps the UK Government have taken to press the Sri Lankan Government regarding their intentions. What political capital is there behind the prospect of further negotiations to re-establish, if not the same ceasefire agreement, then another to replace it?

On the peace process, to repeat what the hon. Member for Cotswold (Mr. Clifton-Brown) said, the Government of Sri Lanka have reassured me that they

are in favour of a negotiated solution. They point to the all-party conference, which a number of Members mentioned.

It being Six o'clock, the motion for the Adjournment of the House lapsed, without Question put.

Motion made, and Question proposed, That this House do now adjourn.—*[Ms Diana R. Johnson.]*

Mr. Love: I thought for a second that I had hit the gong. I shall be brief in order to allow the Minister plenty of time to respond.

The all-party conference, which should produce its recommendations on 23 January, has been running for more than a year and a half. I must say as an interested outside observer that it has not always gone smoothly. Some of the recommendations from individual political parties are not likely to command support across the community, and I hope that the Sri Lanka Government will not feel bound by such recommendations. It is important that they take the initiative and do what they feel is most appropriate to bring the parties together and start dialogue on a ceasefire agreement again, in order to move towards peace.

Stephen Hammond (Wimbledon) (Con): I am grateful to the hon. Gentleman for allowing me to intervene, although I came to listen and learn, not to make a contribution. Hon. Members have spoken several times about the lessons learned from Northern Ireland, and the right hon. Member for Torfaen (Mr. Murphy) spoke about hope, but trust is also key. Alongside the ceasefire, a decommissioning process will be needed. One of the key things that allowed us to move from military to political action in Northern Ireland was the outside intervention of de Chastelain, who brought trust to the decommissioning process. Such a process needs to be included in the all-party conference's recommendations, so that the communities can begin to trust each other as well.

Mr. Love: I agree. One hopes that Norway and the international community can help to play that role. I hope that one of the urgent issues for discussion after the all-party conference reports will be exactly that—how to start building confidence among the different communities and how to get people to sit down to sign. A ceasefire can be signed only if there is some confidence in it and in the political process that will follow. We need to create that confidence. The international community has a big role to play in doing so.

Mention has been made of Norway's role as facilitator continuing even when the monitoring mission ends. The international community also has a role in trying to start dialogue between sides, as has been said. That is critical. One of my biggest concerns is that there appears to be no dialogue, public or private, between the Tamil National Alliance, which is represented in Parliament, and the Government of Sri Lanka. That is of considerable concern. There also seems to be no dialogue with the Muslim community, which recently left the Government coalition. That is another worry. The international community has a role to play in trying to re-establish dialogue, whether private or public.

As part of the international community, what is the United Kingdom doing with other countries—including Japan, the United States and India, Sri Lanka's closest neighbour—to start the dialogue that will lead to a ceasefire agreement and, hopefully, a peace process? As has been said, we have a unique role to play. We are the former colonial power and have large Tamil and Singhalese communities living in our country. The UK knows Sri Lanka probably better than any other country in the international community, and we as a Parliament need reassurance that the Government are doing everything that they can to resolve the bitter differences on that island.

6.5 pm

Jeremy Corbyn (Islington, North) (Lab): I shall be brief, as I can see the Minister champing at the bit, ready to reply to the debate. We want to hear what he has to say.

I congratulate the hon. Member for North Southwark and Bermondsey (Simon Hughes) on securing the debate and on a consistent interest in Sri Lanka over many years. He and I have attended many wet weekends in Trafalgar square to discuss the plight of the people of Sri Lanka, and I congratulate him on that.

The history of Sri Lanka since 1983 and even back to 1958 has been one of almost unremitting tragedy. I was first elected to the House in 1983. The riots broke out at that time. Large numbers of Tamil asylum seekers came to the United Kingdom and to other European countries at that time. The loss of life goes on and on. There are generations of people who have never known anything but a state of war in their country—young people growing up who have never known anything other than bombardments and all the accompanying problems.

I echo the points made by my right hon. Friend the Member for Torfaen (Mr. Murphy). There is a massive peace dividend to be had, not just for the Tamil people but for the Sinhala people, the Muslim people and everybody else across the whole country. If a ceasefire can be renegotiated and put in place, followed by serious negotiations that can bring about a long-term and lasting settlement, everybody will be a lot better off. As the hon. Member for North Southwark and Bermondsey pointed out, if a country the size of Sri Lanka, with all the problems that it has—and it also has huge opportunities—spends £1 billion a year on arms, plus all the expenditure made by all the other groups, that is money denied to development, education and housing.

Until the breakdown of community relations, Sri Lanka probably had the best record of education, health care, literacy levels and all the other indices that one would care to measure across the whole of Asia. It also had a sophisticated intellectual society and sophisticated political development and process. All that has imploded and collapsed, which is tragic to see.

There are serious problems of human rights abuses in Sri Lanka. They have been brought to the attention of the United Nations High Commissioner for Human Rights and to the UN Human Rights Council. I have been in Geneva when many such representations were made. Although I acknowledge the replies given by the

[Jeremy Corbyn]

Sri Lanka High Commission in the UK and the views of the Sri Lankan Government that they should conduct their own human rights process, the time has passed for that.

There must be a permanent—that is, for as long as necessary—independent UN representation in Sri Lanka that can go to all parts of the community, as my right hon. Friend the Member for Torfaen was able to do, and verify abuses of human rights wherever they occur and whoever has caused those abuses. There is no alternative solution as the start of a confidence-building process.

The Minister should give all the encouragement he can in support of the efforts of the Norwegian Government and others to get the ceasefire back in operation as quickly as possible. That must be followed quickly by serious peace negotiations with the LTTE and with every other group in the society as a whole. If there is merely a ceasefire and nothing changes other than a cessation of the worst kinds of violence, the factors that provoked and promoted the violence in the first place will still exist. A longer-term peace process must be promoted.

My final point is that made by the hon. Member for North Southwark and Bermondsey. Historically, Sri Lanka has been occupied by colonial powers, latterly by Britain. The British record all over the world was often one of almost deliberately provoking conflict between different linguistic and different ethnic groups. There is a legacy of that in many former colonies around the world and its price tends to be the collapse of societies. However, it is possible for there to be a multilingual, multi-ethnic society on one island and degrees of autonomy within the national state framework. Such things are possible. If we do not achieve them, what is the future for Sri Lanka? It is another 30 years of war, another 30 years of bombardment and another 30 years of damage to people's lives.

I hope that the Minister can help with getting the ceasefire back on track. Above all, I hope that the Sri Lankan Government recognise that those of us who take up the cause of human rights and speak up for the cause of Tamil refugees are not anti-Sri Lanka—quite the opposite. We are pro-Sri Lanka, because we want peace and justice for all the people of that island.

6.10 pm

The Minister for the Middle East (Dr. Kim Howells): I congratulate the hon. Member for North Southwark and Bermondsey (Simon Hughes) on securing this timely debate. I pay tribute to him for his work and interest over many years on behalf of all Sri Lankan people. Like him, I welcome the presence in the Chamber tonight of right hon. and hon. Members from both sides who are passionate about this subject. I am thinking especially of my right hon. Friend the Member for Torfaen (Mr. Murphy), who has devoted considerable energy and courage to the peace process in Sri Lanka. The Under-Secretary of State for International Development, my hon. Friend the Member for Harrow, West (Mr. Thomas) was here until a short while ago, and he has been using his great expertise and a lot of his time on the issue. I pay tribute to his work as well.

Let me begin by condemning unreservedly, as the hon. Member for North Southwark and Bermondsey did, yesterday's terrorist attack on a bus in Uva province. It killed as many as 30 people and injured more than 60. It is the latest example of a deeply worrying cycle of violence that has brought misery to Sri Lankans from all communities. Like everyone in the House, I am sure, I extend my deepest sympathies to the families of the victims. I want to express the Government's condemnation and loathing of the continuing use of murder and terrorism as tactics in trying to further political aims.

We are fortunate tonight; what was likely to have been a half-hour Adjournment debate—I talked to the hon. Member for North Southwark and Bermondsey about it—has turned into a full-blown debate longer than many scheduled debates in which I have been involved. The hon. Gentleman spoke about the impact of the Government of Sri Lanka's decision to abrogate the ceasefire agreement. The end of an internationally brokered agreement is a matter of great regret and like the hon. Gentleman I pay tribute to the tireless work of the Norwegian facilitators and the Sri Lanka monitoring mission, often in extremely difficult circumstances. I applaud the continuing commitment of Norway and the other co-chairs—the US, the EU and Japan—to working for peace. Their task remains Herculean.

The hon. Gentleman asked me last week about what could be done to restart negotiations. We should not underestimate the serious obstacles to that on both sides. Following the end of the ceasefire agreement, the Sri Lankan Government appear determined to inflict a military defeat on the Liberation Tigers of Tamil Eelam, or the LTTE. In November, Prabhakaran, the LTTE leader, called on Tamils to rise up for the liberation of Tamil Eelam. There is little substance around which to base negotiations, but the international community must clearly continue to stay engaged, stop the violence and help Sri Lanka build a credible environment for a sustainable peace process.

Barry Gardiner: Will the Minister give way?

Dr. Howells: My hon. Friend will pardon me for not giving way; I have an enormous amount of ground to cover.

Having chosen to end the ceasefire arrangement, the Sri Lankan Government have a clear responsibility to live up to their commitment to address the grievances of the Tamil people. In July 2006, the Government of Sri Lanka gave an all-party representative committee—the APRC—the job of drawing up a framework for settlement. The committee made a promising start in its interim report more than a year ago by advocating that the province should be the unit of devolution and that a second chamber would help ensure power sharing for the minorities at the centre.

We know from our own experience that the process of devolution is not easy, and it continues to be difficult, but the whole process regarding the committee's business has not been easy. The committee has been bedevilled by those who oppose a peace

process and have attempted to derail its work, and it has been hindered by a lack of consensus between the main parties. The Tamil National Alliance was not invited to participate—a big mistake, in my view. The committee is due to present its final recommendations in a little over a week. We think it important that those recommendations go beyond the current constitutional provisions to protect minority rights. I pay tribute to the hon. Member for Northampton, South (Mr. Binley) for drawing the House's attention to the fact that all minorities have to be protected and represented. We have called on the President urgently to take a bold and courageous lead from this foundation to set out a framework for a just solution within a united Sri Lanka that satisfies the legitimate aspirations of all Sri Lankans. The international community will be watching carefully, and we do not want to see another false dawn.

I do not believe that those in the LTTE who advocate the use of murder and terrorism represent the hopes and aspirations of the majority of Tamils in Sri Lanka and around the world. The LTTE must renounce terrorism and demonstrate a real commitment to democratic principles if it is to be regarded internationally as a legitimate political movement. There needs to be a full debate among the Tamils, free of intimidation and polarisation, on what an acceptable political settlement might look like for the Tamil people. The message that we have for the Government of Sri Lanka—that there can be no military solution to this appalling conflict—applies equally to the LTTE. Some Tamils argue that the military pursuit of self-determination is generated by a sense of despair that their grievances will never be addressed in a united Sri Lanka. It is vital that the Government of Sri Lanka allay those fears and give them hope. For Sri Lanka to find a way forward, we need to see signs of genuine good will from the Government to any proposals for devolution that might emerge and a readiness on the part of disillusioned Tamils to contemplate alternatives to self-determination. Without generating trust and confidence, that will not happen.

The withdrawal of the Sri Lanka monitoring mission can only add to deep concern about the human rights and humanitarian situation in Sri Lanka. As we have heard, the UN High Commissioner for Human Rights visited Sri Lanka recently. She said that Sri Lanka had many of the elements needed for a strong national protection scheme. She was, however, alarmed at the weakness of the rule of law and the prevalence of impunity for those abusing human rights. I have not heard the word "impunity" tonight, but it is a very important one. That sense of impunity on the part of gangsters, warlords and people who call themselves freedom fighters to murder, torture and kidnap, is something that no civilised country, or the international community, can put up with. She criticised the absence of credible systems of public accountability for the vast majority of these deplorable incidents and the general lack of confidence in the ability of existing Government institutions to safeguard against the most serious human rights abuses. Surely that must be the first duty of any Government in any sovereign state in the world.

The high commissioner stated that the current human rights protection gap was not solely a question of capacity. She stressed the need for independent gathering of information on credible allegations regarding human rights, not just in areas controlled by the Government but including areas controlled by the LTTE. She underlined her deep concern at LTTE violations of human rights and humanitarian law, including the recruitment of children, forced recruitment and abduction of adults, and political killings. We definitely support the calls for a much more effective UN human rights monitoring presence on the island, and I was glad to hear hon. Friends and hon. Members advocate that policy, because it is very important.

The human rights crisis in Sri Lanka is not a figment of the international community's imagination, as some who vilify human rights defenders in Sri Lanka would have us believe. The crisis is real. The LTTE, the Karuna faction—the Tamileela Makkal Viduthalai Pulikal—and the Government all share responsibility. There is an urgent need to address the culture of impunity that persists. The case for an expanded presence and mandate in Sri Lanka for the Office of the UN High Commissioner for Human Rights can only be stronger following the departure of the Sri Lanka monitoring mission.

The hon. Member for North Southwark and Bermondsey spoke of the understandable concerns of the Tamil community about the plight of Tamils in north Sri Lanka. Their inability to reach relatives on the north of the island, or even to communicate with them, should trouble us greatly. I can assure the House that we attach great importance to listening to all perspectives across the Sri Lankan diaspora about that and many other matters. Foreign Office officials meet diaspora groups on a regular basis. Tamil community groups have suggested, following the recent arrests of LTTE supporters in the UK, that they no longer feel free to express their opinion on the conflict and the plight of the Tamils. I will say this: the community is free to assemble in a legal, orderly manner to express its concerns; it did just that last July in Trafalgar square, and it has done so in recent days.

An open debate is needed within the Tamil community on what a just political solution might look like as an alternative to the target of breaking the sovereign state of Sri Lanka into two parts. I say that because we have witnessed terrible events in Pakistan during the past two weeks. Many of us recall not just the horrors of the separation of India and Pakistan that occurred in 1947-48, and the millions who died, but the terrible events when what was East Pakistan, and is now Bangladesh, broke away from Pakistan. Those can be terrible moments, and bring terrible conflicts. Millions can die, and we do not want to see that in Sri Lanka. There must be another way, and we have heard many suggestions in the debate of what might happen. The diaspora must be able to play a more constructive part in bringing peace to Sri Lanka.

I know that the hon. Gentleman particularly wants to focus on British assistance for a peace process in Sri Lanka, and he has kindly acknowledged the recent efforts of the Government in this regard. I visited Sri Lanka twice last year. My right hon. Friend the Member for Torfaen also visited a year or so ago, and we sought to offer the benefit of our Northern Ireland experience.

[Dr. Howells]

My hon. Friend the Member for Islington, North (Jeremy Corbyn) asked what happens to the money that was placed in the hands of the Government in the aftermath of the tsunami. My hon. Friend the Under-Secretary of State for International Development has visited the country, and he has maintained great vigilance in monitoring British aid to Sri Lanka for post-tsunami reconstruction and other humanitarian works. I made a point on my last visit of making sure that I got out to the east of the island to see some of that reconstruction work, bedevilled as it is by the ongoing conflict—there is no question about that.

A lasting peace can come only if the underlying causes of conflict are addressed, and the hon. Member for North Southwark and Bermondsey made that point time and time again. Peace will not happen until the parties to the conflict understand that nothing can be gained from continuing violence. Some in Sri Lanka did not welcome our involvement. We regret the fact that they did not understand, or chose not to, that our aim has been simply to do what we can to help the Sri Lankans find a way forward. We have no ulterior motives. We remain ready to help with the search for peace in Sri Lanka.

What can we do specifically at this difficult time? I have been asked that question a number of times tonight. We have to continue to work with international partners to make it clear that there cannot be a military solution, and to work for a cessation of hostilities. As my right hon. Friend the Member for Torfaen said, a new ceasefire must be constructed as quickly as possible if we are to make progress.

We must press the Government of Sri Lanka to address the grievances of Tamils through a credible and sustainable political solution. We must urge the LTTE to change. We continue to make available the benefit of our Northern Ireland experience, press all concerned to safeguard human rights and humanitarian space and combat any notions of impunity for those guilty of abuses and murder.

We must encourage the diaspora to play a bigger role in the search for peace. We must try to learn the lessons of five years of the ceasefire agreement. I was pleased that my hon. Friend the Member for Edmonton (Mr. Love) and others said that it was not perfect but a basis for peace and moving forward. We should learn lessons from that.

We must work quietly and patiently behind the scenes with all the communities and with civil society in Sri Lanka to sow the seeds of a future resolution of the conflict. Members of organisations—non-governmental organisations and others—must be confident that they will not be kidnapped or murdered as they go about their work. That is vital.

The end of the ceasefire agreement is confirmation that we have entered a dangerous new phase in Sri Lanka. The Government and the LTTE both appear to believe that they can achieve their aims through military means. We believe that they are wrong.

Barry Gardiner: Given the threat that my hon. Friend mentioned of the escalation of violence, will he hold discussions with hon. Friends in the Ministry of Defence about cutting any military assistance to the Sri Lankan Government to try to ensure that such an escalation cannot happen?

Dr. Howells: I assure my hon. Friend that we would not supply anyone with arms or dual use material that we perceived to be valuable in any military conflict such as the one that we are considering. There may be instances of humanitarian equipment, for example, de-mining equipment, being needed. Laying mines is an atrocity and an abuse of human rights and we do everything that we can to try to help clear them.

The Sri Lankan Government, having ended the ceasefire, bear a heavy responsibility to deliver their commitment to produce a just political solution that satisfies the legitimate aspirations of all Sri Lankans. That must happen soon.

The LTTE needs to embrace democratic principles, encourage an open debate on what a just political solution for the Tamils might resemble and commit to pursuing its aims through peaceful means. As the hon. Member for North Southwark and Bermondsey said, the use of terrorism and murder since 1983 has brought only misery and suffering to many innocent people in Sri Lanka. It continues to do so.

Britain remains ready to help. The international community has to stay engaged to help Sri Lanka find a way back to a sustainable peace process. Protection of human rights in Sri Lanka will remain a high priority for the international community with, we hope, a more prominent role for the Office of the High Commissioner for Human Rights in Sri Lanka. Moreover, it should be guaranteed the security required to undertake its work.

When President Rajapakse launched the APRC 18 months ago, he spoke of the need to take the necessary bold steps to put an end to dashed hopes and aspirations and lost opportunities. I hope that, this year, which marks the 60th anniversary of Sri Lankan independence, the president will take a bold lead to achieve just that. I remind him that the world is watching and waiting.

Question put and agreed to.

Adjourned accordingly at twenty-eight minutes past Six o'clock.

House of Commons

Monday 21 January 2008

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

DEFENCE

The Secretary of State was asked—

Ex-service Personnel (Housing)

1. **Laura Moffatt** (Crawley) (Lab): What progress is being made on enabling former ex-service personnel to demonstrate a local connection when applying for council housing. [180002]

The Parliamentary Under-Secretary of State for Defence (Derek Twigg): With your permission, Mr. Speaker, before I answer my hon. Friend's question, I am sure that the whole House will join me in sending our profound condolences to the family and friends of the soldier from the Royal Electrical and Mechanical Engineers who was killed in southern Afghanistan yesterday. His tragic death reminds us of the debt of gratitude that we owe those who have lost their lives in the service of our country and those still serving in Afghanistan and Iraq.

On 28 December, my right hon. Friend the Minister for Housing announced that we are taking action, as part of the Housing and Regeneration Bill laid before the House, to ensure that service personnel are treated fairly when applying to councils for social housing or homelessness assistance. We are amending the law so that service personnel will acquire a connection with the area in which they are stationed or living, which will put them on an equal footing with their civilian counterparts.

Laura Moffatt: I endorse my hon. Friend's comments. To take him a little further in the debate about council housing, we know that, if action is taken early, we can reduce the numbers leaving our services and becoming homeless in our areas. Are discussions taking place between local authorities and the armed forces to ensure that those brave people obtain houses?

Derek Twigg: My hon. Friend makes an important point. Bases and the armed forces have regular discussions with a range of people about housing, including not only local authorities, but charities. The resettlement package that we have put together is quite extensive in terms of providing housing advice, too. The latest figures from the research that has been undertaken show that around 6 or 7 per cent. of the homeless are ex-forces. We have a number of partnerships, working with people to provide accommodation for former service personnel who have become homeless. Last year I visited the Sir Oswald Stoll Foundation in East Acton, which has an excellent scheme. Project Compass in London is another fantastic charity providing hope and support, particularly for ex-service personnel, not just on housing but on education and work.

Peter Viggers (Gosport) (Con): Does the Minister agree that that point is important, and that a particularly heavy burden falls on those towns that have substantial service garrisons within them? Service personnel leaving the armed forces while living in those garrison towns will naturally look first to that town, rather than to their local authority of origin. Will he also look at the burden on the local authority of origin, which is particularly important when armed services personnel happen to leave prematurely and unexpectedly?

Derek Twigg: The hon. Gentleman makes an important point. Of course there is a lot of pressure on local housing in garrison towns. Our joint service housing advice office is important for service personnel. As I mentioned earlier, the resettlement package that we have put together includes housing advice. Working with local authorities is an important part of that. I will take the hon. Gentleman's comments on board next time I discuss the issue with officials.

Andrew Mackinlay (Thurrock) (Lab): Why cannot there be a national scheme that recognises that every local authority has national obligations? Why cannot every local authority be required to top-slice, in order to put a small percentage of voids at the disposal of ex-service personnel, which would maximise the choice to retiring service personnel and be fair to all local authorities rather than to some? Surely that is the answer. Why is it beyond the wit of men and women to organise such a scheme?

Derek Twigg: My hon. Friend raises an issue that has perplexed many of us: why do local authorities not give priority to ex-service personnel? Many local authorities in fact do so, and they should be praised. We have regular discussions with my right hon. Friend the Minister for Housing and the Department for Communities and Local Government about such issues, and we will continue to do so. As I said in my opening answer, I am pleased by the announcement about the local connection, but I assure my hon. Friend that we will take such matters up.

Mr. Gerald Howarth (Aldershot) (Con): Is the Minister aware that of the 4,500 people on the housing waiting list in the borough of Rushmoor, which includes the garrison town of Aldershot, some 600 are service personnel and that an increasing number of those are non-UK citizens who have enlisted in the Army? What action is being taken to warn overseas recruits, particularly those who serve for a short period of time, that there is a severe housing shortage in the United Kingdom?

If I may crave your indulgence as the Member of Parliament for Aldershot, Mr. Speaker, I should also like to seize this opportunity to pay tribute to the Army and to Rushmoor council for last week being selected by the British Olympic Association as the pre-Olympics

training base for Britain's athletes. This may be the most depressing day of the year for the Government, but there is great rejoicing in Aldershot.

Derek Twigg: I add my congratulations to Aldershot on its being chosen. I am sure that it will help to add to our medal total in the Olympic games. The hon. Gentleman makes an important point on housing. I accept that we need to do all that we can to assist with housing and advice, but if we look back to the time when his party was in government, we will remember the amount of house building that took place and the amount of cuts that it made in social housing. This Government have plans to increase the amount of housing provided in this country.

Iraq

2. **Mr. Brian Binley** (Northampton, South) (Con): If he will make a statement on the security situation in Iraq. [180003]

The Secretary of State for Defence (Des Browne): The security situation in Iraq varies from province to province. Levels of violence are still unacceptably high, but there has been significant improvement nationwide over the course of 2007. In and around Baghdad, for example, following action by Iraqi and coalition forces, security has been enhanced. In the south, the security situation remains relatively stable. The increasing capability of the Iraqi security forces, under the leadership of Generals Mohan and Jalil, enabled the successful handover of security responsibility for Basra province to the Iraqi civilian authorities on 16 December. The Iraqi security forces have shown themselves able to deal effectively with security incidents that have occurred since then, such as the disturbances in Basra and Nasiriyah during last week's Ashura festival.

Mr. Binley: Senior elements in the Iraqi army say that they have enough people in Basra but that they are dangerously short of equipment. Will the Secretary of State impress upon the Iraqi Government that British efforts will have been wasted if the Iraqi army is unable to procure the relevant equipment quickly?

Des Browne: I am aware of the need to ensure that the Iraqi army is properly equipped to carry out the task that is expected of it. Of course, our focus is not only on training troops but on ensuring that the Iraqi Ministry of Defence is able, through its procurement process, which we support specifically by the deployment of support to the Ministry in Baghdad, to spend the increasing levels of income that the Iraqi Government are able to achieve from the sale of oil. We are making significant progress in that regard, and that equipment is improving day by day. I spoke to General Mohan when he visited last week, and I know that he has expressed some frustration about the pace at which that is happening, but that is a result of a number of different things and we are keeping a close eye on the situation. Procurement is improving.

Jeremy Corbyn (Islington, North) (Lab): Can the Secretary of State give us an indication of when he expects the last British troops finally to leave Iraq?

Des Browne: As I have said to my hon. Friend on a number of occasions, we keep these matters under review. We are clear about the progress that we have been able to make, particularly over the past 18 months, with regard to the reduction of our troops in Iraq. I have never been prepared to put a date on when we will remove the last of our troops from Iraq—and I am not prepared to do so now—but it will be a function of the conditions on the ground and the ability of the Iraqi security forces to provide security for their own people.

Mr. James Arbuthnot (North-East Hampshire) (Con): Reverting to the question put by my hon. Friend the Member for Northampton, South (Mr. Binley), one concern about the Iraqi Ministry of Defence's procurement processes is that some factions within Iraq might be trying to keep the Iraqi army unnecessarily weak. What can we, the British, do about that? General Mohan is short of machine guns and mortars, and he needs a speedy answer to that problem.

Des Browne: I know that the right hon. Gentleman met General Mohan when he was here last week. I am sure that he was impressed, as I was, by the general's professionalism and dedication to the job. We are all delighted that he has continued in the job beyond the date of his first appointment. He displayed commendable and professional energy and commitment. He did not raise that specific issue with me but I am sure that he raised comprehensively all the issues that he intended to raise with those whom he met. I am grateful to the right hon. Gentleman for raising that point, but I must point out that, last year, the Iraqi Ministry of Defence was very successful in spending its procurement budget, to the extent of 85 per cent. We believe that the figure will also be about 85 per cent. this year.

My own observations on the restrictions on spending arise from the cumbersome conditions that have been imposed by the coalition authority to prevent corruption. The need for them is understandable, but the Iraqis are sometimes wary of working through them. I have not heard specific comments from any source about ethnic division in relation to procurement, but I can understand why people might think that such an issue might exist. I shall ensure that that does not become a manifest problem in Iraq in the months to come.

Mr. Edward Leigh (Gainsborough) (Con): Last week, I asked the Prime Minister about the security situation in Basra and he told the House that violence there was down by 90 per cent. Today, a member of the public from York wrote to me to say:

"He, the Prime Minister, chose not to mention that this"—

the decline in violence—

"is due entirely to the oppressive methods used by the police force. They impose extreme forms of Islam on the people. Women are unable to venture out in public unless their dress conforms to the extreme Islamic rules"—

Mr. Speaker: Order. The hon. Gentleman is not going to read out a full letter on a supplementary question. He is lucky that I called him.

Des Browne: Let me point out to the hon. Gentleman that the 90 per cent. figure used by the Prime Minister has been used regularly in the House. It relates to the

reduction in violence and it is due substantially to the fact that about 80 per cent. of violence in Basra was directed at our troops when they were based there.

I have no way of knowing the provenance of the information that the hon. Gentleman presented to the House. He is perfectly entitled to put his constituent's observations to us, but unless we know the factual basis of that constituent's opinion, we have no way of evaluating it. I asked for and was provided with about 45 minutes of candid footage of the centre of Basra a couple of weeks ago. I saw obvious evidence of women moving around in the town's markets and they were not dressed as the hon. Gentleman described. I was struck by that because of the assertions that many people had made. It seemed to be a bustling city in many respects. There is violence and I understand that, but Generals Mohan and Jalil—and the army and the police force generally—are improving their ability to deal with it. There is still some way to go—no one ever represents the position differently—but from my own observation of candid footage of the centre of the city, it is not capable of being described as the hon. Gentleman put it.

School Places

4. **Bob Russell** (Colchester) (LD): What discussions he has had with the Essex local education authority on provision of school places for the children of personnel to be stationed in super-garrisons with reference to recommendation 5 of the Defence Committee report on educating service children (HC(2005-06) 1054); and if he will make a statement. [180005]

The Parliamentary Under-Secretary of State for Defence (Derek Twigg): Although Colchester has been identified as a potential super-garrison, it is too early for any firm decision on that. Regardless of that, the Ministry of Defence and Essex local authority officials continue to discuss schooling for the children of Colchester garrison. Paragraphs 6 and 7 of the Government response to the Select Committee on Defence inquiry responded to recommendation 5 and made our position clear.

Bob Russell: I wonder whether the Minister would kindly write to me, and put the letter in the Library, to provide the precise dates when those discussions, and any subsequent ones, commenced. The first the Colchester garrison knew about the proposal to close Alderman Blaxill secondary school, where between 20 and 25 per cent. of pupils are children of military personnel, was when it appeared in Colchester's *Evening Gazette*. When did those discussions start and how do they comply with the spirit of the Defence Committee's recommendations?

Derek Twigg: I know that the hon. Gentleman feels strongly about the matter and I am happy to meet him to discuss it in further detail. Discussions with the education authority are ongoing and I am assured that MOD officials are content with their involvement in them. I believe that the result of those discussions will be the provision of the best possible education for our service children. As I say, I would be happy to update him at a meeting.

Educational Support

5. **Shona McIsaac** (Cleethorpes) (Lab): If he will make a statement on the provision of educational support to the children of service personnel. [180006]

The Parliamentary Under-Secretary of State for Defence (Derek Twigg): We believe educational support for children from service families, whether they are in the UK or overseas, is very important. Last year, investment in service schools through the Service Children's Education agency, in the continuity of education allowance to support children at boarding schools, and in our highly regarded Children's Education Advisory Service, was more than £230 million. Ministry of Defence officials regularly meet colleagues from the Department for Children, Schools and Families and from devolved Administration Departments to discuss measures to support service children's education.

Shona McIsaac: I thank the Minister for that answer. My late father served in the Royal Navy for 25 years, so I sampled many different schools around the country. I have to say that the provision today is far superior to what it was when I was travelling up and down Britain. However, will the Minister allude to what is being done for younger children? I appreciate what he is saying about schools, but what about child care for young children, including the issue of vouchers?

Derek Twigg: I pay tribute to the service of my hon. Friend's father, of whom I know she is very proud. Our Children's Education Advisory Service considers regularly the range of education issues and has discussions with local education authorities. Of course, our own education service also provides schools, for example in Germany. Our results are in the top 25 of 150 local education authorities, which is laudable.

My hon. Friend will know that from 10 December 2007 all members of the UK armed forces have had access to the new armed forces child care voucher. They can choose to receive between £30 and £243 per month in child care vouchers instead of cash with salary from the MOD. That is a major step forward. It has been welcomed by the service families federations, and I am sure that it will be well taken up.

Robert Key (Salisbury) (Con): Will the Minister bear in mind that across the country about 2 per cent. of children in schools overall, but more than 4 per cent. of service children, have special educational needs? That is down largely to general disruption rather than to any other factor, but it has sévere funding implications. Will he draw that to the attention of his colleagues in Government to see whether they can find equitable funding to cope with the tremendous churn in those schools—there are many in my constituency and others—that have a high proportion of service children?

Derek Twigg: The hon. Gentleman makes a vital point about education for the children of our service families. As he will know from his time on the Defence Committee, our Children's Education Advisory Service is working hard on the issue, as the Committee has acknowledged. We continue to talk to our colleagues in the Department for Children, Schools and Families

and local authorities to ensure that proper support is given. As I am sure that he recognises, the advisory service that we have is first-class and works hard to ensure that support is put in place.

Mr. David Hamilton (Midlothian) (Lab): My hon. Friend is aware that the Defence Committee drew attention to the fact that while a lot of good work is being done throughout the UK, we must distinguish between different areas: Scotland, for example, has a different education system from England. In evidence sessions, we found that that was not adequately recognised. When children come from abroad to the UK, it is important that they are made aware of the different education systems. It might be an idea for the education authorities of each of the countries to meet perhaps on a six-monthly basis under the auspices of the Ministry of Defence, to try to collate some of the work that might be done.

Derek Twigg: My hon. Friend will know that our officials meet with the different Executives and the Assembly Government, and with local authorities, on issues across education. He makes an important point, and I shall consider it and write to him.

Dr. Andrew Murrison (Westbury) (Con): The Minister will understand how important it is, in fulfilling our obligations under the military covenant, to ensure that service children are educated as well as possible. Does he agree that it would be helpful if the pupil level annual school census were able to identify service children? What measures is he taking to ensure that service children who join and leave within the academic year, and are therefore not counted, are enumerated for funding purposes?

Derek Twigg: The Government have introduced a service indicator in the annual school census to gather evidence of any further issues and to fine-tune support for children, which is important. Our Children's Education Advisory Service is considering the issues of funding and service personnel moving around, and I continue to discuss those issues with colleagues throughout Government. The Command Paper that my right hon. Friend the Secretary of State announced recently will consider what more can be done on a range of issues, including education.

Mr. Kevan Jones (North Durham) (Lab): The development of super-garrisons will provide great opportunities for stability for service families, and for stability in the education of their children. In response to the hon. Member for Colchester (Bob Russell), the Minister told the House that his officials have meetings with local authorities about education. Will he assure me, however, that those meetings are meaningful, and that the necessary planning is taking place not just of what is needed for those super-garrisons, but of the funding that local authorities will need to ensure that education is provided around those new super-garrisons?

Derek Twigg: My hon. Friend has identified the importance of stability for service families, and one of the benefits of the super-garrisons is that they will increase that stability. A key problem experienced by service personnel is the number of times they have to move, and the effect of that on their children's education. I have given officials a clear direction that planning must include real involvement and detailed discussions about the impact of super-garrisons on a range of services, including health and, in particular, education. I can give my hon. Friend an absolute assurance that we take the issue very seriously and will continue to focus on it strongly.

Warships

7. **John Bercow** (Buckingham) (Con): What changes he expects to make to the numbers of ships and submarines in the Royal Navy in the next three years. [180008]

The Minister for the Armed Forces (Mr. Bob Ainsworth): While the defence programme is kept under regular review, the only planned change in the number of major surface warships in the Royal Navy over the next three years will be the reduction to two aircraft carriers when HMS Invincible is finally withdrawn from service in 2010. However, the number of destroyers in service at any one time may vary as the Type 45 destroyer steadily replaces the Type 42. As previously announced, our fleet of attack submarines will be reduced from nine to eight at the end of this year.

John Bercow: Given the great reluctance with which the Royal Navy accepted the cut in frigate and destroyer totals from 35 to 32 in 1998, and the fact that the Government subsequently cut the number from 32 to 25, will the Minister guarantee that there will be no further cuts?

Mr. Ainsworth: The hon. Gentleman tries desperately—as do some of his hon. Friends—to give the impression that the Royal Navy is losing capability, although he knows that the new aircraft carriers that have been ordered will be the biggest ships ever run by the Navy, and that the Type 45 destroyer has a capability well beyond that of the ships that it is replacing. We intend to maintain the Royal Navy as one of the most powerful navies in the world, just as we intend to maintain the capability to build those ships for the Royal Navy.

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): That reply, and the earlier replies, will interest people who work in the dockyard and the naval base in Plymouth. I thank my right hon. Friend for agreeing to meet a delegation of trade unionists later this week to discuss the work that will be available to the dockyard in the next few years particularly, but may I ask him to tell the House, for the record, of the importance that he attaches to Plymouth dockyard's ability to carry out not just submarine work but refitting and maintenance of surface ships?

Mr. Ainsworth: My hon. Friend continues to be assiduous in the interests of her constituency, but she will know that the naval base review has decided that all three naval bases will continue to be needed. We must not only commit ourselves to the continuing use of those bases, but ensure that we preserve the skill base in the areas involved. That applies to Plymouth, as it applies to the Clyde and to Portsmouth. I am pleased to be able to meet my hon. Friend and her delegation—tomorrow, I believe.

Willie Rennie (Dunfermline and West Fife) (LD): We welcome the new aircraft carriers that are due to be commissioned from Rosyth dockyard, but does the Minister understand the frustration felt by my constituents and those of the Prime Minister over constant reports of delays? Can he make a clear statement that there will be no delays, or, if there are to be delays, can he explain how the skills will be maintained in yards throughout the country in the meantime?

Mr. Ainsworth: There are always rumours in these circumstances, but there is no delay to the in-service dates of the aircraft carriers. We are working with the companies, and progress is being made in establishing the joint venture that is needed to ensure their timely build for the Royal Navy.

Sarah McCarthy-Fry (Portsmouth, North) (Lab/Co-op): I thank the Minister for his responses so far, but for the benefit of this House and of the Opposition party, who are sending out their leaflets in my constituency, will he—

Mr. Speaker: Order. Please just put a supplementary question to the Minister. Do not mention the Opposition party; it can take care of itself.

Sarah McCarthy-Fry: Will the Minister confirm that the Government's commitment to building new, modern ships with a modern capability enables the Royal Navy to discharge its operations both at home and overseas and has contributed to securing Portsmouth naval base's future?

Mr. Ainsworth: As my hon. Friend knows, I have visited Portsmouth and seen the good work going on there and its warship build capability. The naval base review is complete and Portsmouth's position is secure within that. Of course we must look at how we maintain that capability and I am sure my hon. Friend will continue to represent her constituency as she has done over the past year during the review. Portsmouth has not only a fantastic Royal Navy history, but a fantastic Navy future as well.

Mr. Nicholas Soames (Mid-Sussex) (Con): As the Minister knows, however heroically the Navy tries—it does try heroically—its capabilities have been degraded because of the number of its ships and its inevitable inability to carry out the declared tasks that it handled when it had many more ships. How many escorts does the Minister anticipate one of the new carriers will require when it goes to sea?

Mr. Ainsworth: There will be sufficient escorts for the carrier task fleets and that will be in line with the defence strategy as laid out to the House. We will make sure that the task fleets are fully capable in every aspect of the work that they need to do in order to give the Royal Navy the kind of power projection it must continue to have in future generations.

Dr. Julian Lewis (New Forest, East) (Con): I shall resist the temptation to describe the Minister's reply to the very specific questions of my hon. Friend the Member for Buckingham (John Bercow) in the terms that he has recently made famous, although I point out that the price of the *Hansard* on eBay is currently £77. Instead, I remind him that it was made clear in written answers on 9 and 29 October that, on current plans, the amount of attack submarines will go down to seven and the number of frigates and destroyers will go down to 23 unless more orders are placed. Will he now give us a guarantee that the orders will be placed, so that we do not have fewer than the eight attack submarines and the 25 frigates and destroyers promised by the Government in 2004?

Mr. Ainsworth: We will make announcements to the House as and when we are ready to do so. The hon. Gentleman continues to try to say that the Royal Navy's capability is not as is needed when he knows that the situation is otherwise. The Type 45 destroyer is one of the most powerful ships afloat, and the carriers will be the biggest ships afloat. The Government have put a considerable amount of shipbuilding into our yards over recent years and will continue to do so in the future. The hon. Gentleman knows that to be the case.

Patrol Vehicles

8. **Mr. Robert Flello** (Stoke-on-Trent, South) (Lab): What steps he is taking to increase the operational range of protected patrol vehicles in Iraq and Afghanistan; and if he will make a statement. [180010]

The Secretary of State for Defence (Des Browne): We take the protection of our servicemen and women very seriously. Since 2003, we have approved over £2 billion of spending on force protection and have delivered Mastiff heavy-protected patrol vehicles to Iraq and Mastiff and Vector light-protected patrol vehicles to Afghanistan. In addition, we are procuring 150 Ridgback medium-protected patrol vehicles, which will be available for deployment to Afghanistan.

Mr. Flello: Will my right hon. Friend tell us what progress has been made on the wider aspects of force protection for our troops in Iraq and Afghanistan?

Des Browne: My hon. Friend is right to say that protected patrol vehicles, which have, rightly, gained a lot of attention, are at the limit of what we need to provide to protect our troops. Over the spending period that I addressed in my original answer, we have developed and improved a range of capabilities: not only protected patrol vehicles; but new body armour, which we continue to develop and consider how it can be improved; communications and surveillance equipment, particularly unmanned aerial vehicles; night-vision equipment, which has been improved significantly; electronic countermeasures for our vehicles and other transport; and, of course, base security. I am sure that the House will understand that I do not want to go into the details of the security measures because I do not want our enemies to know them. I repeat the offer that I consistently make in this House; if Members wish to receive a confidential briefing on those issues, I am happy to give one in the Ministry of Defence.

Mr. Crispin Blunt (Reigate) (Con): Given the Secretary of State's remarks to the *Sunday Mail* a couple of Sundays ago, and those of Sir Sherard Cowper-Coles about the length of time that our forces are likely to

remain in Afghanistan, should not our procurement policy now be carried out on the assumption that we are there until further notice?

Des Browne: The hon. Gentleman makes a good point. I have consistently said in this House—before the Defence Committee and from this Dispatch Box—and on other opportunities for communication beyond the House that our commitment to Afghanistan is a long-term one. I do not believe that we will be war fighting in the long term, but I do believe that deployable forces requiring the sort of protection and equipment that we have been developing and deploying over the past few years in particular will be the norm for our forces in the future. We intend to take just that approach. We have made progress in readjusting our procurement processes so that they have the agility and ability to respond to the changing environments in which we deploy our troops. We have had considerable success in that regard, particularly over the past couple of years.

European Security and Defence Policy

9. **Mr. Greg Hands** (Hammersmith and Fulham) (Con): What recent discussions he has had with his EU counterparts on developments in the European security and defence policy. [180011]

The Secretary of State for Defence (Des Browne): I meet my European defence ministerial colleagues regularly, both bilaterally and at meetings of EU Defence Ministers. The most recent meeting of EU Defence Ministers was held in Brussels on 19 November, when we discussed a range of issues including Operation Althea and military capabilities, Chad and the European Defence Agency.

Mr. Hands: The new Lisbon treaty contains various unhelpful developments on defence and security policy. For example, the new high representative for the common foreign and security policy will become a vice-chairman of the Commission and will chair the foreign policy aspect of the Council of Ministers; the EU Commissioner for Enterprise and Industry; is calling for a single market in the defence industry and the new solidarity clause has emerged. Will the Secretary of State tell us specifically what assessment he has made of new treaty provisions that are judiciable by the European Court of Justice?

Des Browne: First, the House should know that the new reform treaty text states that NATO

"remains the foundation of their"

—the members'—

"collective defence and the forum for its implementation."

My assessment of the treaty—I understand that it is widely held to be the correct interpretation, including by some eminent legal authorities—is that it in no way affects current UK military operations. Such operations will not be affected, and decisions about troop deployment will still need to be made unanimously. For the first time, the Lisbon treaty expressly excludes jurisdiction from common foreign and security policy provisions and the Acts adopted under them. So the answer to his question is none.

Mr. Michael Clapham (Barnsley, West and Penistone) (Lab): During those discussions, was there any talk about what might be required on Kosovo? Should time be given for a consensual agreement or arrangement to be reached on Kosovo's status?

Des Browne: Kosovo engages the discussions of European Defence Ministers every time we meet and has done so consistently in my experience. The EU stands ready to provide, and is providing, support for training in Kosovo, particularly for the police. The EU's assessment has to be on the basis of what is realistically likely to happen in Kosovo and it is commonly viewed that something approaching the Ahtisaari recommendations is likely to be what will happen on the ground in Kosovo. When that happens—because it is on our doorstep—the EU is required to stand ready to support peace and stability in the country, and will do so.

Dr. Liam Fox (Woodspring) (Con): Because of our high level of commitment to Iraq and to NATO in Afghanistan, the Government told us that we would have minimal commitment to the French-inspired EU military mission to Chad. We are sending only two officers to Chad, yet we are spending £5.9 million on the mission. Can the Secretary of State tell us what on earth we are spending that money on?

Des Browne: We are making a contribution to stability in that important part of Africa, and the hon. Gentleman should welcome that. He knows that although the mission is to Chad, it is important to try to sustain some degree of stability in Sudan to support peace and the peace talks there. That is our contribution. Other parts of Government are making significant contributions to that part of Africa and it would seem distinctly inappropriate were we not to make a contribution that reinforces those wider and greater contributions, financial and otherwise.

Dr. Fox: Is not the truth that under Athena we are required to make a financial commitment to the EU operation, and that some of our EU and NATO partners are more willing to fund their EU commitments than their NATO commitments? The UK, the US, the Dutch and the Canadians carry the bulk of the military and financial burden in southern Afghanistan. The US has 15,000 troops and we have almost 8,000, but Spain, for example, has fewer than 800 and Portugal has 163. Is not it clear that the EU's drive towards a common security policy threatens to undermine NATO? With defence, Britain cannot have two best friends; it cannot be both the EU and the United States through NATO.

Des Browne: The hon. Gentleman asked what the money was for and I told him. He may have been disappointed that the answer was so specific. The mechanism by which the money is paid is not what the money is for, and he asked what the money was for. He tempts me to agree that the EU has no contribution to make to nation building and stability across the world. I do not agree. What NATO offers ought to be at the heart of our military alliance and commitment to peace and security across the world, and our own security. But working with our EU partners comprehensively, we have an opportunity to bring to bear capabilities that NATO does not have and is unlikely ever to have.

Policy Development

12. **Mr. Adrian Bailey** (West Bromwich, West) (Lab/Co-op): What steps he is taking to encourage other Government Departments to take the needs of armed forces personnel and their families into consideration in developing relevant policies. [180014]

The Minister for the Armed Forces (Mr. Bob Ainsworth): The Government are publishing in the spring the first ever cross-Government strategy setting out our vision for supporting service personnel, their families and veterans. Since we announced it, I have been encouraged by the response. The Department of Health has introduced an extension of priority medical treatment to all veterans with a service-attributable condition and, with the MOD, a mental health community pilot scheme. The Department for Communities and Local Government has extended the open market home-buy scheme to members of the armed forces to help make home ownership more achievable in all regions of England, and we intend to remove local connection legislation to ensure fairness for our armed forces in housing allocations.

Mr. Bailey: My right hon. Friend will be aware of the British Legion's Honour the Covenant campaign, which among other things emphasises the need to provide priority medical support for servicemen and their families, and ex-servicemen. Can he tell me what progress is being made?

Mr. Ainsworth: The Royal British Legion is part of the group that we are consulting with regard to the Command Paper and it is free to raise whatever issues that it wishes within that process. Additionally, the Under-Secretary of State for Defence, my hon. Friend the Member for Halton (Derek Twigg) has regular meetings with the Royal British Legion and others to chase up issues and to ensure that we respond appropriately to the needs of our armed forces personnel, as well as to those of the veterans' community.

Mastiff Vehicle

13. **Ann Winterton** (Congleton) (Con): If he will make a statement on the future availability of the Mastiff vehicle. [180015]

The Secretary of State for Defence (Des Browne): Procurement of the Mastiff protected patrol vehicle has been a huge success. Just 23 weeks after the decision to procure was taken, Mastiff had been built, upgraded, tested and shipped out to theatre, along with a developed support package. It has proven itself in the field as highly capable and is hugely popular with troops on the ground, providing vital protection with effective mobility.

With respect to the hon. Lady, I am withholding further information on vehicle availability, as the disclosure of this information would or would be likely to prejudice the security and operational effectiveness of our armed forces, but I extend to her the offer that I have made to her regularly; if she wants to know the detail of that information, I am happy to provide it on a confidential basis in a personal briefing.

Ann Winterton: I am grateful to the Secretary of State for that answer. He is aware that one of the reasons why the Mastiff vehicle is so popular with our troops and has proved such a success is that enhanced security was designed into the vehicle from the outset in its V-shaped hull. It is built from commercial components, so that if it is, by any chance, hit by a mine, replacements can be easily bolted back on to the vehicle, to ensure that it returns to action in double-quick time. Will the Secretary of State give an assurance that the future rapid effect system vehicle will exhibit those admirable attributes, which save the lives of British servicemen day by day?

Des Browne: The hon. Lady is consistent in her questioning and in her interest. She has substantial knowledge of the capabilities of protected vehicles, and I commend her for being so consistent and well informed in that regard. I assure her that she is no less informed in relation to these matters than those who have to make the decision about FRES, not least senior officers in the Army.

Topical Questions

T1. [179977] **Norman Baker** (Lewes) (LD): If he will make a statement on his Department's responsibilities.

The Secretary of State for Defence (Des Browne): My departmental responsibilities are to make and execute defence policy, to provide the armed forces with the capabilities that they need to achieve success in the military tasks in which they are engaged at home and abroad and to ensure that they are ready to respond to the tasks that might arise in the future.

Norman Baker: When I asked the Secretary of State how many RAF personnel there were at RAF Feltwell, the answer was none. When I asked why, I was told that there was no requirement for any RAF personnel at RAF Feltwell. Is it not time that we acknowledged the reality and started calling such bases US bases? Is it not symptomatic of British defence policy that we pretend to be in control, when we are little more than the back end of a penny-farthing to President Bush?

Des Browne: I am not entirely sure whether the hon. Gentleman has struck an important point for the defence of the realm in the question that he asked. I will consider the point that he makes about the naming of RAF Feltwell, but I suspect that I will come to the conclusion that we will continue to call it RAF Feltwell.

There is no question about the independence of our defence policy. However, we are part of the most successful military and political alliance that the world has known in NATO. The Americans are a very valued ally and I make no apology to the House for working closely with them. Among other things, I am proud to say that because of our discussions with the Americans, they will deploy significant additional resources to southern Afghanistan in support of our troops and those of the other countries present there. That is the sort of support that the Americans give us and I am proud of the fact that they are prepared to do it.

T2. [179978] **Mr. John Randall** (Uxbridge) (Con): Will the Secretary of State confirm that none of those armed forces pensioners who have been overpaid will have to pay anything back? If the Treasury will not write off the money, will he have to make cuts in his Department? If so, where?

The Parliamentary Under-Secretary of State for Defence (Derek Twigg): The hon. Gentleman refers to part of a project announced in a written statement to the House on 11 July 2006. Just under 1,300 pensioners have been awarded increases to their pension and 98 cases were reported in the media today. We are making the case for a write-off to the Treasury, and I will not pre-empt its decision.

T5. [179981] **Ms Dari Taylor** (Stockton, South) (Lab): The Minister will acknowledge that the Army cadet movement is excellent and gives young people opportunities that they would otherwise never have had. What is the Ministry of Defence's thinking on the future of the cadet movement and what aims does it have further to develop that excellent movement?

Derek Twigg: My hon. Friend is honorary colonel of the Durham Army cadet force, which is a privileged position. I thank her for her long-standing support; I know that she takes a significant interest in the cadets. I believe that it is the best youth movement in the country by a mile. I am always delighted to talk to cadets; on a tri-service basis, of course. As she may recall, we announced last year that new combined cadet forces will be set up at six schools. I believe that cadet forces will continue to thrive. They give young people a fantastic experience and many opportunities to do things that they would not normally do. As I say, I think that it is the best youth service in the country.

Nick Harvey (North Devon) (LD): What assessment have the Government made of the new Polish Government's attitude to ballistic missile defence, particularly since the Russians sent a visitor to Warsaw warning of the implications of such a scheme? Also, what assessment have the Government made of changing opinion in the Czech Republic? In the light of those developments, is it not time that we had a debate on the subject in the House?

Des Browne: As I understand it, the Polish Government's position on ballistic missile defence is that they are discussing the possibility of basing some missiles on their soil, under an agreement with the United States of America. I am not, and would not be expected to be, in a position to report the detail of those discussions to the House. The hon. Gentleman will have to wait, along with the rest of us, to see how those discussions take place and what their outcome is. As for holding a debate in the House on ballistic missile defence, we have regular debates on defence issues. I had some research done and, to my knowledge, since I have been Secretary of State for Defence, on only one occasion has someone made a contribution on the subject of ballistic missile defence in one of those debates. That is how much demand there is for such a debate, despite the posturing of members of his party outside the House.

T3. [179979] **Mark Pritchard** (The Wrekin) (Con): With a decision on the future rapid effect system utility variant vehicle expected before April 2008, will the Secretary of State confirm his views are on the sharing of intellectual property once that decision has been made? Would it be better for Britain to have the French VBCI vehicle, or the General Dynamics vehicle? We know about the track record of General Dynamics on sharing intellectual property.

Des Browne: The hon. Gentleman asks an appropriate and specific question. If he and the House will excuse me, I would prefer to put the answer in writing, because it raises a number of issues of some complexity. I am conscious of all the issues that he mentioned and when we make decisions on utility vehicles, their procurement and deployment, and the sharing of information, we will take them all into account.

T6. [179982] **Mr. Graham Allen** (Nottingham, North) (Lab): Before the next Cabinet meeting, will the Secretary of State meet his colleague, the Secretary of State for Children, Schools and Families, to discuss the bar on Departments sponsoring academies and to discuss building on the excellent work of Skill Force, which is based in my shire? The Secretary of State will know that people who retire from the Army can be, in a sense, recycled: they can put their knowledge to good use in good works such as helping young people to get back into work, or to get the skills that they need. Will he ask the Secretary of State for Children, Schools and Families whether the Ministry of Defence could consider sponsoring an academy?

Derek Twigg: My hon. Friend raises an important issue regarding the involvement of ex-service personnel in Skill Force and the excellent work that they do. In fact, a year or so ago, not long after I was appointed to my post, I went to Knowsley and Skelmersdale to see the work that the organisation does and I was extremely impressed. I cannot comment on his proposal that the MOD sponsor an academy, but there have been discussions with the Department for Children, Schools and Families about the general issue of academy sponsorship. As he knows, however, there is an important opportunity, particularly for cadet forces, so I can assure him that we will continue to have discussions with my colleagues in that Department on the issue.

T8. [179984] **Mr. David Amess** (Southend, West) (Con): In the light of weekend reports, will the Secretary of State give details of future troop withdrawals from Iraq, bearing in mind the number of our constituents who write to us about the military covenant, suggesting that our British servicewomen and men are not treated well, either in service or when they leave service?[1]

Des Browne: I refute the assertion that our servicemen are not treated well either in or after service. I do not demur from my responsibility to meet the challenge of increased expectations in the 21st century, particularly those resulting from the deployments in which we have asked our servicemen and women to take part. We have made significant improvements, day by day, week by week, year by year, in that regard.

As for specific numbers, there is a constant assertion, often fed by politicians, that information about troop numbers in Iraq is erroneous. It is not. Troop numbers were reduced to about 4,500 before the turn of the

1. *[Official Report, 28 January 2008, Vol. 471; c. 2MC.]*

year. Indeed, only last week there were 4,330 troops in Iraq, but that number fluctuates because of rest and recuperation, and sometimes because of temporary troop deployments. It is of no help to families who have to live with those concerns to suggest that information is inaccurate, as that is not the case. They are general figures, but the trend is for a reduction. We will meet the reduction that we announced in the House and when appropriate we will make another statement about a reduction in numbers.

T9. [179985] **Mr. Crispin Blunt** (Reigate) (Con): There are alarming reports that the joint strike fighter is in deep trouble with its principal customer—the United States air force—which would have catastrophic consequences for our forward defence equipment programme, which is already unaffordable, 10 years out. Will the Secretary of State make a statement?

Des Browne: I am happy to deal with the issue that the hon. Gentleman raised, in relation to the facts, not in relation to speculation or rumour. I will be in touch with him and I will put a copy of the letter in the House setting out our understanding of the position on the joint strike fighter in relation to the American programme.

Ms Dawn Butler (Brent, South) (Lab): My hon. Friend the Member for Crawley (Laura Moffatt) referred earlier to ex-service personnel and their relationship with local authorities. Will the Minister tell the House what steps he has taken to ensure that serving personnel are made aware of their key worker status when applying for housing?

The Minister for the Armed Forces (Mr. Bob Ainsworth): We are going to use all the methods available to us, including internal communications, service publications, websites and any other method we can use, to make sure that our service personnel are aware of their eligibility in that regard.

T10. [179986] **Mr. Michael Jack** (Fylde) (Con): Sir Glenn Torpy, Chief of the Air Staff, has indicated that Ministers are considering 0, 44 and 88 as the number of aircraft in tranche 3 of the Eurofighter programme. Will the Minister who responds confirm that those are the options that are being considered, and can he give an indication to the thousands of aerospace workers in my constituency as to when a decision will be made?

Des Browne: As we always say in relation to these issues, when there is an announcement to be made we will make it to the House of Commons. When there is a further announcement to be made about Eurofighter, we will make it here. I do not think that it serves anyone to feed speculation by putting numbers into the public domain for consideration prior to our making a decision. When a decision is made, we will say it here.

Mr. Lindsay Hoyle (Chorley) (Lab): This year is the Territorial Army's centenary. I am sure that Ministers would like to congratulate it on its past, present and future service, and on the commitment that it has shown, and continues to show, in support of the regular forces. Will they ensure that the TA does not suffer the cuts that have been proposed, so that that organisation, which is second to none, can continue?

Mr. Ainsworth: We need to look at the role that our reserve forces—not only the Territorial Army, but other reserves as well—play in our armed forces. They have made a tremendous contribution and we need to make sure that our planning properly reflects their capability.

Patrick Mercer (Newark) (Con): Can the Secretary of State explain why every British combat unit currently serving in Iraq is seriously under strength?

Des Browne: I do not accept that the combat units serving in Iraq are seriously undertrained; in fact, the opposite is the case. We specifically ensure that the forces deployed into the operational theatres are appropriately trained for their operations. That may mean on some occasions that the training needs to take place partly here and partly in the operational theatre. However, I do not accept that the forces being deployed are undertrained for what they are being asked to do.

Northern Rock

3.30 pm

The Chancellor of the Exchequer (Mr. Alistair Darling): With your permission, Mr. Speaker, I should like to make a statement on Northern Rock. The House will understand that it was necessary to issue a statement to the markets with our proposals before the start of trading this morning in the usual way. Copies of that statement and the accompanying Treasury press release are available in the Vote Office.

Next week, I shall publish proposals for strengthening depositor protection and the supervision of banks, but today let me set out how we intend to meet the previously stated objectives of the Government, the Financial Services Authority and the Bank of England with regard to Northern Rock, as well as the background against which we make our proposals.

The proposal that I set out today for a solution to Northern Rock, which is underpinned by Government support, is one that best meets our objectives of protecting taxpayers and depositors and maintaining financial stability. I will set out the reasons for that in greater detail. In the meantime, I can confirm that the existing Government guarantee arrangements to depositors will remain in place. Savers' money, therefore, remains safe and secure.

The House will recall that at the end of last summer, following the problems in the US mortgage market, Northern Rock found it increasingly difficult and then impossible to raise the billions of pounds that it needed to finance its business. It was completely exposed; it had no plan B. Northern Rock was therefore forced to ask the Bank of England for support to allow it to continue to operate. The Government agreed to that support because, in the then prevailing conditions, there was a serious risk that other parts of the banking system would be destabilised. That support was successful and prevented further contagion, and the decision was wholeheartedly supported by right hon. and hon. Members of this House.

As the House knows, the Government have announced guarantee arrangements for depositors' money saved with Northern Rock. In October and December, we also provided further guarantees and funding arrangements to give the company the time that it needed to try to find a solution to its problems. At that time, I said that I would ask Northern Rock to come back with proposals no later than mid-February this year. Those guarantee arrangements, including the extension in December, have not been called and there has therefore been no cost to the taxpayer. However, the arrangements remain necessary and will be in place for the time being.

Equally, Bank of England lending is secured against Northern Rock's assets such as high quality mortgages, assessed by the Financial Services Authority as being of good quality. Again, there has therefore been no cost to the taxpayer. Let me make it clear that the Government's position, which I reiterated most recently during the Treasury Committee sitting on 10 January, is that a private sector solution for Northern Rock is the preferable route for meeting our three objectives, but that that cannot be at any cost. If it does not prove possible to secure a proposal that meets our stated objectives and conditions, it will be necessary to take Northern Rock into temporary public ownership. For that reason, it would be irresponsible to rule that out.

Despite intensive efforts over the last few months, and as a result of uncertain market conditions across the world, it has proved impossible for Northern Rock to find a purely commercial solution. In the autumn, market conditions were such that banks became increasingly reluctant to lend on terms that would have been acceptable. As the House will be aware, banks right across the world are having to make substantial provisions. While conditions are better now than they were before Christmas, they remain difficult, and the Government's financial advisers believe that there is no chance of achieving a private sector deal backed entirely with private finance in the near future.

Before I turn to my proposal, let me first deal with the question of putting the company into administration, as some have suggested. Administration would mean that control would immediately pass to an administrator who would look to realise the value of the company's assets, which, under current market conditions, would amount to a fire sale. It could also exacerbate current market turbulence, and costs would be significant. I have therefore rejected such a proposal.

My proposal today is one in which Northern Rock is owned and run in the private sector as a commercial bank, and where the Government provide a backstop guarantee to make private financing possible in the current market conditions. I believe that this company should be managed within private sector disciplines and management, provided that we can do so on terms that properly protect taxpayers' interests.

Let me now set out in greater detail how this proposal will meet our objectives of protecting the taxpayer, protecting consumers and promoting financial stability. Northern Rock would raise the funds that it needs from investors by selling assets. The Treasury would guarantee payment to those investors in the event that the assets were insufficient to meet its obligations, for which Northern Rock would pay the Treasury a fee. In this arrangement, shareholders and other providers of capital in Northern Rock accept the first risk, with the Government acting as a backstop. According to the Financial Services Authority, Northern Rock has a good quality loan book. In normal market conditions, such a guarantee would be unnecessary. However, in the current circumstances, to attract a wide range of investors on acceptable terms that protect the public interest, a guarantee is necessary. If this proposal is accepted, it would mean that all of the Bank of England's current loan facilities for the company are repaid in full, with interest, up front, upon completion of the transaction.

Our willingness to put this support in place depends entirely on the terms on which a deal can be struck. I will authorise support for the private sector only if the public interest will be better served than through taking the company into temporary public ownership. In addition to this, any acceptable proposal would need to comply with clear conditions. The company will need to demonstrate how it can operate sustainably in future without Government support, and we will favour proposals that reach that point quickly. New private sector capital will be needed, so that the private sector—not the taxpayer—takes the burden of risk for commercial success or failure. So long as the Government continue to provide a backstop guarantee, we will require restrictions on any sale of the company and on dividend payments.

To allow this financing structure to be explored, the Treasury and the Bank of England will make arrangements to extend the Bank of England's loan facility until 17 March, by which time we must submit a restructuring plan to the European Commission. The proposals would involve private sector participation in the financing of Northern Rock and would also provide the taxpayer with the ability to share in the potential upside returns, as business conditions improve, in return for the financial support provided to the company.

The Government will make their decision as to which proposal we can, as provider of support, accept, and with the Bank of England and the FSA, we will consider proposals received by 4 February from potential interested parties, including the company itself. Any proposals, either as a result of this support or public ownership, are highly likely to need state aid clearance and will therefore be dependent on approval by the European Commission.

The Government have already started discussions with the company and with the two parties that have publicly stated an interest in the company. The Government are also ready to have discussions with any other interested parties.

Let me make it clear that if the solution I have outlined proves not to be possible on terms that protect the public interest, then a temporary period of public ownership will be necessary. Legislation is being prepared, should it be necessary, and would make provision for an independent valuer to decide on the level of compensation to be made to shareholders. The principles for assessing that compensation would be based on the company's not receiving public support and on all specific financial assistance from the Bank of England or Government having come to an end. This is set out more fully in the statement to the markets issued earlier today.

It is for the independent Office for National Statistics to determine whether Northern Rock is classified to the public sector in the national accounts. Any liabilities classified to the public sector would be temporary and backed by significant assets, and do not represent any meaningful measure of fiscal sustainability. The code for fiscal stability, underpinned by legislation passed by this House, provides for such situations. We would also address the future of the Northern Rock Foundation in the event of temporary public ownership.

The proposal that I have outlined today meets our stated objectives of protecting the taxpayer, protecting depositors and maintaining financial stability.

Northern Rock got into the difficulties it faced because of global market conditions. The Government agreed to Bank of England support for Northern Rock because of the destabilising risk to the rest of the financial system and also provided guarantees to protect depositors. Both of those objectives have been met. We now need to reach a solution that leaves the greatest risk with the company, yet will allow taxpayers to profit from any future sale.

Ideally, the best solution would have been a private sector one without any Government support, but in the current uncertain market conditions, that is not possible. Administration, with the resulting fire sale of the company's assets, would not be in the public interest. Temporary public ownership—nationalisation—remains an option, however even those who advocate it now see it as a stepping-stone to the return of Northern Rock to the private sector, which would involve Government support. In the meantime, the company would require continuing financial support, which would leave the public sector bearing all of the risk.

The proposal I have outlined today is the right one. It provides a Government guarantee that enables a commercial solution in which the private sector raises finance and bears risk. It also offers the prospect of withdrawing Government support more quickly and is therefore most likely to meet our stated objectives and conditions. I commend this statement to the House.

Mr. George Osborne (Tatton) (Con): May I thank the Chancellor for finally telling Parliament what the Prime Minister told his press pack, and apparently Richard Branson, on his way to China last Friday? Nothing of substance that the Chancellor said today is not already plastered over this morning's newspapers and blogs, once again reminding us of how marginal a figure the Chancellor now cuts in this process. Let us also remind ourselves of the huge damage that the first bank run for 140 years has done to Britain. The Chancellor prayed in aid in his statement the advice of his financial advisers, Goldman Sachs. This is what Goldman Sachs is advising its other clients:

"The Northern Rock factor has badly dented the UK's reputation for being the world's pre-eminent financial centre".

I welcome the fact that the right hon. Gentleman now implicitly agrees with me that full nationalisation would destroy that reputation altogether. To use his own language, I am glad that what looked like the Chancellor's plan A just a week ago has, after Prime Minister's questions, become the Government's plan B.

The Chancellor should be more straight with people about the real consequences of his latest attempt to get out of the mess created by Labour's economic incompetence—*[Interruption.]* Can he confirm that he wants the taxpayers of Britain to provide—*[Interruption.]*

Mr. Speaker: Order. Let the shadow Chancellor ask his question.

Mr. Osborne: Can the Chancellor confirm that he wants the taxpayers of Britain to provide a £25 billion mortgage to Northern Rock for years to come? Add in the guarantees to depositors and that figure comes to £55 billion. That is £2,000 for every family in the country: a second mortgage on every home to rescue the reputation of this Government. No British Government have ever provided taxpayers' support on this scale to a private company. It is bigger than British Leyland, bigger than British Steel—this is back to the 1970s. Life in Brown's Britain is like an episode of "Life On Mars".

Can the Chancellor answer questions on these three specific issues? First, will he stop pretending that this is, as he said in the final paragraph of his statement, a commercial solution? In truth, it is a part-nationalisation because the Government take the bulk of the risk and the private sector takes the bulk of the upside. Alliance and Leicester has gone into the market and borrowed at 7 per cent., but thanks to the taxpayer, Northern Rock's new owners will be borrowing at Government rates. If it goes under, of course, it will be the British taxpayer who

[Mr. George Osborne]

pays the price. It is no wonder that Northern Rock's shares have soared 40 per cent. on a day on which the stock market has fallen.

The second issue I want to press the Chancellor on is the growing risk to the taxpayer that this deal represents. Will he confirm that the difference in the cost of capital means that Northern Rock will be getting an effective Government subsidy for years to come? Some estimate that the subsidy is worth more than £1 billion in total. That is more than 20 times the cost of funding this year's police pay settlement in full. What is his estimate? How much will the fee that he mentioned recoup of that £1 billion subsidy? Will he confirm that buried away in his statement is the proposal that the bonds issued by the Government can be used not just to repay the Bank of England loan, but to provide adequate liquidity for the company? How much could that cost?

What does this whole deal mean for public finances? We already have the worst budget deficit in Europe, and we have learned from today's dismal public finance figures that the Treasury has borrowed £44 billion so far this year, exceeding the estimates given by the Chancellor to this House. Will he confirm, as he admits, that if the ONS treats the Government as the true economic owner of the liabilities, he will shatter the sustainable investment rule? He says that the measure is only temporary, but the whole point of the deal is that it could be permanent. As ever, the Government's answer to every economic problem is further debt.

The third and final issue for the Chancellor to consider is how long the Northern Rock saga will go on. The right hon. Gentleman's statement made no mention of the length of term of the bonds, yet the press have been briefed by the Prime Minister's travelling entourage that they will last for five years. Which is it? Will the Chancellor tell Parliament what someone else is telling the press on the other side of the world? What will the time scale be?

In September, the Chancellor said that he was providing a little short-term support to help Northern Rock get through its difficulties. Since then, we have had five months of dithering. Today, the taxpayer could possibly be in hock for five years. The Government could have secured a private sale before the bank run. They could have done today's deal back in September, if they were so keen on it, at a much cheaper price. They could have passed legislation to protect retail depositors, as we proposed, back in October. They could have considered the options of a Bank of England-led reconstruction. Labour Members dismissed that, but when the Chancellor unveils his plans next week he will suggest that in future crises the FSA has the powers to take organisations such as Northern Rock into an effective form of administration. Labour Members will all be voting for that in a couple of weeks' time.

Of course, the Chancellor did none of those things. He dithered and delayed. The result is that the British taxpayer is being asked to lend billions of pounds for years to come to salvage the reputation of the Prime Minister and his Chancellor. Labour is saddling everyone in Britain with a second mortgage, and that is the price that we are all now paying for its economic incompetence.

Mr. Darling: Listening to the shadow Chancellor, it is clear that he has not a clue what he would do. He has no constructive policies to offer. At least the hon. Member for Twickenham (Dr. Cable), who speaks for the Liberal Democrats, has a statable case and a policy. The principal Opposition party has no policy whatsoever. Indeed, ever since Northern Rock got into these difficulties, it has been clear that the official Opposition's position has been completely incoherent and inconsistent.

Last September, when we offered Bank of England support to Northern Rock, the Leader of the Opposition said that he wholeheartedly supported it. Two days later, he said that he backed the guarantees and supported the Bank of England action. However, all last autumn, at every opportunity, the official Opposition sought to run away from the consequences of making that decision. Even last weekend, the Leader of the Opposition said that he ruled out nationalisation, but on Monday, when he was asked about nationalisation and administration, he said that he needed to consider both options. Far from ruling out negotiation, he was ready to consider both options.

On the subject of administration, it is interesting that last week we heard day after day that the Conservatives had two policies. The first was that the Governor of the Bank of England should restructure the bank—by the way, the bank would have to be nationalised to allow the Bank of England to have the necessary control to do that. The alternative policy was to put the bank into administration—in other words, to bankrupt the thing. It is interesting that the shadow Chancellor should talk about administration last week, because two months earlier he said:

"The winding up of the bank would pose a significant risk to the tax payers money".

That was his position in November, but it is completely different today.

On the subject of the shadow Chancellor's questions, I have set out my proposals, which will form the basis of negotiations in the discussions with both the bidders who have expressed an interest in acquiring the bank or in being part of its future as well as with the board. Obviously the terms and conditions clearly need to be discussed and negotiated. I shall continue to report to the House to ensure that it is kept fully informed.

I have to tell the shadow Chancellor—I appreciate that he is starting from a position where he has no position—that it would be ideal if we could find a purely commercial solution to the problem. However, in the current conditions, there is no way that that will be possible in the foreseeable future. One could put the bank into administration, but that would happen at a considerable cost and could exacerbate market conditions.

One could take the bank into temporary public ownership, but, during that period, the Government would continue to be at risk and public support would be needed to get the bank out of temporary nationalisation into a commercial future.

Alternatively, we could pursue a chance of getting commercial money, whereby people can invest in the bank and bear the first risk and the taxpayer can gain

when market conditions improve. I believe that that is the right thing to do, and that my position is properly thought out and worth exploring. The Opposition have shown that they are bereft of ideas.

Mr. Doug Henderson (Newcastle upon Tyne, North) (Lab): Unlike the shadow Chancellor, the people of the north-east of England recognise that, first, the Government's first responsibility is for the stability of our financial markets in this country and, secondly, the long-term interests of Northern Rock and the consequential jobs are also key issues. Contrary to the views that are likely to be expressed by Liberal Democrat Members, people in the north-east do not perceive premature nationalisation as a way forward that will meet either principal objective.

Will my right hon. Friend agree to meet a delegation of workers' representatives from the bank so that they can express their concerns and hear more about the Government's proposals?

Mr. Darling: I am grateful to my hon. Friend. Of course, I would be happy to meet him and representatives of the bank's work force. I fully understand that it is an uncertain time for them. I therefore hope that the Government's proposals today will enable an acceptable solution to be found. As I said to hon. Members, there are many difficulties to overcome and we must proceed cautiously, but I believe that we are doing the right thing.

My hon. Friend is also right that the Government's objective throughout has been to ensure stability. In the past 10 years, there has been sustained growth in the wider economy, with historically low interest and, therefore, mortgage rates, and record numbers of people in work. That has been reflected in the financial markets. We had to respond to difficult circumstances, which started in the United States sub-prime market and have affected markets throughout the world. As all hon. Members concede, we are going through a difficult period. Everything we do should be geared towards greater stability. The Conservative party's proposals would not add to that.

Dr. Vincent Cable (Twickenham) (LD): I congratulate the Chancellor on brilliant originality. The Government, through their bond guarantees, are solemnly undertaking to repay the Government. The taxpayer is standing behind the taxpayer and we have a private sector solution without private money as well as nationalisation of liabilities and losses and privatisation of profits. It requires a special sort of genius to dream up such an idea and I hope that the Government's financial advisers have been well rewarded.

I am tempted to recall the Danish economist, Hans Christian Andersen, who told the story of the two conmen who visited a particularly credulous king to sell him an imaginary suit of gold to cover his nakedness. We have a naked King Gordon, desperately trying to cover his embarrassment over the "n" word "nationalisation".

It was said this morning in the City that the financial value in the insurance markets of the guarantee of the bonds was £2 billion. Since the private buyers are not providing that money, where will it come from? Are we talking about a guarantee of a guarantee? How else will it be funded?

The Chancellor said that there would be a profit-sharing arrangement between taxpayers and the private owner, but no numbers were given. Is it true, as the *Financial Times* reported this morning, that the proposal is likely to be for a 5 to 10 per cent. Government equity stake, with 95 to 90 per cent. of the uplift going to the private owner? If the proposal is of that order of magnitude, what is the position, if there is to be profit sharing, of the Northern Rock Foundation? The Chancellor mentioned it in the context not of profit sharing but of nationalisation.

Since we have heard from the north-east of England, the Chancellor will know that the Treasury's private sale document made not a single, solitary reference to jobs or the future of the region, so what is its role under the proposals?

This morning, the BBC's political correspondent described Mr. Branson as the "cat what got the cream". I do not know what that is, but Mr. Branson appears to be the Government's preferred bidder. Can the Chancellor tell us what Mr. Branson is going to contribute? My understanding is that he is proposing to put in £250 million in kind, not cash, to acquire a bank worth £100 billion, or 40 times that value. He has never run a bank, and I believe that the profits will be routed through a Caribbean tax haven, so what benefit does the taxpayer derive from his participation?

Finally, as the Conservative spokesman has already noted, Northern Rock shares have soared, while the British and other international stock markets have fallen. The only cheerful faces this morning were those of the two equity fund investors who made a speculative punt on Northern Rock a few months ago and have now recouped their investment. Meanwhile, the taxpayer in being taken for a very big ride. That will continue until the Government adopt the honest, transparent solution of taking the bank into public ownership.

Mr. Darling: As I said earlier, the hon. Gentleman has argued for the nationalisation of Northern Rock for some time, but he would accept that if the Government do that, many of the issues that he has raised still come into play. He has said on a number of occasions that he does not think that the long-term future of the bank lies in being publicly owned. He sees nationalisation as a temporary step back into the public sector, and I agree that if it came to that, that would be precisely the position that we should adopt, because the long-term future of the bank cannot lie with being run by the Government.

The hon. Gentleman must accept, therefore, that if the bank is nationalised, the risks to which he referred will remain with the Government, and that money from the private sector investors does not come immediately into the bank, so the Government will have to fund that. In any event, if the bank is subsequently transferred into the private sector, which he and I agree would be the right thing to do, under current market conditions it is likely that similar Government guarantees to those that I am proposing today would have to apply then, too.

The difference between the hon. Gentleman and me is that he wants to nationalise today. I believe that the better option, if we can do this on the right terms and conditions—the hon. Gentleman raises some very fair points about this—is to explore whether we can bring

[Mr. Darling]

those private investors into Northern Rock now, which would enable the Bank of England's lending to be repaid with interest, which is one of the demands that has been made time and time again in the House, and rightly so.

The hon. Gentleman raised a number of points about profit sharing and the financing details, which can be resolved only during the course of negotiation. As I said to the shadow Chancellor, I will of course keep the House informed about that. In relation to the prospective bidders, two have publicly expressed an interest and the Government are talking to both of them, while the company's existing board is also considering proposals. All those will be considered, along with any others that are made in the next few days.

John McFall (West Dunbartonshire) (Lab/Co-op): It has been suggested that Mr. Branson is putting £250 million of his own money into the company by selling Virgin Money to Northern Rock, but estimates in the City indicate that that company is worth about £50 million. I would not like to think that Richard Branson was getting that £250 million from what Northern Rock was paying him for a company that is worth only £50 million, so transparency is of the utmost importance for the Government and others. I would encourage the Chancellor to have other companies coming in before 4 February, so that we can have a vibrant exchange and a vibrant sale.

On 19 November, the Chancellor told me that he would seek to pursue the interests of the taxpayer, promote financial stability and safeguard consumers. Is he satisfied that today's new proposal gives equal weight to those three objectives? If he is, will he say how he will ensure that?

Mr. Darling: As I said in my statement just a few moments ago, what I am proposing today is consistent with the statement of principles that I published on 19 November—that is, to protect the taxpayer's interest, which is extremely important; to look after the interests of the depositors, which has always been a concern; and to achieve wider stability. All the proposals that are currently available—that is, the board's proposal and the Virgin and Olivant bids—involve those companies raising money from investors. In other words, they will have to put money into the company to ensure that it can continue to operate. The proposal that I have set out today will also mean that the Bank of England's money that has been lent to Northern Rock can be repaid with interest, which is precisely what we wanted to achieve.

My right hon. Friend mentioned the final proposal, but we have not got to that stage yet. That is something that needs to be discussed, which is why negotiations are taking place. I made a point of saying in my statement that all options need to remain on the table, including that of a temporary period of public ownership, because there are conditions in relation to what I am proposing today. We need to ensure that we look after the interests of taxpayers as well as ensuring wider stability and continuing to look after the depositors. These are difficult times, and the conditions are not ideal, but I believe that what I am suggesting is the best way possible to proceed, and that the proposals ought to be supported on that basis.

Mr. Kenneth Clarke (Rushcliffe) (Con): Does the Chancellor agree that, a few months ago, it was obvious that, in order to protect financial stability, it would be necessary to give guarantees to depositors and to achieve a quick, orderly work-out of the situation at minimum risk to taxpayers, in circumstances in which it has long been obvious that no purely private sector or commercial solution was going to be remotely possible? After five months of delay, are we not now being offered a proposal that will be of benefit to the shareholders in Northern Rock, including hedge funds, who will find that their shares have been given a value by this statement that they would not otherwise have had, and to future investors in Northern Rock, whoever they might be, who will find that the Government and the taxpayer are taking on an open-ended commitment to take all the principal risk involved? This is surely the result of dithering and delay, and of political considerations getting in the way of the speedy decision making and the orderly work-out that could have been achieved even before Christmas.

Mr. Darling: I agree with the first part of what the right hon. and learned Gentleman said. It was necessary for the Bank of England to intervene, and it was right to offer guarantees on the depositors' money. We have common ground on those points. Throughout last autumn, considerable efforts were made to find a solution to the problems at Northern Rock, either by merger or by acquisition or through other proposals. Some interest was initially expressed by other banks and financial institutions but, as the financial markets tightened last autumn, it became increasingly obvious that that solution was not going to be possible. In the late autumn, interest was expressed by Virgin, by Olivant and then by another private equity group which subsequently withdrew. It became obvious to us that, without some degree of Government support, nothing was going to happen. That is why we commissioned Goldman Sachs to advise us.

I agree with the right hon. and learned Gentleman that, had it been possible to get a quick sale in the autumn, that option would have been highly desirable. Unfortunately, the conditions in the financial markets made that totally impossible. It would have been far more preferable, as I said in my statement, if we could have found a purely commercial solution. However, that is not going to be possible in the foreseeable future, as I am sure he recognises.

Jim Cousins (Newcastle upon Tyne, Central) (Lab): Whoever the future owner of Northern Rock might be, will the Chancellor assure me and the people of the north-east that he is in this for the long haul and that he will prevent the dumping of its assets—its workers and its mortgage book—into a falling market, where they will be bound to fetch far less than they are worth?

Mr. Darling: That is precisely what would happen if the company were to be put into administration as the shadow Chancellor has suggested. In the current conditions, which are there for all to see, if the administrator were required to start realising the company's assets, there would undoubtedly be a loss, given the present mortgage conditions and today's market. That was recognised by the shadow Chancellor himself only two months ago. He has changed his tune now, and we shall wait with

great interest to see what his policy will be tomorrow morning. I do not expect that he has any more idea about that than I do.

Mr. Alan Beith (Berwick-upon-Tweed) (LD): The Chancellor was reminded by my hon. Friend the Member for Twickenham (Dr. Cable) of the importance of the Northern Rock Foundation, which is of immense value to communities throughout the region. What assessment has he made of the potential impact of his current proposals on the Northern Rock Foundation and its share of profits?

Mr. Darling: The Northern Rock Foundation is very important not just to the north-east of England but to the north-west as well. The proposed bidders in the company are well aware of this issue and how greatly the foundation is valued. I cannot today say precisely what will happen, but I can tell the right hon. Gentleman that we take this matter extremely seriously. The Northern Rock Foundation derived a great deal of income from Northern Rock plc, so for very obvious reasons there is bound to be a difference in the future. I recognise the foundation's importance and it has already had meetings with Treasury officials; those discussions will continue.

Mr. Fraser Kemp (Houghton and Washington, East) (Lab): I welcome the Chancellor's statement. Many others in the north-east as well as myself believe that this is a practical, realistic and imaginative solution to a problem that is not the making of anyone in the House but whose consequences we face in the financial markets. It secures the objective of protecting the taxpayer and offers real hope of long-term viability for a company that is very important for the north-east. Those of us who represent north-east constituencies will have many thousands of constituents who work for the company. I welcome the proposal; above all, it will end the damaging uncertainty that the company has faced—*[Interruption.]* I am asked what is the question. Does the Chancellor agree that ending the uncertainty is the most important consideration because it has been a critical factor in causing the damage? The Chancellor's deadline is welcome, so let us hope that we can get a private buyer in place by then.

Mr. Darling: On the last point, I said in my statement at the beginning of October, when guarantee arrangements were put in place, that I wanted the company to come back by mid-February at the latest. We have a deadline in respect of state aid approvals of the middle of March, so matters do need to be brought to a head. As I said in response to the right hon. and learned Member for Rushcliffe (Mr. Clarke), market conditions over the last few months have been extremely difficult. While they are better now, a great deal of uncertainty remains. I agree with my hon. Friend about the importance of Northern Rock to the north-east of England. Not just the foundation, but the bank itself is an important employer. We still have a lot of ground to cover with difficult negotiations ahead. That is why I say that all options remain on the table. I will not rule out the option of a temporary period of public ownership, but I greatly take to heart what my hon. Friend said.

Mr. Michael Fallon (Sevenoaks) (Con): Is the Chancellor aware that the Swedish taxpayer still owns 20 per cent. of Sweden's largest bank 16 years after the Government stepped in there? He told the exchange this morning that he expects Northern Rock to operate without Government support "in due course". How would he define "in due course"?

Mr. Darling: As I said to the shadow Chancellor, and in my statement, I want to bring about a position whereby the company can stand on its own feet as quickly as possible. I cannot today—these discussions are continuing—set out a specific timetable, but it is important for the Government to provide backstop back-up to the bank's proposals. I would have a great deal more sympathy and listen with greater interest to the hon. Gentleman and his colleagues if they actually had a solution themselves, but it is becoming increasingly clear that they have no idea what they would do. I do have a plan.

Sir Stuart Bell (Middlesbrough) (Lab): It was perfectly appropriate for the Chancellor to refer in his statement to uncertain financial conditions throughout the world, which are enduring, long-lasting and perturbing the markets to this day. It is also perfectly right to defend the taxpayer and depositors. Building on the questions put by my hon. Friends the Members for Newcastle upon Tyne, North (Mr. Henderson), for Houghton and Washington, East (Mr. Kemp) and for Newcastle upon Tyne, Central (Jim Cousins), when the Chancellor meets representatives of the work force, will he tell them that his patient approach to solving this difficult problem is also in their interests?

Mr. Darling: As I have said on several occasions, having taken the difficult decision to provide support to Northern Rock in the first place last September, we must have the conviction to see it through. I am therefore disappointed that, having received wholehearted support from the Leader of the Opposition—he has now departed from the Chamber, but I am sure that he will remember those words—he is now running away from it.

Sir Peter Tapsell (Louth and Horncastle) (Con): Does the Chancellor appreciate the irony that the present world credit crisis is largely due to excessive securitisation of loans—a bankers' ramp, which he is now joining? Does he hope that the Chinese will start buying his loans to Northern Rock when he has securitised them into bonds?

Mr. Darling: Not exactly, no. The difficulties in the US sub-prime market, which started the present problems, were primarily caused by the fact that, it would appear, too many lenders did not know whom they had lent to and had no idea of the true value of the assets on which those loans were secured. Securitisation in itself is not a bad thing, as I am sure the hon. Gentleman would agree. What matters is whether lenders know what they are doing. If only some of those who had lent to householders in America over the past few years had realised that those borrowers did not have enough income to support the loan repayments, and their houses were not worth anything like what was claimed, we might not be in the difficulties that we are in today.

Mr. Chris Mullin (Sunderland, South) (Lab): I am sure that the 1,100 Northern Rock employees based in my constituency will welcome the Chancellor's statement today. May I press him a little further, however, on the future of the Northern Rock Foundation? In his statement, he says that he will address it, "in the event of temporary public ownership". However, many people in the north-east, especially those voluntary organisations that are dependent on the help that they receive from the Northern Rock Foundation, will want him to press the interests of the foundation regardless of whom the owner is. Please will he clarify that point?

Mr. Darling: Yes, we will. I said earlier to the right hon. Member for Berwick-upon-Tweed (Mr. Beith) that I recognise the importance of the foundation. My point was that in the event that we had to take the bank into a period of public ownership, we would have to provide for that. If the proposals as set out today come to fruition, I know that the company and the bidders are acutely aware of the importance of the foundation and will want to do what they can to help. This is one of the many problems that need to be sorted out and addressed, but I assure my hon. Friend and other Members who represent north-east constituencies that we are well aware of the problem and will do whatever we can to help. These are, however, difficult decisions and difficult times.

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): I cannot tell you, Mr. Speaker, how much more confident we feel now that we know Chancellor Baldrick has a cunning plan. Does the Chancellor not think that allowing one of the potential bidders for Northern Rock to go on a visit to China and have an unminuted discussion about Northern Rock with the Prime Minister smacks of impropriety at almost any level?

Mr. Darling: On this side of the House, we do not believe in imposing travel restrictions.

Mr. Geoffrey Robinson (Coventry, North-West) (Lab): Is my right hon. Friend aware that he can safely ignore the opportunism of those on the Conservative Front Bench and particularly their irresponsible attitude to administration? As he nears the final stage of the complex and difficult negotiations in which he is involved, will he take it from us that we look to him to get the best possible deal for the public sector in those negotiations, and that the position that he has taken on a temporary period of nationalisation will greatly strengthen his hand in doing so?

Mr. Darling: I am grateful to my hon. Friend for his support. I agree with his comments about administration. I also agree that our proposals today represent an opportunity to try to resolve the matter. As I said, however, many matters still need to be discussed, and I hope that we can get on with that over the next few weeks.

Mr. John Redwood (Wokingham) (Con): When £25 billion was first advanced by the Bank of England, it did not appear that the usual banking disciplines over how and when the money would be repaid were put in place. Now the Chancellor says that he can get the money back with interest, which is welcome, but at the expense of a guarantee. Will he now put in place proper banking disciplines so that the guarantees can be run off quickly, as the market will allow, and taxpayers do not have the guarantee hanging around their heads in perpetuity?

Mr. Darling: As I said a few moments ago, I hope that the guarantees can be lifted as soon as is appropriate. That will be one of the subjects under discussion.

I agree wholeheartedly with what the right hon. Gentleman said on 15 January:

> "Putting Northern Rock into administration could lead to a fire sale of assets, and might result in taxpayers not getting all our money back."

I could not have put it better myself. The right hon. Gentleman might like to have a word with his colleague.

Mr. Michael Meacher (Oldham, West and Royton) (Lab): Given that the consequences of the sub-prime market fiasco which brought down Gord—Northern Rock—

Hon. Members: Brought down Gordon Brown!

Mr. Speaker: Order.

Mr. Meacher: Given that those consequences have now spread more deeply across the economy with the undermining of the bond insurers, when will my right hon. Friend tackle the real underlying causes of the debacle, namely the use of securitisation with no proper risk management and no cross-border supervision, weak and inadequate banking regulation, the widespread use of exotic financial derivatives which are frankly designed to deceive, and an auditing system that involves far too cosy a relationship with the banks themselves?

Mr. Darling: As I said in my statement, I will publish proposals for strengthening the banking supervisory system next week, but as I told the hon. Member for Louth and Horncastle (Sir Peter Tapsell) a few moments ago, I do not think that securitisation in itself is a problem. The problem arises when institutions do not know what they are doing: when they are lending money and do not know the true value of the asset against which they are lending, and when they cannot be confident that repayments will be made. Those problems need to be tackled at national level, but—as I have also said on a number of occasions—they need to be tackled at international level as well. That is why we have made proposals to the International Monetary Fund and to the Financial Stability Forum, which we will discuss at the G7 in Tokyo in about three weeks' time.

Stewart Hosie (Dundee, East) (SNP): The run on Northern Rock—although not the reason for it—coincided with the Bank of England's not increasing liquidity last September, a month after the Government knew of Northern Rock's liquidity difficulties and after the European Central Bank and the United States Federal Reserve had increased liquidity. Since that period, the Government have announced new powers for the Financial Services Authority and consulted on protection of depositors' savings.

The Chancellor told us today that he would make a statement on some of those matters next week. May I ask him whether the necessary changes to protect depositors'

savings—the changes to the tripartite arrangement, with new powers for the FSA and clear rules for liquidity—will be in place before an acquisition or a nationalisation? It would be perverse if £50 billion of taxpayers' money continued to be used to guarantee liabilities in one form or another, and the changes that the Government wish to see were not in place before a takeover or nationalisation.

Mr. Darling: The proposals that I will publish next week will require primary legislation. As the hon. Gentleman will know, that will inevitably take a few months, but I told the Treasury Committee that I wanted the legislation to be on the statute book before the end of the current parliamentary Session. I do not want to hold up any solution in relation to Northern Rock until all that is done. If the proposals I have outlined today bore fruit, the money lent by the Bank of England would be repaid in full; but I think we should proceed on the basis that we will get the legislation on the statute book during this Session if we can, and I hope that we will have all-party support for that.

Rob Marris (Wolverhampton, South-West) (Lab): The shadow Chancellor has accused my right hon. Friend the Chancellor of dithering. Let me tell my right hon. Friend that I welcome the calm and considered way in which he has gone about his decision making, in stark contrast to the flip-flopping, contradictory, incompetent positions adopted by the Conservatives. Can he give an indication of the disruption that would be experienced by home owners with Northern Rock mortgages if Northern Rock went into administration, as was advocated by the shadow Chancellor as recently as last week?

Mr. Darling: It is for the Conservatives to justify their policies. I just do not think that it is a very good idea.

Mr. Peter Lilley (Hitchin and Harpenden) (Con): The Chancellor repeatedly reassured the House that Northern Rock has a good quality loan book. I have no doubt that most of its old loans are well secured, but is it entirely credible that a company that increased its loan book by 50 per cent. at the top of the market in the year before banks stopped lending to it, did so without hoovering up some sub-prime mortgages as well as prime mortgages? Given that bad mortgages cannot be secured against good mortgages, does the Chancellor accept that he is accepting, on behalf of the taxpayer, the risk of all the bad mortgages in that loan book?

Mr. Darling: I was reporting what the FSA said about the Northern Rock mortgage book. It has said it on a number of occasions, and I believe it to be an accurate representation of the position.

Mr. Dennis Skinner (Bolsover) (Lab): Is the Chancellor aware that, along with many others, I am pleased that he has not ruled out public ownership? Way back when Ted Heath was the Prime Minister, the Tories had a cunning plan: they decided to take over Rolls-Royce. It turned out to be the wise thing to do, and we supported him in the Lobby—in fact, we ran in there. Then, in 1975, the Labour Government had to intervene to save Burmah Oil. Some of us would much rather see public ownership than the handing over of large sums of money to Mr. Goody Two-Shoes Branson, because we might not get it back.

Mr. Darling: My hon. Friend's position does not entirely surprise me. I was in school when Rolls-Royce was nationalised in, I think, 1971. I have set out my position. A limited period of public ownership must remain on the table, but what I am proposing could, if we can get the right terms and conditions, prove a better deal in the long term.

Peter Viggers (Gosport) (Con): To what extent will other banks be able to take advantage of the terms offered to Northern Rock?

Mr. Darling: As I have made clear, there are two bidders, and the board itself has also expressed an interest in the future of Northern Rock. As I have also said, the Government are happy to talk to anybody else who might express an interest.

Ms Sally Keeble (Northampton, North) (Lab): I very much welcome the approach that my right hon. Friend has set out, which has both protected people's savings and jobs and prevented the contagion spreading from Northern Rock to other banks, which was a genuine risk last autumn. When my right hon. Friend comes forward with proposals for tighter supervision and regulation, will he also look at the rating agencies, which have a major role in assessing the risks posed to different investors?

Mr. Darling: Yes. The Financial Stability Forum is looking at rating agencies. I discussed a range of matters with my French, German and Italian counterparts when we met in Paris last week; one of them was what further changes might be made to credit rating agencies. I have always regarded them as an aid to decision making. When a bank or any other financial institution makes a decision as to whether to lend, it should certainly take a credit rating agency's advice into account, but it should also exercise its own judgment and not rely totally on what the credit rating agency says. There are other issues in relation to possible conflicts of interest which also need to be looked at.

Sammy Wilson (East Antrim) (DUP): We have just come through one of the tightest comprehensive spending reviews since this Government came to office. One of the reasons for that is the current strain on public finances. Will the borrowing rules be relaxed to allow borrowing above planned borrowing for next year in order to finance this deal, or will there be a reduction in planned borrowing for infrastructure projects—and if so, which Departments does the Chancellor intend to delve into in order to finance this?

Mr. Darling: No. The additional money would need to be raised by investors in Northern Rock. As I have explained, the Government are providing a backstop guarantee. Nothing I have said today would affect the plans I set out last October.

Mr. Henry Bellingham (North-West Norfolk) (Con): Further to the question of my right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley), when did the FSA assessment of the loan book take place?

Mr. Darling: We have been carrying out assessments ever since the difficulties with Northern Rock first arose.

James Brokenshire (Hornchurch) (Con): The Chancellor emphasised in his statement the importance of taxpayers being able to share in the upside returns. Will he confirm that that would require the Government to take a shareholding in Northern Rock, and if so will he say what his minimum requirements would be in relation to such equity participation?

Mr. Darling: It would not require it, but one of the things that we will need to discuss over the next few weeks is what mechanisms would best ensure that if the company were sold and there were an upside return, the taxpayer could benefit to reflect the fact that we are providing backstop guarantees.

Anne Main (St. Albans) (Con): Given that the management structure has been criticised in connection with the running of Northern Rock, what role will the Government have in the management structure to ensure that we secure the best deal for the taxpayer?

Mr. Darling: As I have said on a number of occasions, the management of a company is a matter for its shareholders—its owners. The Government have never been in a position to say to a privately run company that so-and-so should be a director or manager and so-and-so should not. But I am clear about the fact that whatever changes occur, part of the restructuring will involve ensuring that we put in place a strong management who know what they are doing.

Mr. Graham Brady (Altrincham and Sale, West) (Con): The Chancellor said that the Bank of England's lending will be repaid in full, but at what point does he propose to authorise it to publish full details of that lending?

Mr. Darling: Again, I have said on a number of occasions that I will consider that when it is appropriate to do so. What I want to avoid is providing a running commentary on Bank of England support. I look forward to hearing what the Treasury Committee has to say, but I think that some sympathy exists for that approach. If we are successfully to allow for Bank of England intervention, we need to be able to act in a way that does not immediately draw attention to a bank and cause the very difficulties that we are trying to avoid.

Michael Fabricant (Lichfield) (Con): Given the unique and privileged access Richard Branson enjoyed to his travelling companion, the Prime Minister, will the Chancellor tell the House precisely what discussions have taken place between them regarding the Virgin bid?

Mr. Darling: I think I am right in saying that some 50 business men and women accompanied the Prime Minister on his visit to China and India. The discussions with the Virgin group, Olivant and the board started today, once the statement had been issued to the stock exchange. Of course we had to tell the board on Friday night what we were proposing, because of its obligations to the market. The discussions with the two bidders could not start until after that.

Mr. David Jones (Clwyd, West) (Con): Does the Chancellor agree with the assessment of the BBC's business editor that the arrangements that he has announced this afternoon amount to a public "subsidy" of £1 billion for Northern Rock? If not, what figure would he put upon it?

Mr. Darling: As I have explained on a number of occasions this afternoon, the discussions that will now follow from my publication of proposals will determine to what extent, at what rate and how much the Government will provide backstop finance. Once those discussions have concluded, I will be able to report to the House.

Mr. Peter Bone (Wellingborough) (Con): Can the Chancellor confirm that under no circumstances will Northern Rock be allowed to go into administration?

Mr. Darling: I think that the hon. Gentleman's question might be better directed at his own Front-Bench team.

MOD (Data Loss)

4.28 pm

The Secretary of State for Defence (Des Browne): Mr. Speaker, with your permission, I should like to inform the House about the theft of laptop computers from Ministry of Defence vehicles and premises. The MOD has clear policies, systems and procedures in place to protect the security of information, both personal data and classified information. We have software protection through encryption and a formal information security process through which individual IT systems and the databases they contain must be accredited by the appropriate MOD authorities. Our internal investigations following this theft reveal that those procedures were not followed. That was a breach of MOD security regulations.

As police investigations of the theft are at an active stage, I am limited in what I can say about the incident. It occurred on the night of Wednesday 9 January in Edgbaston, Birmingham. The laptop was left in a car that had been parked overnight and was unattended. That was a breach of security regulations. The stolen laptop contains personal information on about 600,000 people, the majority of whom had simply expressed an interest in joining the Royal Navy, the Royal Marines or the Royal Air Force.

We have no reason to believe that the theft was specifically targeted against the officer, or to acquire the laptop for the data held on it, but we cannot wholly discount that. Early in the morning after the laptop was left in the unattended car, as soon as the theft was discovered, it was reported to the local police and the relevant authorities in the MOD.

It is not clear to me why recruiting officers routinely carry with them information on such a large number of people – or, indeed, why the database retains such information at all. The information held is not the same for every individual. In some cases the record may be no more than a name, but I am advised that for about 153,000 people who progressed as far as submitting an application form to join the forces, more extensive personal data are held, including passport details, national insurance numbers, driver's licence details, family details, doctors' addresses and national health service numbers; for about 3,700 people, banking details were also included. The records largely date back to 2003, although some records may date back as far as 1997.

Ministers were informed of the loss of the laptop on Friday 11 January, although at that point it was believed that the data were fully encrypted. That is relevant because the level of encryption used by the Ministry of Defence on its computers is stronger than that used for commercial applications, and our IT authorities judge that a significant amount of time, resources and, in particular, expertise would be needed to access such data in a readable format.

The fact that the data were not encrypted was reported to Ministers on Monday 14 January. Subsequently, the Information Commissioner and the police authorities were informed, and as an immediate precaution all similar laptops were recalled from their users and secured. That was completed by 18 January. The theft is being investigated by the West Midlands police, assisted by the Ministry of Defence police. After consultation with the police about the impact on the investigation were the theft to become public knowledge, I decided not to make a statement to Parliament last Thursday – although I was ready to do so. Unfortunately, news of the theft of the laptop was reported in the media on Friday evening and the MOD was obliged to issue a brief statement setting out the facts of the incident, as they were being reported inaccurately.

I discussed the need to issue a brief statement on Friday with Mr. Speaker and the hon. Members for Woodspring (Dr. Fox) and for North Devon (Nick Harvey). I also attempted to speak to the right hon. Member for North-East Hampshire (Mr. Arbuthnot) and my hon. Friend the Member for Cannock Chase (Dr. Wright), without success, although I have spoken to them both today. However, steps were taken to keep the Information Commissioner fully informed and to alert the Association for Payment Clearing Services so that banks could monitor the bank accounts listed in the database to prevent unauthorised access.

The intelligence services were also informed, and asked to assess whether the incident could lead to an increased threat to our personnel. Their view, understandably, was that the risk would depend on whether the information fell into the hands of extremists, but that there was no indication that had happened. Of course, we are keeping the matter under constant review.

Letters have been sent to all 3,700 people whose bank details were included in the database, and are being sent to the 153,000 people who applied to join the Royal Navy, the Royal Marines or the Royal Air Force during the relevant periods. We have set up a free telephone helpline, an e-mail address and an address for correspondence for use by anyone who is concerned about the implications of the data loss and wishes to seek further information.

As soon as the theft was reported, the Royal Navy began an internal investigation into the incident itself, which has now been completed. Steps are being taken by the Navy to prevent a recurrence, and the chain of command is considering appropriate action against the officer concerned.

An internal investigation is also under way by the MOD's head of security into the wider security issues raised by the loss of the data. In the time available, the investigation has established that in addition to the laptop stolen on 9 January, two further laptops potentially containing similar data have been stolen. A Royal Navy laptop similar to that stolen on 9 January was stolen from a car in Manchester in October 2006, and an Army recruiting laptop, containing details of about 500 individuals, was stolen from a careers office in Edinburgh in December 2005.

These incidents were reported at the time to the local police and to the chain of command, although neither theft was reported to Ministers. Those involved believed that the data were protected by encryption and so no steps were taken to inform those whose records were potentially at risk. That is now being done in the same manner as I have described for those affected by the most recent loss. Nor was the Information Commissioner informed, but that has now been done. There is nothing to suggest that the earlier thefts have been exploited for criminal purposes or any other purpose in the intervening period.

[Des Browne]

As I said, our internal investigation has identified weaknesses in the application of MOD security procedures to the database, which is managed by the Army recruiting and training division on behalf of all three services.

In the time available, it has not been possible to establish all the facts, but it is clear that the database files were unencrypted, in breach of MoD procedures, and that there were shortcomings in security training and awareness among the relevant staff. Further, although the MOD was a full participant in the Cabinet Office-led review following the loss of data by Her Majesty's Revenue and Customs, the thefts and the failure to comply with agreed MOD procedures for the system were not highlighted by those responsible for the system during the first phase of that review.

Accordingly, following consultation with the Information Commissioner, I have invited Sir Edmund Burton to undertake a full investigation into how these weaknesses came about, including responsibility for any breach of security and accreditation procedures, and to review the steps that we have taken to prevent any recurrence. Sir Edmund is chairman of the Information Assurance Advisory Council and supports the Cabinet Office in the implementation of the Government's information assurance strategy. He is also a former chairman of the Police Information Technology Organisation and former commandant of the Royal Military College of Science.

Sir Edmund will work closely with those in the Cabinet Office who have been reviewing procedures across Government, following the HMRC loss of data. His report will enable us to answer the questions that still need to be answered. The Information Commissioner has confirmed in particular that the review will be wide enough to address the questions that he has raised, including why a database of this size was thought necessary for field recruitment staff. It will also enable the chain of command to identify where responsibility lies and whether anyone needs to face action as a result. Sir Edmund's full report will be made available to the Information Commissioner.

I take this theft of personal data extremely seriously. I am also keenly aware of the risks if the data had fallen into the wrong hands, although I emphasise that there is no evidence that they have done so. As with all parts of Government, those who have dealings with the armed forces have a right to expect that their data will be properly protected. I very much regret that that has not happened. I am determined that we should identify exactly what went wrong and learn lessons. This must never happen again, and I will keep the House informed of the outcome of the various investigations to which I have referred.

Dr. Liam Fox (Woodspring) (Con): I am grateful to the Secretary of State and his permanent secretary for providing me with information in relation to the incident. I am afraid that it all adds up to a damning picture of MOD incompetence, mismanagement and poor practice. In many ways, it is worse than the loss of the child benefit records, because we know that the information fell into criminal hands as it was stolen by a criminal. As the Secretary of State says, it could be used for identity theft or, worse, for terrorism.

It is clear that the MOD did not follow its own procedures for the protection of databases. Its procedure can hardly be described as robust. It is clear that the Cabinet Office review was ignored or simply not implemented. It is clear that two similar cases occurred, but Ministers were not informed. Why not? The Secretary of State does not know why his own recruiting officers routinely carry such information, so can he at least tell us how many of them carry it? He must know by now. Why are all those categories of information needed—for example, the religion of recruits, which can be very sensitive information and could prejudice several minorities in the armed forces?

It is clear that Ministers believed that information was encrypted, but they did not know, which raises the question of whether the item was an MOD laptop—or was the information kept on the officer's personal laptop? If so, how often has that occurred? Are Ministers sure that the other two laptops that went missing have encrypted data, and what back-up is kept to enable checks to be made when things go wrong?

Clearly, we do not know what risks will be faced by those on the database—it depends entirely on whose hands it has fallen into—but putting our troops at risk in such a way is unforgivable, because it seems as though there has been systemic failure, rather than a single act of incompetence or irresponsibility. We now know that 68 MOD laptops were stolen in 2007, 66 in 2006, 40 in 2005, and 173 in 2004. What on earth is going on? How much information on our service personnel is floating around out there? Most importantly, why has nothing been done about such incidents, when they have occurred regularly for a number of years?

Can the Secretary of State tell the House how many of the computers that have been stolen since 1998 had a classification of "confidential" or higher? What was the security classification of the laptop stolen most recently? What is his Department's policy on classifying and storing sensitive information on MOD computers in general? More importantly, what role does he have in determining what information is classified and at what level, and who has access to that information? Will he list and publish in the Library all the departmental rules, regulations and protocols that were broken, leading to this catastrophic loss of information?

Lately, it has been shown that the Government take a cavalier approach to the confidential details of UK citizens, but in the case that we are considering, the security aspects make things worse. There will be a damaging effect on the confidence and morale of our forces, which will do nothing to solve the crisis in retention and recruitment that we face. It is a dreadful mess that the Secretary of State has outlined to the House today, and it will require total commitment to put the matter right. At this stage, even he must realise that this is no job for a part-timer.

Des Browne: The hon. Gentleman is right to say that this is an extremely serious matter, and I am well aware of the implications. I see that there are Members from Northern Ireland present; I am conscious of the important implications that there were on the occasions when information was stolen in Northern Ireland from various agencies, and of the effect that that had on the morale of those serving in our armed forces there, particularly those of them who lived in Northern Ireland. As I

served as a Minister at the Northern Ireland Office, I am very conscious of that. That is why the MOD has such clear, strict procedures and systems in place, and they ought to be not only respected but observed meticulously. He is right to identify failure to do that as a matter of the utmost seriousness, and that is how I treat it.

Over and above that, I have to say that the MOD has a good record on maintaining security for a wide range of sensitive information through its procedures. From the information that I have, I have no reason to believe than the issue goes any wider than the handling of the database in question, but that is serious enough. I accept that there needs to be a robust, clear explanation of why such an amount of information had to be carried. I am far from satisfied that there can be such an explanation, but I am not prepared to prejudge the conclusions of the robust investigation that I have set up.

The hon. Gentleman asks about rules, regulations and protocols. I will consider doing as he requests, to the degree that that is consistent with our shared wider objectives relating to the security of those who serve our nation, and those who support them. In any event, I am absolutely certain that the investigation will need to look into all those rules, regulations and protocols. So far, I am satisfied that if they had been observed, the problems would not have happened on any of the three occasions. On his specific question on encryption, I thought that I made it clear that the data on none of the three laptops were encrypted.

The hon. Gentleman asks what provision we make for the support of the people who have to do the work. We provide them with laptops that have a facility for encryption. There were about 300 of those laptops in existence. They were all brought in and secured as of 18 January, whether or not the information on them was encrypted. I shall consider the other questions that the hon. Gentleman posed, and if I believe that any of them require an answer, in the interests of clarity and in support of the investigation, I shall ensure that they are answered in another fashion.

Andrew Miller (Ellesmere Port and Neston) (Lab): My right hon. Friend has appointed an extremely competent official to undertake the investigation. I have worked with Sir Edmund Burton in the Information Assurance Advisory Council on a number of subjects, so I know that his presence is a big plus. I am deeply concerned, however, that the lack of reporting to which my right hon. Friend referred may constitute a breaking of the law by officials as a result of their failure to handle matters properly within the data protection legislation. While Sir Edmund conducts the investigation, will my right hon. Friend make sure that he takes every possible step to ensure that anyone in his Department who handles personal data has undertaken proper training under the Data Protection Act before being allowed to handle any more sensitive information?

Des Browne: My hon. Friend is right to identify the fact that Sir Edmund Burton is well qualified to do this job. Those who know him, and his fierce reputation as an independent advocate in this area, know that he is well qualified to undertake the investigation. I have set out in short the remit for Sir Edmund's wide-ranging investigation, and I am satisfied that, as agreed with the Information Commissioner, it addresses all the necessary questions and gives Sir Edmund the flexibility that he needs. If it transpires that there has been a breach of the law—and whatever law is breached—those who are responsible will have to live with the consequences, because they are accountable.

Nick Harvey (North Devon) (LD): I thank the Secretary of State for his statement, and for calling me on Friday to brief me about this matter. Everyone would accept that the primary responsibility lies with the individual whose foolishness led to the laptop being stolen. However, the House is less ready to accept the Secretary of State's assertion that the MOD has robust policies, systems and procedures to stop that sort of thing happening. Sir Edmund Burton may reflect on policies and procedures, but the Secretary of State will accept that the systems and controls to stop that sort of thing happening simply have not worked—if, indeed, they exist. As we have heard, this is not the first case—there have been others in recent years—so we need a fundamental rethink about the way in which data are protected in the Department.

In the light of the well-known shortages in manpower in all three of the armed forces, I suppose it is reassuring that 600,000 people wish to volunteer and join the forces. I hope that the confidence of would-be recruits is not shaken by this regrettable incident. Will the Secretary of State reflect on the comments this morning of the Information Commissioner, who said that we have further to go to understand

"the potency of personal information in a database world"?

The Secretary of State told us candidly—and I sympathise with his predicament—that he did not know why that information was kept in one place and put on to a laptop. That is the sort of thing that we have to sort out and understand. The public would be shocked to think that their records were stored in such a way, without knowing how long they were stored and who had access to them. Does he accept that we have to treat the protection of personal information as seriously as we treat official secrets, military intelligence, and, indeed, large sums of money? Is it not clear that a change of culture across Whitehall is needed, and that, as the Justice Committee has suggested, there should be a new crime of recklessly divulging data, and a new power for the Information Commissioner to perform spot checks on data controllers?

Des Browne: The hon. Gentleman referred to the conversation that I had with him on Friday night. In case it is not clear, I should say that I had intended, and was ready, to make this statement on Thursday. After discussions with the police, and for reasons to do with the stage of the police investigation, I made the judgment that it would be better to wait. Unfortunately, however, the media broke the story on Friday. I deeply regret that I had to put a statement into the public domain without speaking in the House about it first, but the story running in the media was wrong, and I could not leave it wrong over the weekend. I am grateful to the hon. Gentleman, the hon. Member for Woodspring and Mr. Speaker for their understanding when I contacted them on Friday night to explain what I was doing. I trust that the House will accept that my judgment was right.

[Des Browne]

The fundamental point made by the hon. Member for North Devon is right—but I did not say that the MOD had "robust" policies, systems and procedures; I said that we had clear policies, systems and procedures. The hon. Gentleman pointed to a draft of the statement—*[Interruption.]* I make this point advisedly. The hon. Gentleman has pointed to a draft of my statement—to be checked against delivery—that we gave him. When I was given the final draft of the statement, immediately after Defence questions, I changed that word.

The hon. Gentleman is right: the robustness of the policies and procedures depends on their being observed. The failure to observe those procedures will be the focus of the investigation that I have set up. That failure caused the need for my statement today, and the potential release of the information into the hands of people who should not have it. I deeply regret that, and I am determined to find out why it happened. I cannot give the House an explanation why information relating to 600,000 people needed to be on a laptop; frankly, and without wishing to prejudge the investigation, I do not believe that it needed to be.

I listened with care to the Information Commissioner on the radio this morning. I listened to the questions that he posed; all those questions need to be answered. I have deliberately framed the remit of the investigation so that they will be answered. I have the comfort of knowing that my senior officials spoke to him about the issue, and I understand that he is of the same view. The hon. Gentleman can be satisfied that I am taking the matter appropriately seriously. If there are consequences for individuals, those individuals will have to live with them, whatever they may be. I am not in a position to deliver such a judgment; that is for the chain of command.

Mr. Gordon Prentice (Pendle) (Lab): Has anyone been disciplined for negligence as a result of losing a laptop containing sensitive personal information since 1997?

Des Browne: Not to my knowledge.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): The right hon. Gentleman has told the House what steps he has taken to prevent a future blunder of this kind. He will know about the loss of Child Support Agency data at the back end of last year. Will he say what steps he and other Ministers personally took then to ensure that no blunder of the kind that has just occurred was perpetrated by his Department?

Des Browne: As the right hon. and learned Gentleman would expect, I made it clear to the permanent under-secretary that we should co-operate fully and comprehensively with the review that was being set up at the centre of Government. I said that we were to ensure that what might well have been at the heart of the Revenue and Customs problem—a culture had appeared to grow up that, at least in some regard, did not treat such information as being as valuable as it is, and people had not been observing the systems and procedures in place—was not the case in our Department.

As I said in my statement, the interim report that I received on the part of the review that my permanent under-secretary carried out on this particular issue did not identify the problem or the circumstances that I believe, and that I think the investigation will reveal, led to what we have to deal with today. Had I known, I would have taken other steps, but it was not reported to me.

Dr. Tony Wright (Cannock Chase) (Lab): My right hon. Friend has been let down by his Department. This has turned out to be not what we thought it was—the isolated action of a foolish individual—but a section of his Department failing to take elementary precautions about data protection. When he was asked about its systems by the Cabinet Secretary's review, he was presumably given an assurance, notwithstanding the fact that there had been previous incidents, that those systems were in order. If I were him, I would be very cross about this, and want to do something about it.

Des Browne: I can hardly say that I am delighted about it, but there does not seem to be any point in getting angry in this job. I am often asked if I am angry or frustrated about things, but it seems to me that those are wasted emotions. My job is to get on and ensure that this never happens again—to find out exactly what happened, and to ensure that those who need to be properly trained are properly trained, and that those who were responsible for ensuring that those systems and procedures were properly applied are made properly accountable for their failure to do so.

Mr. Peter Lilley (Hitchin and Harpenden) (Con): Given the series of incredible and repeated scandals involving child benefit discs, Department for Work and Pensions data in binbags, and military laptops, has not the time come for an analysis of the problems of data protection that is more extensive, comprehensive and independent than anything that the Government have initiated so far? Should not that also cover information that they deliberately make public, which, in the case of the Land Registry information, has resulted in tens of millions of pounds of people's freehold property being robbed? And should not the lessons of all this be learned before we proceed with identity cards?

Des Browne: The right hon. Gentleman tempts me into discussing the Land Registry, an area where, because of my professional experience, I may have some limited but now dated expertise—but that is not my responsibility. I accept his point. It is very important that the Government and the Government's employees take responsibility for complying with the data protection standards for which we have legislated in this House, but it is equally important that the independent Information Commissioner's Office can properly keep accountable all those who hold information, including the Government. That independent regulation is the right construction, and we have to ensure that it is robust enough. However, at the heart of this is the point, which has already been made, that there needs to be a cultural understanding that such data and information, particularly when it relates to individuals, is as valuable as any other property that the Government or any other institution might have, and it is obvious that that culture is not there across substantial parts of the public sector.

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): The Secretary of State said that he would not prejudge the very thorough investigation that he has put in hand. However, does he understand the incomprehension and fury felt by people in defence communities such as Plymouth, who think that common sense, rather than rocket science, should have stopped this sort of thing happening? Can he give the House a greater sense of how the cultural change to which he referred can be put in hand before we receive the report—and when we will receive it?

Des Browne: I am grateful to my hon. Friend, who speaks with justifiable passion for those whom she represents—some of whom, I have no doubt, will be receiving letters from us in the near future, and will have a degree of concern. We will endeavour, by our response to those who get in touch with us, to support them through this. It will be a vulnerable time for them; I accept that. I am not in a position to tell my hon. Friend exactly when the report will be available, because, with respect, Sir Edmund has not yet started on his work, but as soon as I am in a position to give the House some indication of when the work will be completed and how I will keep the House informed, I will tell it specifically what I plan to do. I also intend to have further conversations with the right hon. Member for North-East Hampshire (Mr. Arbuthnot) and my hon. Friend the Member for Cannock Chase (Dr. Wright), in their capacity as Chairs of the Defence Committee and the Public Administration Committee respectively, to ensure that they are kept fully informed. I am sure that both their Committees will be interested in inquiring further not only into the circumstances of this loss of data but into what we do.

I cannot make it any plainer than that. I am taking this matter with the utmost seriousness, and I intend to get to the bottom of what happened. If there is a reason, even if it is not a justification, for why that amount of information was being carried on a laptop, I will find out what it was. I intend to take the steps necessary to ensure that nothing like this ever happens again in the MOD.

Dr. William McCrea (South Antrim) (DUP): Four Departments have now been responsible for losing data. Does the Secretary of State understand the serious damage done with regard to the community's view of the Government's competence in the protection of public records? Surely every instance of such loss reinforces the argument against ID cards.

The Secretary of State mentioned that he was sensitive to the concerns of Northern Ireland. I therefore wonder why my right hon. Friend the Member for North Antrim (Rev. Ian Paisley), the leader of my party, was not informed about this matter by the Secretary of State. Did any of the details contained in the stolen laptops refer to Army service recruits in Northern Ireland? The Secretary of State knows that there is an increased threat to security forces personnel in Northern Ireland, so it would be important to inform them if any of their names were on that laptop.

Des Browne: I am very aware of the issues the hon. Gentleman raises, and I cannot make it any clearer how seriously I take this matter. He knows how seriously I take such issues, from the time that I served as a Minister in Northern Ireland, when I dealt with him, his party colleagues and others in relation to similar matters. I am well aware of the potential security implications.

It is clear that the protection of data is relevant to the identity cards scheme, but as the hon. Gentleman is probably aware, the scheme is underpinned by biometric data that will protect people's identities from being taken and/or used. That is the fundamental problem with loss of data, although there is a specific personal security problem in relation to the data in this case, which I understand. I do not think that the read-across that people constantly suggest with ID cards is robust.

I understand how important the issues that the hon. Gentleman raises are and I give him my word that I will do everything to ensure that they are taken seriously. As far as those who may be living and/or serving in Northern Ireland are concerned, I am not in a position to answer his question at this stage, but I am certain that some of the people concerned must be in Northern Ireland, and if they are exposed to any degree of risk, they will receive a letter from us, just as others involved will.

Mr. Kevan Jones (North Durham) (Lab): Most hon. and right hon. Members find it mind-boggling that 600,000 names were on a laptop in the back of a car in Birmingham. My hon. Friend the Member for Cannock Chase (Dr. Wright) raised the point that we are not looking at the actions of just one individual, but a systemic failure in procedures. Will my right hon. Friend assure me that the lowly naval recruitment officer concerned will not be made a scapegoat for this mistake, and that those further up who are responsible for the systems in question will take responsibility for this incident as well?

Des Browne: My hon. Friend makes some good points. Wherever responsibility, or any part of it, falls, that is where responsibility should be taken. Clearly, the person responsible for the immediate security of the laptop was in breach of regulations in leaving it where he did. I accept that he is not wholly responsible for the circumstances, but whatever the Navy chooses to do to him through its disciplinary procedures will be a matter for its chain of command, and the same applies to everyone else involved. I have no intention of protecting anyone from the consequences of the decisions that they have taken, if they were in breach of regulations.

Angus Robertson (Moray) (SNP): It is completely unacceptable for the Secretary of State to inform only some parties in the House about major events and to overlook others, especially parties of Government in Scotland, Wales and Northern Ireland. He has been able to give a breakdown of some of the data, so will he tell the House how many of the people in question are domiciled in Scotland, Wales and Northern Ireland? What notice was given about the data loss, and when, to the devolved Administrations of Scotland, Wales and Northern Ireland?

Des Browne: This is the United Kingdom and we are the Government of the United Kingdom. It may well have escaped the notice of the hon. Gentleman during his obsession of the past few months, but our writ runs across the whole United Kingdom. We are perfectly

[Des Browne]

capable of communicating with the citizens of the United Kingdom, whatever part of the United Kingdom they are in, via Royal Mail and other methods. *[Interruption.]* Let me just deal with that issue; I apologise for not doing so earlier.

The story was running on Friday night. I had to get this statement out, because I could not let the story run dishonestly, as it were—in terms of the facts—for very long. I set out to speak to certain people, and had then to get the statement out. I accept that I did not speak to representatives of every party in this House. I regret that I was not able to, but I had to correct the misinformation that was running in the public domain.

Having used the Front-Bench spokespersons and Mr. Speaker as a test of the mood of the House on the subject, I took the decision and took responsibility for that. Thereafter, I determined that I would not put any other information anywhere else until I was able to come to the House to give a statement. That is the decision I took. I suspect that that will not cause offence to the people of Scotland, but the hon. Member for Moray (Angus Robertson) can rest assured that if I think that any issue requires the engagement of the devolved Administrations, including the minority Administration in Scotland, they will be told. At the moment, my Department and the UK Government are perfectly capable of dealing with the matter.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): If the press reports are right, the theft occurred at institutions where the MOD works together with the NHS, which takes us to a wider issue that does not concern only the systematic protection of MOD data. When the MOD has to work with other institutions, such as the NHS, the Secretary of State ought to look carefully at the sheer extent of access to the databases with which they work and the systemic structures when one Department has access to another's large database. Will he take that as part of the review's remit?

Des Browne: The information that I have—I have not physically and personally checked the database—is that this is our stand-alone database. I have no information to suggest that it is in any way connected with the database of any other organisation. I am quite surprised that my hon. Friend raises that issue. If it arises from the physical proximity of the work, then to be candid with my hon. Friend I am saying the minimum possible in the public domain about the circumstances of the theft. The ongoing police investigation is at a critical point and I do not want to put any information into the public domain that might interfere with or degrade it.

James Brokenshire (Hornchurch) (Con): The Secretary of State's statement paints a picture of blatant disregard and breach of not only MOD procedures but Data Protection Act principles, too. That is most notable in the size of the database that has been created. Obviously, that is of concern to not only the Secretary of State but the Information Commissioner. The Secretary of State said that other laptops had been secured. What analysis of those laptops has been undertaken to see whether they, too, contain unencrypted databases of such a size and nature? Are any other officers or personnel subject to disciplinary proceedings as a consequence of such actions?

Des Browne: The hon. Gentleman asks a good question, to which the good answer is that securing the laptops was the principal objective. I am not in a position today—although I trust that Sir Edmund's investigation will reveal the detail—to say how many of the approximately 300 laptops that we have secured had such unencrypted data on them. I am sure that some did and, to the extent that they did, that is a breach of regulations. It is for the chain of command to investigate that and determine whether the existence of those laptops in that state supports any disciplinary action. However, as the hon. Gentleman will understand, it is not for me as Secretary of State to tell disciplined organisations, which have their own structure and, indeed, law how to conduct their affairs. They have procedures for conducting them and I am confident that they will.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): May I express a small measure of sympathy for the Secretary of State? He is in an embarrassing position today as a result of a culture among public servants that frankly lacks the proper respect for our personal information. With that in mind, will the review consider not only why the information was held on a database but why it was obtained in the first place? Will the Department operate in future on a presumption that the information obtained should be the minimum amount, held for the shortest possible time?

Des Browne: I am grateful for the hon. Gentleman's sympathy but I do not seek it, certainly not for some of the more difficult things that I have had to do in my job. It is my job to get on with the matter and resolve the problems robustly, if possible.

The information gathered should be considered carefully and the necessity for holding each item should be tested. I understand why, at the point of recruitment, it is appropriate to gather specific and detailed information about recruits for transfer to the unit where they are posted or the relevant training organisation. However, after recruitment, the reason for the recruitment authority's keeping the information once it has been transferred to those who are responsible for the individuals defeats me. The question needs to be asked—and it needs to be answered compellingly for me to accept the answer.

Mr. Ben Wallace (Lancaster and Wyre) (Con): Following the comments of the hon. Member for Pendle (Mr. Prentice) that no officer or individual has been disciplined for previous losses, and given that it is and always has been an offence under section 8 of the Official Secrets Act to fail to take care to prevent the unauthorised disclosure of similar information, will the Secretary of State give an undertaking that, should the officers concerned be found to be in breach of the Act, they will be charged with an offence? Only then will the House believe that the Department is taking data protection seriously.

Des Browne: That is a false test for my Department. There is a constitutional principle in this country that decisions about whether people are prosecuted for criminal offences are made independently of politicians. I would go to some length to honour that. I am not, therefore,

prepared to give the hon. Gentleman the undertaking that he seeks. However, I am prepared to give an undertaking that, so far as it is in my power to do so, the matter will be exhaustively investigated. If reports have to go to another authority to determine whether a prosecution is needed beyond the actions that the chain of command of a particular service may take, that will be done. However, I cannot promise that anybody will be prosecuted—no Executive Minister should ever do that.

Mark Pritchard (The Wrekin) (Con): Of the 347 laptop computers lost or stolen from the Ministry of Defence in the past three years, how many have been recovered? If the Secretary of State does not have that figure at his fingertips, will he write to me and place a copy of his reply in the Library of the House?

Des Browne: The hon. Gentleman properly predicts that I do not have that information—to be honest, I do not know whether it exists. However, I shall endeavour to the best of my ability to find it. If that is in the bounds of reasonable expense, I will write to him and make the letter available to all hon. Members.

John Hemming (Birmingham, Yardley) (LD): Had the database been on paper, we would be considering approximately 1 million sheets of paper weighing about 5 tonnes—not so easy to steal. Large databases are easy to copy and they come with large risks. Does the Secretary of State accept that the Government need to review seriously the holding of and access to large databases?

Des Browne: I accept that, and as I far as I understand it, that is exactly the review that the Cabinet Office is conducting. Hon. Members have asked today whether that review needs a more robust, independent element to it. That is a matter that I shall consider.

Points of Order

5.14 pm

Bob Spink (Castle Point) (Con): On a point of order, Mr. Deputy Speaker. You will be aware that it was promised that Command Papers 3710 and 3711, which were supposed to inform today's Second Reading debate, would be available to hon. Members last Thursday, but that they were not available until 11.45 am today, so hon. Members now cannot make properly informed contributions to the debate. What action can you take to correct this situation? Would it be right to delay the vote on Second Reading, for instance, so that we can have an informed debate?

Mr. Deputy Speaker (Sir Michael Lord): It is for the Government to ensure that the documents necessary to inform the debates on the European Union (Amendment) Bill are available to all hon. Members. I was not aware of the precise timing in the Vote Office, but at least the papers are available to all hon. Members now.

Mr. David Heathcoat-Amory (Wells) (Con): Further to that point of order, Mr. Deputy Speaker. I listened to your ruling, but the situation is more serious than that, because protocol No. 9 of the existing treaties, under the heading "On the Role of National Parliaments in the European Union", requires documents to be provided to member states in good time for deliberation on those documents. That has not been done, so the Government are in breach of the existing treaties, not just the future treaty. Would you therefore reprimand the Government, Mr. Deputy Speaker, and, through Mr. Speaker, look favourably on further amendments to the treaty, if we get that far, to strengthen the role of national Parliaments further and require national Governments to abide by undertakings that they have freely entered into?

Mr. Deputy Speaker: I am not responsible for the instructions to which the right hon. Gentleman has referred. As far as the Chair is concerned, the Vote Office has copies of all papers published by the Government relating to the Lisbon treaty and previous treaties. It also has available copies of official EU publications, including a consolidated text in English of EU treaties prior to Lisbon. I think that we now have sufficient papers before us to deal with the debate. I suggest that the sensible thing to do is move on to that debate, if that is the feeling of the House.

Mr. John Gummer (Suffolk, Coastal) (Con): Further to that point of order, Mr. Deputy Speaker. I wonder whether you would be kind enough to refresh your memory of the answer that I received from Mr. Speaker on a similar occasion, when we failed to have enough copies of the important White Paper on transport. He took the view that that was not acceptable for the House. It really is not acceptable to have material that we cannot physically read between the time it arrives and the time we have the debate.

Mr. Deputy Speaker: The right hon. Gentleman is simply reinforcing the point that the House should clearly have available to it all the papers necessary for the appropriate debate in the right amount of time. The House is agreed on that, and I am sure that Mr. Speaker would agree, too.

Orders of the Day

European Union (Amendment) Bill

[Relevant document: The Third Report from the Foreign Affairs Committee, Session 2007-08, on Foreign Policy Aspects of the Lisbon Treaty (House of Commons Paper No. 120-I).]

Mr. Deputy Speaker (Sir Michael Lord): I must inform the House that Mr. Speaker has decided not to select the reasoned amendment standing in the name of the hon. Member for Glasgow, South-West (Mr. Davidson) and other hon. Members.

Order for Second Reading read.

5.18 pm

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): I beg to move, That the Bill be now read a Second Time.

The Bill will give effect in United Kingdom law to changes agreed last October at the European Council in Lisbon to the treaties establishing the European Communities and the European Union. The Government are convinced that Britain's membership and full engagement with the European Union is good for Britain and good for Europe; and we believe that the treaty is good for Britain and good for Europe, too.

The treaty is the fifth such treaty since the late Edward Heath negotiated the UK's entry to the EU in 1973. Lady Thatcher's Single European Act of 1986 set out the blueprint to complete the single market, provided for co-operation in foreign policy and created the concept of the convergence of economic and monetary policies. John Major's treaty of Maastricht in 1992 created economic and monetary union, the common foreign and security policy, and co-operation on justice and home affairs. Tony Blair's 1997 treaty of Amsterdam streamlined decision making and added provisions on social policy and employment, while the treaty of Nice in 2001 adjusted the EU's institutions to pave the way for enlargement. As I will describe, the treaty will improve the way in which the EU works. It will adapt the EU's institutions to a Union of 27, and ensure that the voice of Europe's nations is heard more loudly in foreign policy. It brings national Parliaments into day-to-day decision making to strengthen subsidiarity and focuses the EU on the big external challenges from climate change to migration.

Mr. John Redwood (Wokingham) (Con): Will the Foreign Secretary give way?

David Miliband: Just let me set out my argument.

This treaty is unique, however, in one regard. It marks the end of a process of institutional reform. That process has gone on too long and taken too much energy, but, if this treaty is ratified around Europe, it will be well and truly over—*[Interruption.]* Hon. Members ask me to prove it. If they will wait one second while I finish this paragraph, I will do so. As the preamble of the treaty says, its purpose is to complete—to finish and to stop—the institutional reform process started by the Amsterdam and Nice treaties. The European Council concluded in December that the amending treaty "provides the Union with a stable and lasting institutional framework. We expect no change in the foreseeable future".

Richard Lambert of the CBI said on 22 November that "the tide of Euro federalism has turned decisively". *[Laughter.]* Opposition Members can mock the director general of the CBI if they wish; we take his views seriously.

Mr. Redwood: Why will the Secretary of State not give us a referendum, given that his party promised one and that all the powers that we worried would be transferred under the constitution are now being needlessly and recklessly given away in this document?

David Miliband: For the same reason that the right hon. Gentleman voted against a referendum on the Maastricht treaty in 1992—namely, that we are a parliamentary democracy and this is an amending treaty.

Mrs. Gwyneth Dunwoody (Crewe and Nantwich) (Lab): The Foreign Secretary might find himself alone in holding that point of view. May I ask him a simple question? He cited the preamble as though it had the effect of the treaty. Is it not true, however, that in all European legislation a preamble is clearly understood not to have legal status?

David Miliband: There is a political commitment from every single leader of the European Union that, for the foreseeable future, there will be no more institutional change. That is a widespread view.

Mr. Peter Lilley (Hitchin and Harpenden) (Con): Will the Foreign Secretary now cut to the chase and spell out the specific transfers of power in the original constitution that, in the Government's opinion, justified a referendum, but which are not in this treaty—thus, in the Government's view, nullifying their promise to hold a referendum? Will he spell out those specific powers?

David Miliband: The right hon. Gentleman will get details of specific powers and of how this is a different treaty in structure, in content and in consequence. It has more similarity to the Maastricht treaty and other treaties.

Mr. Frank Field (Birkenhead) (Lab): A number of Committees of this House have reported that there is no substantial difference between what was the constitution and is now the treaty. Apart from those other Governments who do not want to face their electorates to test their views, what bodies of equivalent standing do our Government have on their side saying that this is a treaty and not a constitution?

David Miliband: I take my right hon. Friend's position on this matter very seriously. If he looks at the minutes of the meetings of the Committees that he refers to, he will see that they have voted decisively on many occasions against having a referendum. The Foreign Affairs Committee and the European Scrutiny Committee have both voted against a referendum. In respect of my right hon. Friend's question about other authorities, I am happy to cite independent legal authorities, including the Dutch Council of State, and independent investigations from other countries, some of which are governmental,

and some of which are not. The issue at hand here is whether this treaty constitutes fundamental constitutional change, and my case to the House tonight is that it does not.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): The specialist Committees that reported and did not mention whether there should be a referendum did not do so because it was not within their remit. On a more specific point, the Foreign Secretary has said on a number of occasions that this treaty will bring an end to institutional changes. Does he really mean that the new treaty, if accepted, would no longer require national Parliaments to be involved in such procedures because it allows self-amending mechanisms, which would mean that we would no longer have a say on certain things?

David Miliband: Not at all. As my hon. Friend knows, the increased role of national parliaments is an important feature of this treaty.

Several hon. Members *rose—*

David Miliband: Let me make some progress.

Left of centre parties in all 27 European countries support the treaty; liberal parties—as well as social democratic and socialist parties—in all 27 countries support the treaty; and conservative parties in 26 countries support the treaty. Only in Britain do we have a major party opposed to the contents of the treaty. The National Society for the Prevention of Cruelty to Children has pledged its support for the provisions in the treaty—*[Interruption.]* Let me make the point.

Several hon. Members *rose—*

David Miliband: No, I am going to make the point. The NSPCC pledged its support, as have One World Action, Action Aid and Oxfam—*[Interruption.]* I will give way in due course—*[Interruption.]*

Mr. Deputy Speaker: Order. These are very serious matters and I am sure that the House will bear that in mind as we continue this debate. The Secretary of State is clearly not giving way for the time being and he will no doubt indicate clearly when he is prepared to do so.

David Miliband: As I was saying, One World Action, Action Aid and Oxfam have announced their support for the measures on development co-operation. Voluntary sector leaders have said that the treaty strengthens the voice of civil society.

Several hon. Members *rose—*

David Miliband: I will give way to right hon. and hon. Members after I have made my point.

Environmental organisations support the treaty provisions on sustainable development and even the commission of bishops supports the treaty. This is a coalition not of ideology, but integrity; not of federalism in Europe, but of realism about the modern world. Only in Britain does one of the two main parties place itself outside that coalition and actually oppose the contents of the treaty root and branch.

Several hon. Members *rose—*

David Miliband: I am happy to give way to the former Secretary of State, the right hon. Member for Suffolk, Coastal (Mr. Gummer).

Mr. John Gummer (Suffolk, Coastal) (Con): Would not the Government be in a much stronger position to defend a treaty to which many of us find no objection in general if they had not promised a referendum, yet are now denying it? Is not the real issue that people in Britain who favour the treaty believe that the Government have gone back on their word?

David Miliband: The real issue is the content of the treaty; and in its structure and consequence, as well as its content, it is different from the constitution and does not meet the bar of whether it constitutes fundamental constitutional change.

Rev. Ian Paisley (North Antrim) (DUP): May I ask the Foreign Secretary to answer one simple question? He has listed many people who are for this treaty, but the Governments of Scotland and of Northern Ireland are not for it. Surely they should be listened to in this united Parliament.

David Miliband: Every right hon. and hon. Member should be listened to on this issue in this Parliament. This is the United Kingdom Parliament and it is the United Kingdom that negotiates on treaty matters.

Tom Levitt (High Peak) (Lab): My right hon. Friend was absolutely right to point out that voluntary organisations support the treaty. Is it not the case that with this treaty comes a recognition for the first time of the relationship between European institutions and civil society across Europe, in that article 8 provides new opportunities to build on the work we are doing to empower civil society in this country, enabling us to work towards the European compact for civil society?

David Miliband: My hon. Friend makes an important point, which speaks directly to the fact that this treaty brings practical benefits.

Several hon. Members *rose—*

David Miliband: I happily give way to a former Minister for Europe.

Mr. Doug Henderson (Newcastle upon Tyne, North) (Lab): When all the politics is cut aside, is it not clear that the main difference between the constitution and this treaty, which has been recognised by other EU countries, is that the constitution brought together previous treaties and bound them as a document, which would then have been amendable as the constitution of the EU; whereas this treaty is in exactly the same legal position as previous treaties such as Amsterdam and Nice and has much less of a radical impact than the Maastricht treaty?

David Miliband: When I say, as my hon. Friend does, that the treaty is different in structure, it is because the proposed constitution was legally unprecedented: it abolished all previous European treaties and refounded

[David Miliband]

the European Union. This treaty, like the four previous treaties, amends the original founding document of the European Union.

Philip Davies (Shipley) (Con): If this treaty is such a marvellous thing for this country, why will the Secretary of State not have the courage of his convictions and put it to the British people? Does he think that the British public are too thick to understand its benefits, or is he just scared of being rumbled, because they know that it gives away so many powers to the European Union?

David Miliband: We have heard the authentic voice of the modern Tory party. The hon. Gentleman is a leading member of the Better Off Out campaign, and we know what it wants: to get us out of the European Union totally.

Several hon. Members *rose*—

David Miliband: I shall give way for the last time to the former Foreign Secretary.

Sir Malcolm Rifkind (Kensington and Chelsea) (Con): The right hon. Gentleman has said now on two occasions that the only basis for a referendum would be that fundamental constitutional changes were proposed. He must be aware that when the former Prime Minister Tony Blair announced a referendum in 2004, at no time did he cite as the basis for his decision the fact that what was before us was a constitution. He said to the House that when Parliament had discussed the matter, we should let the people have their say. If the Foreign Secretary is resting on the opinion of the bench of bishops and the NSPCC, is it not also appropriate that the people have their say?

David Miliband: The former Prime Minister addressed the matter directly in his statement from the Dispatch Box, when he said that the constitution did not constitute fundamental constitutional change. A bit like the hon. Member for Shipley (Philip Davies), he had the idea that we should "clear the air". No doubt historians will debate the wisdom or otherwise of that for many years to come. There was absolute clarity, however, that the constitution did not constitute fundamental constitutional change.

Several hon. Members *rose*—

David Miliband: I must make progress, but I shall try to give way to right hon. and hon. Members in due course.

The wide coalition behind the treaty is relevant. The Leader of the Opposition said in 2007 that he wanted to

"create a flexible Europe by building alliances with those who share our interests and our ideas".

Where does that stand now? We know the truth. His crusade against the treaty is a shared project with Sinn Fein, assorted fringe communist parties and the Dutch Animals party. That is the extent of the shared interests.

The Leader of the Opposition is not leading his party to government, or building an alliance of shared interests. He is leading it into the wilderness, to follow the hon. Member for Stone (Mr. Cash).

Several hon. Members *rose*—

David Miliband: I will make some progress. *[Interruption.]*

Mr. Deputy Speaker: Order.

Sir Patrick Cormack (South Staffordshire) (Con): On a point of order, Mr. Deputy Speaker. In view of the contempt with which the Foreign Secretary is treating the House with this appalling speech, will you adjourn the House so that he can go and write a proper one?

Mr. Deputy Speaker: The House will understand if I say that that is a matter for debate rather than a matter for the Chair.

David Miliband: Let me go through the clauses of the Bill. *[Interruption.]* I will be happy to give way later.

Clause 1 defines the Lisbon treaty. Clause 2 amends the European Communities Act 1972, which gives EU treaties legal effect in the UK, to include the Lisbon treaty. We gave effect to the four previous treaties governing our role in the European Union in exactly the same way.

Mr. William Cash (Stone) (Con): Will the Secretary of State give way?

David Miliband: No, I will be happy to give way to the hon. Gentleman later.

Clause 3 clarifies the terminology relating to the European Union. Clause 4 provides for consequential changes in the European Parliament. Clause 5 provides that no future amending treaty is to be ratified by the United Kingdom unless it has been approved by an Act of Parliament. Clause 6, for the first time, gives Parliament the power to veto amending measures, covering any move to qualified majority voting, co-decision and the so-called simplified revision procedure—the point raised by my hon. Friend the Member for Birmingham, Edgbaston (Ms Stuart), and which I want to cover. The so-called passerelles are provisions in the treaty allowing for amendment without an intergovernmental conference. They have been around since Margaret Thatcher's Single European Act. It is not just the case that changes can come into force only if they are agreed by all Governments; this is the first time that Parliament has been given power to veto their use.

Clause 7 is the short title of the Bill. Clause 8 provides for the commencement of its provisions. That creates, as requested by both Select Committees, a parliamentary hook for an amendment calling for a referendum on the treaty and a debate and vote in the House on the issue.

Today's debate provides an opportunity to discuss the principles and content of the Bill and the treaty, and it is to the details of the treaty that I now wish to turn.

Several hon. Members *rose*—

David Miliband: I said that I would give way to the hon. Member for Stone, and I am happy to do so.

Mr. Cash: The Foreign Secretary says that there is no fundamental change. How can he claim that there is no fundamental change in the structure of the United Kingdom in relation to the European Union by virtue of the Bill and this treaty? It is absolutely clear from the Government's own statement that there is a merger of the existing treaties, the abolition of the European Community in favour of a European Union and a legal personality, and that the structure of the relationship between the United Kingdom and the European Union is absolutely and totally changed by virtue of these proposals.

David Miliband: There is simply no credibility in the suggestion that with the continued separate treaty for foreign policy, this treaty abolishes the United Kingdom's ability to be a sovereign country. I can tell the hon. Gentleman—and I will go through this in detail—that in structure, in content and in consequence, it is certainly not a bigger change in the relationship between Britain and the European Union than was Maastricht or the Single European Act.

Gordon Banks (Ochil and South Perthshire) (Lab): A moment ago, the Foreign Secretary mentioned the changes to qualified majority voting in the treaty. Will he tell us whether he considers those changes to be in the United Kingdom's national interests?

David Miliband: I certainly will. In respect of development, energy liberalisation and development aid, this is precisely the sort of change that we need in order to get things done in the European Union. It is in the British national interest, rather than contrary to it.

Mr. John Maples (Stratford-on-Avon) (Con): Will the Foreign Secretary give way?

David Miliband: I will give way to the former foreign affairs spokesman.

Mr. Maples: The question in which people are interested is whether there should be a referendum or not. The only excuse that the Foreign Secretary and the Government have for not holding a referendum is that this treaty is in some way fundamentally different from the constitution. However, a report by the European Scrutiny Committee stated

"The Reform Treaty"

—this one—

"will introduce into the existing Treaties all the 'innovations'"

that were in the constitution apart from the symbols, referring, I think, to the flag and the "Ode to Joy". Was the Scrutiny Committee wrong? If it was not, the Foreign Secretary is not being straight with the House.

David Miliband: The hon. Gentleman has quoted a very partial part—*[Interruption.]* The European Scrutiny Committee did not say that it was only in the matter of symbols that there were differences. In terms of structure, content and consequences, this is a fundamentally different treaty, and it certainly does not meet the bar of fundamental constitutional reform.

Bob Spink (Castle Point) (Con): May I give the Foreign Secretary a quotation that he may recognise? It comes from the architect of the European Union constitution, Giscard d'Estaing, who said:

"I have compared the new Treaty with the Constitution on the 'nine essential points'. To tell the truth, to my great satisfaction, these nine points reappear word for word in the new Treaty. Not a comma has changed."

Was d'Estaing telling lies when he said that?

David Miliband: Listen to what Giscard d'Estaing—the same former president—said five days ago. He said:

"The request for a referendum is not justified, as this is a different text"

from the constitutional treaty. There is no way in which to pray in aid Mr. Giscard d'Estaing.

Mr. Kenneth Clarke (Rushcliffe) (Con): Does the Foreign Secretary not accept that he could save himself all this theological nonsense of trying to claim that the present treaty is different from the former treaty if he would accept that his own genuine view is that the last Prime Minister made a mistake when he came along and told us all, to our complete surprise, that he was going to have a referendum on the treaty that he then had? The then Prime Minister did not really believe in referendums on such subjects, and I am sure that the present Foreign Secretary was as amazed as I was to hear the Prime Minister's statement. If he would only admit that the referendum should never have been offered in the first place, he could save himself this arcane and ridiculous argument, rather than trying to demonstrate that this is a different document, in fundamental terms, from the one that we had before.

David Miliband: As one who was a junior Minister toiling in the Department for Education and Skills at the time, I can certainly confirm that it came as a surprise and a shock to me to learn of the new decision. I certainly agree that there was no way on the basis of its constitutional significance that it merited the decision that was taken.

Mr. David Blunkett (Sheffield, Brightside) (Lab): Does my right hon. Friend accept that the European Scrutiny Committee report and the original words that Giscard d'Estaing issued did not—as the current Committee has recently reflected—take into account the fact that the opt-outs and protocols have made a significant difference to the decisions that we in this House take on the treaty compared with the 26 other European countries who are seeking to ratify it?

David Miliband: My right hon. Friend makes an important point. This is a different treaty for Britain than it is for other countries in Europe. That is why Giscard d'Estaing talks about the "special status" of the treaty in the United Kingdom.

I shall now make some progress, but I may well give way later, depending on how far we get.

Mr. David Heathcoat-Amory (Wells) (Con) *rose*—

David Miliband: I shall certainly try to bring in the right hon. Gentleman later.

[David Miliband]

The Government want Europe's nations to set a clearer and more consistent course for the European Union. The treaty will bring in a full-time president of the European Council, ending the six-monthly merry-go-round of the changing presidency, which has too often meant a lack of consistency and follow-through. The president will be appointed by Heads of Government and be accountable to Heads of Government, and it will continue to be the EU's national leaders, not the president of the Council, who takes final decisions.

The Government believe that security and prosperity within the EU demand more purposeful action beyond Europe's borders. The answer is not to undermine the foreign policy prerogatives of nation states—and, as the Foreign Affairs Committee states very clearly, that is not the consequence of the Lisbon treaty. The treaty ensures that the decisions of the 27 EU nations, when we all agree, will be carried forward in a more coherent way by the appointment by member states of a single Commissioner, rather than two as at present.

Mr. Heathcoat-Amory *rose—*

David Miliband: I will give way to the right hon. Gentleman when I reach the end of this section of my speech.

The Government want to ensure that as the EU enlarges the treaty reduces what has become a large and unwieldy Commission, reducing the number of Commissioners from 27 to 18.

The Government believe that national Parliaments should play a bigger role in European affairs, as I described earlier. In addition to the measures I described, for the first time national Parliaments will have a direct say in the EU's law-making procedures on a day-to-day basis. National Parliaments will now be able to challenge a proposal if, for example, they decide it affects an area they believe is a matter not for the EU but for individual member countries.

Several hon. Members *rose—*

David Miliband: I shall give way to Members when I reach the end of this section, and I shall start with the right hon. Member for Wells (Mr. Heathcoat-Amory), who serves on the Foreign Affairs Committee.

The Government also believe that Europe needs to reform its voting system to take account of enlargement. The treaty finally does that. In future, population size as well as the number of states is important to decision making. That will raise the proportion of votes in UK hands from 8 to 12 per cent.

Furthermore—and to pick up on an earlier point—let me set out the facts on qualified majority voting. Sixteen of the changes either do not apply to the UK or apply only if we agree, because they concern economic and monetary union, of which we are not a part, or justice and home affairs, on which we have the ability to opt in or out. *[Interruption.]* For as long as necessary: as I shall explain in detail, we will have the right to choose on all justice and home affairs measures.

Fourteen of the QMV changes are purely procedural; for example, they address how we appoint members of the EU's Economic and Social Committee, or provisions relating to the effect of the past division of Germany. In 20 areas, the changes offer faster decision making where that is in the UK's interests, such as on energy liberalisation, where the chairmen of Centrica and the National Grid Company have said that the Lisbon treaty

"will be a way of circumventing cases of protectionism";

on aid to disaster zones, where representatives of 350 development non-government organisations have said that the treaty can

"deliver a stronger poverty focus and greater coherence in"

the EU's

"development and humanitarian work";

and on strengthening the EU's research and innovation capability, which will be of benefit to UK universities and research institutes.

I am now happy to give way to the right hon. Member for Wells.

Mr. Heathcoat-Amory: I thank the Foreign Secretary for doing so. Since he has dismissed the European Scrutiny Committee conclusion that the current treaty is substantially the same as the constitution, does he also dismiss the conclusion of the Foreign Affairs Committee published this morning

"that there is no material difference between the provisions on foreign affairs in the Constitutional Treaty which the Government made subject to approval in a referendum and those in the Lisbon Treaty on which a referendum is being denied"?

Was that Labour-dominated Committee also wrong?

David Miliband: The Chairman of the European Scrutiny Committee is present, so he will be able to confirm that it said that the treaty was not substantially different for those countries without the protocols and opt-outs that we have secured. The quotation that the right hon. Member for Wells has given is a totally partial representation of what that Committee concluded.

Several hon. Members *rose—*

David Miliband: I have addressed one point. The right hon. Gentleman asked me two questions, so I want to address the second one and then we will be able to address others.

The Foreign Affairs Committee report confirms that the Government's red line of foreign policy being an intergovernmental area remains intact.

Mr. Ken Purchase (Wolverhampton, North-East) (Lab/Co-op): Agreed by him too.

David Miliband: That was agreed by the right hon. Gentleman, who voted against a referendum on Maastricht as deputy Chief Whip at the time. The FAC says that the role of the high representative for the common foreign and security policy is a valuable contribution and it dismisses the allegations that we will lose our rights at the Security Council as nonsense. I say to all hon. Members that they should read what the FAC has said, rather than what it is alleged to have said.

Rob Marris (Wolverhampton, South-West) (Lab): Does my right hon. Friend share my surprise that those who demand a referendum as a cover for their wish to

withdraw from the European Union never seem to mention the provisions in this treaty, which include provision for competences to be transferred back to member states from the EU and the introduction of a procedure for managing the withdrawal of a member state from the EU? Those are just the sorts of things one would expect those against UK membership of the EU to support.

David Miliband: In keeping with his reputation in this House, my hon. Friend has read the details of the treaty and he understands the fact that it indeed does the things that he says it does.

Mr. Andrew Robathan (Blaby) (Con) *rose—*

David Miliband: The hon. Gentleman has been trying to get in for some time, so it is only fair that I give way.

Mr. Robathan: The Foreign Secretary is doing a good job of saying that black is white in a rant of propaganda that would be worthy of Goebbels.

Mr. Deputy Speaker: Order. Even though these are extremely serious matters, we should temper our language when we make contributions to the debate. I think that, on reflection, the hon. Gentleman ought to withdraw that particular remark.

Mr. Robathan: I will certainly withdraw it, although I must say that my mother lost her first husband in the second world war.

Mr. Deputy Speaker: Order. May I say to both sides of the House that hon. Members should treat each other with some courtesy and the House with respect? If one withdraws a remark, there is no need to qualify it after that.

Mr. Robathan: My point was that the Foreign Secretary and all the hon. Members sitting behind him must go back to their constituents at election time. They told their constituents at the previous election that they could have a vote on the constitution. This is the same as the constitution—black is not white—so how will they face their constituents? What will they say next time round?

David Miliband: It is through the elections to this House that people will be able to decide their view on the different stances that different hon. Members take. One thing that we should be able to agree upon above all others is that if the European Union has contributed to anything over the past 50 or 60 years it is to the prevention of war in Europe. I hope that the hon. Gentleman will believe, on reflection, that the language and the imagery that he has conjured up are not worthy of him.

Ms Angela C. Smith (Sheffield, Hillsborough) (Lab): History, if nothing else, teaches us of the importance of a united Europe. Does my right hon. Friend agree that the position outlined by many hon. Members today betrays an isolationist position that risks damaging this country both politically and economically?

David Miliband: My hon. Friend raises an important point about the priorities that should confront us. Those are not about institutional change but are about dealing with the major issues that the European Union should be addressing—

Daniel Kawczynski (Shrewsbury and Atcham) (Con) *rose—*

David Miliband: I shall make some progress and then, as always, I shall come back to the hon. Gentleman in due course. His relationship with me goes back to his time as advocate for the milk industry, and I hope that he will be patient.

I want to deal with the four red lines that the Government insisted were at the heart of our negotiating approach. In respect of tax and social security, the right hon. Member for Richmond, Yorks (Mr. Hague), who speaks for the Conservative party, admits that we have strengthened our veto power but now he says that it was never under threat.

The right hon. Gentleman alleges an extension of the role of the European Court of Justice on social legislation via the charter of rights, yet the treaty records existing rights rather than creating new ones. A new legally binding protocol guarantees that nothing in the charter extends the ability of any court to strike down UK law. Let us not forget that the Conservative party wants to rip apart Europe's social legislation by taking away British people's rights to annual holiday and making them second-class citizens in Europe by withdrawing from the social chapter.

In respect of the third red line, the Opposition say that our legal system is under threat because justice and home affairs co-operation will no longer be separate from other aspects of European Union activity. I say they should listen to Professor Alan Dashwood of Cambridge university, a leading professor of European law, who says that the provisions we have negotiated constitute "a very solid safeguard".

For every item of justice and home affairs activity, existing or intended, we will have the right to opt in or to opt out. The treaty extends and strengthens our existing opt-in on visas, immigration, asylum and civil law to areas of criminal law and police co-operation—for example, combating international terrorism and organised crime.

The Opposition say they fear dilution of foreign policy power, but foreign policy will remain in a separate treaty, which reinforces its intergovernmental nature. The Foreign Affairs Committee agrees. Unanimity will remain the rule for setting policy. The Foreign Affairs Committee agrees.

Several hon. Members *rose—*

David Miliband: I will give way in a moment when I reach the end of this section of my speech.

An explicit treaty provision excludes ECJ jurisdiction over common foreign and security policy. The Foreign Affairs Committee agrees. The accusation that we will lose our seat on the UN Security Council is nonsense.

Chris Bryant (Rhondda) (Lab): Will my right hon. Friend give way?

Sir Patrick Cormack: Will the right hon. Gentleman give way?

David Miliband: I promised that I would give way to the hon. Member for Shrewsbury and Atcham (Daniel Kawczynski). I will give way to my hon. Friend the Member for Rhondda (Chris Bryant) and then I shall of course defer to the hon. Member for South Staffordshire (Sir Patrick Cormack) who has long experience as a distinguished parliamentarian.

Daniel Kawczynski: I am extremely grateful to the Foreign Secretary for giving way. At the beginning of his speech, he referred to a small number of organisations that back the constitution, which included the bishops. I am rather surprised by that as there is no reference to our Christian faith in the constitution. Does the right hon. Gentleman share my concern that in the whole document there is no reference to our Christian faith?

David Miliband: If the hon. Gentleman looks at the origins of the document and at its preamble he will see a reference to Europe's heritage of all kinds, which different Members can interpret in different ways.

Chris Bryant: Is it not true that in a dangerous world, which is insecure for many people, it is more important that we have strong international institutions, not just worldwide but at European level? Is it not also true that there are now few areas where Britain can secure its foreign policy interests without co-operating with others, not least on what Russia has been doing to the British Council in the past few days or when we are trying to secure peace in the middle east?

David Miliband: My hon. Friend puts an important question. I was discussing issues about the middle east and Russia with the Hungarian Foreign Minister today. The European Union adds to our power to do precisely that.

Sir Patrick Cormack: I am extremely grateful to the Foreign Secretary, especially for giving way to me so soon after he gave way to the formerly reverend gentleman.

Why is the Foreign Secretary so diffident? If opinion-forming groups and bodies, such as the Royal Society for the Prevention of Cruelty to Animals, the bishops, the professors he mentioned and all those other marvellous influential groups, are in favour of the treaty, why cannot the people have the chance to listen to those opinion formers and vote accordingly?

David Miliband: I am surprised to have to say this to the hon. Gentleman: the answer is because it is in the House that we make decisions about how to govern our country. It is in the House that we make the laws of our country and it is to the House that people elect us to make those difficult decisions, not to dodge them.

Mr. Cash: On a point of order, Mr. Deputy Speaker. The Foreign Secretary has just referred to the fact that he does not want to grant us a referendum, but is it not the fact that we can have a referendum only if it is passed by Act of Parliament? In other words, it enhances parliamentary authority if we have the humility to give the people their say.

Mr. Deputy Speaker: Again, I suspect that is a matter for debate carefully—or not so carefully—disguised as a point of order.

David Miliband: In respect of the structure and content of the treaty, I have set out how it is different. In consequence, the treaty has different consequences from those of the constitutional treaty that was discussed some years ago.

Mr. John Baron (Billericay) (Con): Will the Foreign Secretary give way?

David Miliband: No.

Mr. Deputy Speaker,

"The myth that we are threatened with a European superstate is still nourished in the Conservative cul-de-sac. Certainly there are Continental idealists who bitterly regret that it has faded away, but faded it has, as has been clear since Maastricht."

[Laughter.] Members may laugh but those are not my words; they are those of Lord Hurd and he is right. It is a myth and we should see it as such.

Rather than setting us on the slippery slope towards a federal Europe, the treaty marks a different point. All 27 member states agreed at the European Council in December:

"We expect no change in the foreseeable future, so that the Union will be able to fully concentrate on addressing the concrete challenges ahead."

The Institute of Directors supports that, the CBI supports that and I support it; and it is time the Opposition supported it, too.

Mr. Baron: Will the Foreign Secretary give way?

David Miliband: No.

The Leader of the Opposition and the right hon. Member for Richmond, Yorks have said that if the countries of Europe pass the treaty, in the event of a future Conservative Government they will

"not let the matter rest".

The Conservative party needs 14 countries to back its drive not to let the matter rest. I hope that in the right hon. Gentleman's speech he will name one country—just one—that will support his quest to reopen the treaty. [HON. MEMBERS: "Norway."] Norway is not yet in the European Union. The truth is that there is not even one such country, and what the Conservative commitment means is a further referendum pledge, renegotiation or withdrawal. It is important to look through the consequences.

Mr. Bernard Jenkin (North Essex) (Con): Will the right hon. Gentleman give way?

David Miliband: No.

Mr. Baron: Will the right hon. Gentleman give way?

David Miliband: No.

The consequence of Conservative policy is not to end institutional wrangling, not to help Europe get on with the real business of serving its citizens, but to prolong the institutional debate that we need to end. The Conservatives say they care about UK jobs, UK

security, UK influence and the UK's reputation, but in fact they risk British jobs, British security and British influence to try to control those in their party who brought down John Major's leadership of the Conservative party. John Major used words to describe those people that I cannot use in the House, but we know who they are.

The Conservatives say they want a Europe that works but in fact they will do everything possible to stop it working. We have had seven years of negotiation and discussion leading to the treaty; the Opposition's policy would lead to a second decade of institutional inertia that diverts Europe from the real issues that confront it.

Mr. Baron: Will the Foreign Secretary give way?

David Miliband: No.

Only this weekend, the right hon. Member for Richmond, Yorks said that he thinks that

"there is a fairly settled view in the Conservative Party that we should be campaigning for a Europe that addresses global poverty, global warming, global trade".

That is what the treaty would do, yet the right hon. Gentleman will speak and vote against its provisions in that regard. This is where we learn about the real divide in the debate. It is not about the details of the high representative for foreign affairs; the real divide is between those who believe that Britain is good for Europe and Europe is good for Britain, and those who do not.

The true heartbeat of the Conservative party is not found in the tradition of Iain Macleod, John Major or even Margaret Thatcher. The vision is not Britain at the heart of Europe, but Britain better off out. There is even a group with that name. The hon. Member for Wellingborough (Mr. Bone), who I am sorry not to see in his place, has recently joined—

Hon. Members: Here he is.

Mr. Peter Bone (Wellingborough) (Con) *rose*—

David Miliband: The hon. Gentleman is in the Chamber. Excellent. I welcome him—he usually sits immediately behind the Front Bench.

The hon. Gentleman recently joined the Better Off Out campaign, which says of the modern Conservative party that many of its MPs, MEPs, peers, prospective candidates, officers and members are Better Off Out supporters. Better off out of a single market with 3 million jobs? Better off out of the European arrest warrant and effective action against terrorism? Better off out of joint action to tackle climate change?

No, Britain is not better off out. If we care about global trade, global poverty and global warming we are better off in—at the heart of Europe, shaping the European Union and making sure it delivers on the issues that matter to us. That is what the treaty offers. That is what the Government offer, and I commend the Bill to the House.

6 pm

Mr. William Hague (Richmond, Yorks) (Con): It is all too typical of the Government's management of our affairs that the House of Commons has been left with less than five hours to debate a measure of far-reaching importance in which there is widespread public interest. It is typical, too, that the reason for that is two statements, both of which derive from the unremitting incompetence of the Government. It is still more typical that the Prime Minister, having signed the treaty without having the courage to turn up for the ceremony, wants to force the Bill through Parliament but lacks the courage to vote for it himself.

I must compliment the Foreign Secretary on his speech. We expected him to put the case for the treaty, but not to do so in such a hugely entertaining way. When the hon. Member for Crewe and Nantwich (Mrs. Dunwoody) asked him about the legal force of preambles, he was not really able to give an effective reply. When the right hon. Member for Birkenhead (Mr. Field) asked him about support from House of Commons Committees for his view of the differences between the treaties, he was not able to think of any. When he listed the NSPCC among the supporters of the treaty because of its child protection provisions, he omitted to say that the Government opposed those provisions going into the treaty. It seems like an important omission. They were opposed at the European Convention by the right hon. Member for Neath (Mr. Hain), when he was the Minister for Europe, on the grounds that they would extend the competencies of the European Union—or perhaps that was just an early incompetence from the right hon. Gentleman. If that is to be the quality of the Foreign Secretary's argument, it is a good job that he has the committee of bishops on his side, because there will be nothing left for him but to pray.

Hugh Bayley (City of York) (Lab): Is it not fundamentally misleading for the right hon. Gentleman—*[Interruption]*—and his party to tell the public in Britain that they would renegotiate, when not one single other country and not one single European Commissioner has said that they would be prepared to enter such negotiations?

Mr. Hague: It is hugely encouraging that Labour Members' minds are increasingly concentrated on the advent of a Conservative Government. It is not surprising that they want to know some of these things further in advance, but these debates are about the treaty and the case for a referendum on the treaty, and we will be putting that case during these debates.

It is worth noting that there is much on foreign policy on which the Government and the Opposition agree. Even on European matters, the commitments that we have made—in fairness, I must add that the Foreign Secretary did mention them—to work for a European Union concerned with the great challenges of global poverty, global competition and global warming, rather than with the aggrandisement of its own internal institutions, have been echoed to some extent by Ministers.

At the Lisbon summit, the Prime Minister called for a focus on the challenges of jobs, prosperity, the environment and security—we agree with that—but while the aspirations and the language may often seem similar, the trouble with the Bill and the treaty is that they fly in the face of that British aspiration to create an outward-looking rather than an inward-looking Europe. In a Europe that needs greater flexibility, the treaty moves more power to the centre. In a Europe where nations need the freedom to compete, it will

[Mr. Hague]

narrow those freedoms. In a Europe committed to democracy, it will take more decision making away from democratic control.

Mr. Jim McGovern (Dundee, West) (Lab) *rose—*

Mr. Hague: I will give way in a moment.

Astonishingly, the treaty will also weaken one of the greatest strengths of the European Union for the past half century: its commitment to undistorted competition in the single market—an outcome that can only have resulted from the supine ineffectiveness of Britain's negotiators. On top of all that, the treaty creates for the first time sweeping provisions for its own amendment without recourse to further treaties, and it brings about fundamental change in the institutional structure of the European Union—changes that the Government initially opposed, then were happy to define as constitutional in their implications, and now pretend are matters of little importance, about which the people of this country need not be troubled.

The most serious objection to the Bill, irrespective of its merits or lack of them, is that the Government intend to take it through Parliament without any of the consultation of the people that was promised at the last election, brazenly abrogating the commitment made by every party in the House to hold a national referendum in this event. The case for a referendum rests in part on the constitutional significance of what is proposed. When the former Foreign Secretary, the right hon. Member for Blackburn (Mr. Straw), was asked on 6 June 2005 what were the constitutional aspects of the treaty that merited submission to a referendum, he said they were the creation of a permanent President of the Council of Ministers and a European Foreign Minister. Both of those provisions remain in the treaty today, and the right hon. Gentleman is the Lord Chancellor today. That was his opinion at the time.

Ann Clwyd (Cynon Valley) (Lab): Does the right hon. Gentleman therefore regret opposing a referendum on the Maastricht treaty?

Mr. Hague: I will tell the right hon. Lady the difference between then and now. Then—

Mr. Jeremy Browne (Taunton) (LD): You were in government.

Mr. Hague: That was a difference—something of which Liberal Democrats can only dream—but of course, for the purposes of this argument, the important difference now is that no political party in the 1992 election promised the people of this country a referendum on the Maastricht treaty; in this case, every political party promised the people a referendum. It is therefore a matter of trust in politics and of the honour of our politics that that referendum should be held. The European Foreign Minister has been renamed the high representative of the Union, but as the Foreign Affairs Committee explained in its report only yesterday,

> "We conclude that there is no material difference between the provisions on foreign policy in the Constitutional Treaty which the Government made subject to approval in a referendum and those in the Lisbon Treaty on which a referendum is being denied."

Mr. Redwood: Does my right hon. Friend further remember that during the 2005 election, when some of us said that we needed to debate this huge transfer of powers because it was so important, the Labour party said that there was no need for that debate in the election, because there would be a referendum later? That is why this is such a cheat.

Mr. Hague: My right hon. Friend makes a powerful point, because the case for the referendum rests above all on the need for the House and the Government to honour commitments solemnly given. How many times have each of us in the House toured schools and colleges saying to young people that they should take an interest in politics, that their vote makes a difference, and that what is said at election time really counts? What are we to say to them in future—that the fact that they elected an entire House of Commons committed to a referendum was of no account, that the Government regarded that commitment as a technicality to be escaped from rather than a promise to be kept, and that the promises made at election time do not really matter at all?

Sir Gerald Kaufman (Manchester, Gorton) (Lab): Will the right hon. Gentleman give way?

Mr. Hague: Of course I will give way to the right hon. Gentleman, in a few moments.

Today in our country, the word of Government is less readily believed than at any time in our modern history. Ministers, instead of tackling the apathy and cynicism that that brings, will only add to it with the weasel words with which they try to escape their referendum commitment.

Talking of escaping a referendum commitment, in *The Guardian* of October 2003 I came across an article with the headlines "We need an EU referendum" and "Nothing will damage the pro-European movement more than appearing to have something to hide". It was written by a certain N. Clegg, who went on to become the hon. Member for Sheffield, Hallam (Mr. Clegg) and is now the leader of the Liberal Democrats. [HON. MEMBERS: "Where is he?"] We know that he is not on the plane with the Prime Minister, but for all the difference that he makes to the debate, he might as well be. His article said:

> "The real reason, of course, why the government does not want to hold a referendum is the fear that it may lose."

His analysis was right, and it is a pity that the Liberal Democrats do not stand by that analysis today.

Mr. Jeremy Browne *rose—*

Mr. Hague: I see that we have flushed a Liberal Democrat to his feet.

Mr. Browne: In 18 years in government, the Conservatives never once had a referendum on Europe. The last time there was a referendum on the European Union I was in primary school, and some Members of the House were not even born. The leader of the Liberal Democrats favours a referendum on whether we are, or are not, in Europe. Why does not the Conservative party back that promise?

Mr. Hague: That is apparently the Liberal Democrats' position, and they tried to put it in a reasoned amendment for tonight's debate—but it turned out that it is so

crashingly irrelevant to the issue that the amendment was not in order. They therefore have the distinction of having adopted a policy so irrelevant to the debate that they will at no stage have the opportunity to vote for it. Even those in primary school could have worked that one out.

Mr. Edward Davey (Kingston and Surbiton) (LD) *rose—*

Mr. Hague: I see that a Liberal Democrat flagship has put to sea.

Mr. Davey: There was a vote on that question, through an amendment to the Queen's Speech, but the Conservative party, including the right hon. Gentleman, voted against the opportunity to give the British people a referendum on Britain's membership of the European Union. Does he want to change the position now?

Mr. Hague: The fact that the Conservative party voted in line with its policy at the end of debate on the Queen's Speech can hardly be an astonishing event. It was noticeable that very few Members in other parties voted with the Liberal Democrats on that matter.

To return to the case against the Bill—

Sir Gerald Kaufman *rose—*

Mr. Frank Field *rose—*

Mr. Hague: I promised to give way to the right hon. Member for Manchester, Gorton (Sir Gerald Kaufman), so I must do that first.

Sir Gerald Kaufman: The right hon. Gentleman referred to promises made in general elections. Does he remember that he led his party into the 2001 election on the slogan, "X days to save the pound," and is it not a fact that the pound remains safe today—[HON. MEMBERS: "It worked!"]

Stephen Pound (Ealing, North) (Lab): Yes, I'm still here. *[Laughter.]*

Sir Gerald Kaufman: I repeat: is it not a fact that the pound remains safe today because the right hon. Member for Richmond, Yorks (Mr. Hague) and his exchange rate mechanism colleagues did not get the chance to save it?

Mr. Hague: I am sure that we will work out that question in the end. Yes, the Conservative Government did enter the ERM, but I seem to remember that the Labour Opposition and the shadow Cabinet, of which the right hon. Gentleman was a member, were solidly in favour of doing so, so he must not be too abusive about the ERM.

Mr. Frank Field: Perhaps it will help the Liberals to nail their colours to the mast if I say that their proposal is rather a good idea. Voters in my area are certainly able to take a referendum with two questions. The first would be on whether they wanted to leave the European Union, and my guess is that overwhelmingly, they would, say no. The second would be on whether they wanted the treaty or constitution, and my guess is that they would say no to that, too.

Mr. Hague: It will be hugely cheering for the Liberal Democrat party that somebody somewhere agrees with part of its approach, but that is not a sufficient reason for allowing their policy to be pursued in our proceedings on the treaty. It is certainly our position—and, I think, the right hon. Gentleman's position—that we want to be in the European Union, but we do not want to be taken over by its institutions.

Mr. Blunkett: Will the right hon. Gentleman give way?

Mr. Hague: I must make some progress in a minute, but of course I give way to the right hon. Gentleman.

Mr. Blunkett: I am grateful to the right hon. Gentleman for a very entertaining speech, but surely any Opposition party that aspires to government must answer the following question: given the change that took place following the defeat of the constitution by the French and Dutch voters, and the subsequent return to the table, which led to the protocols and opt-outs negotiated by the Government, what is it that the right hon. Gentleman believes he could achieve through the defeat of the treaty in a referendum, which would lead to our turning to the other 26 European Governments and asking them for something that he has not identified?

Mr. Hague: The right hon. Gentleman gives me the cue to carry on with my analysis of the treaty and the Bill, because I want to consider the question of what was changed after the defeat in the French and Dutch referendums. On that occasion, there was one friend of the people of France and Holland who was not given an opportunity to say no, if it wished to do so: Britain should have been given its opportunity to say yes or no.

The Foreign Secretary regularly parrots the only defence available to the Government, which is that the constitutional concept has been abandoned, and that there has been fundamental change. However, he omitted to mention that paragraphs 1, 4 and 18 of the mandate for the treaty set out how almost the entire contents of the draft constitution are to be brought about by changes to existing treaties.

Nia Griffith (Llanelli) (Lab): Will the right hon. Gentleman give way?

Mr. Hague: No, I must proceed, in fairness to the rest of the House, at least for a little while.

It is surprising that Ministers continue to repeat that line, when the European Scrutiny Committee told them in its report:

"we do not consider that references to abandoning a 'constitutional concept'…are helpful and consider that they are even likely to be misleading in so far as they might suggest the Reform Treaty is of lesser significance than the Constitutional Treaty."

As Giscard d'Estaing, who has already been quoted, put it in June,

"public opinion will be led to adopt, without knowing it, the proposals that we dare not present to them 'directly'."

[Mr. Hague]

He went on to say:

"all the earlier proposals will be in the new text, but will be hidden and disguised in some way."

Perhaps the most disarmingly honest description of what had happened came in that same month from the Belgian Foreign Minister, who said:

"The aim of the Constitutional treaty was to be more readable; the aim of this treaty is to be unreadable...The Constitution aimed to be clear, whereas this treaty had to be unclear. It is a success."

Dishonest as the process has been, other European Governments have at least been honest about the outcome. Not so the Government of the United Kingdom, who have persisted in the argument that the treaty is fundamentally different from the constitution. How could an impartial observer assess whether they are fundamentally different or substantially the same? The obvious way is to read the articles of the reform treaty and compare them to those of the constitution—a process undertaken by both the European Scrutiny Committee and the pressure group Open Europe. Both studies demonstrate that the vast majority of the provisions of the constitution are replicated, often word for word, in the reform treaty. According to one count, 240 of the 250 provisions of the constitution are repeated and restored.

All along, the Government have been unwilling to be frank with Parliament about the process and the outcome. Ministers maintained until the middle of June that

"nothing that you could really call negotiations have taken place",

even though we now know that the negotiating sherpas met on 24 January, 2 May and 15 May. Perhaps the Foreign Office officials who went along were just there as tourists. For all the effect they had on the outcome, they might as well have been.

The criticism levelled at the Government's handling of Parliament has been exceptional. The Foreign Affairs Committee found that the 2007 intergovernmental conference mandate was agreed with little scope for UK public or parliamentary debate and engagement. That sets an unfortunate precedent, and is damaging to the credibility of the institutional reform process. The European Scrutiny Committee—we are talking about Committees with a Labour majority—reported that the

"process could not have been better designed to marginalise the role of national parliaments and to curtail public debate."

The story of the Government in the evolution of the treaty has been one of dissembling and deceit. They set out deliberately to break a firm election promise, denied Parliament and the public information about negotiations that were taking place, and refused to publish information that would help Parliament to come to an informed decision.

Mr. Cash: Would my right hon. Friend be interested to know that, as I understand it, the legal adviser to the Foreign Office who gave evidence to the European Scrutiny Committee only last month has apparently now been appointed legal adviser to the European Union Committee in the House of Lords?

Mr. Hague: That just shows that the Government have a case to answer. The implications of what my hon. Friend says will be far-reaching.

The process of sustained deception has left us with a treaty with three principal failings. The first is that it is not necessary. A recent study by the London School of Economics concluded that

"the 'business as usual' picture"

of the EU

"is more convincing than the 'gridlock' picture".

The French Europe Minister recently admitted that

"the thing that has most struck me since I took up this job seven months ago is precisely the capacity of an EU of 27 members, and more one day, to take decisions".

The expansion of the EU to 27 members seems to have resulted in a greater readiness to reach consensus, and a decline in the use of the veto. The wholly welcome agreement on climate change last spring is an outstanding example. That the European Union can achieve a great deal by working together on such issues, and by pushing forward a free and genuine single market, is not in doubt. That makes it all the more extraordinary that one of the first aspects of the treaty agreed last June was the downgrading of the EU's long-standing commitment to undistorted competition. That change was secured by the French Government, with British Ministers apparently asleep at the wheel, although a protocol was hastily added to the treaty reaffirming the objective of free competition.

European lawyers have been in no doubt about the implications, saying that

"the excision of the competition principle from the front of the Treaty is a likely to have a number of damaging consequences for EC competition law."

As far as we know, no effort has been made by the Government to restore "undistorted competition" to its rightful position in the objectives of the Union. It is a sad hallmark of the treaty that its provisions result from British Ministers having things done to them, rather than driven by them. The Foreign Secretary has said that the Conservative party is almost alone, apart from the Dutch Animals party, in its opposition to the treaty. We are not: vast tracts of provisions in the treaty have for many years been opposed by the Government themselves. As recently as June, they fought desperately to stop the EU high representative taking the chair at meetings of EU Foreign Ministers, but a provision for such chairmanship is in the treaty.

When it was first proposed that EU member states on the UN Security Council should be obliged to ask the high representative to speak for the whole EU when there is a common position, the right hon. Member for Neath (Mr. Hain), when he was the Foreign Office Minister representing the Government, asked for the entire provision to be struck out. However, it is in the treaty. Ministers argued against the creation of an EU diplomatic service, but now it is there. They argued against the self-amending nature of the treaty, but then gave in; they opposed the election of the President of the Commission by the European Parliament, but then capitulated; they tried to prevent employment, public health, consumer protection and transport networks becoming shared competencies with the EU, but they failed. They said they were

"firmly opposed to establishing an European Public Prosecutor",

but that function is now in the treaty; they insisted that the EU not be given an explicit legal personality, but it is now to be given such a personality; they said that qualified majority voting on proposals made by the European Foreign Minister was "simply unacceptable", but QMV is now there. They objected to the article on the common Union defence policy, but then agreed to it; they opposed the EU having the power to set minimum criminal penalties, but then gave in; they said they would not accept the jurisdiction of the European Court of Justice over the third pillar area of justice and home affairs, but they capitulated on that as well. That is not even an exhaustive list. The Government's motto as the treaty has been created is, "Anything for a quiet life, and never mind the national interest."

Hugh Bayley: Because of the nature of interventions, I cannot pick out more than one of the right hon. Gentleman's examples—but why is he so opposed to the single legal identity? It is not a badge of statehood—even the Universal Postal Union has a single legal identity, and the EU already has such an identity—so what is the nature of his complaint?

Mr. Hague: The former Prime Minister, Mr. Tony Blair, stood at the Dispatch Box and told the House of Commons that at his insistence, the question of a legal personality for the EU had been removed from earlier negotiations. He felt so strongly about the issue that the Government eventually went with the flow of the argument in Europe, rather than stick up for their view.

Let me move on, given the passage of time. Our next principal objection to the treaty is that it damages the British national interest and weakens democracy by setting up a process of continuing integration beyond the control of the electorate. When Ministers say they are happy to sign the treaty but are opposed to any further political integration after that, they are merely continuing the habit of deception that I detailed earlier. The whole point of the treaty is to create a process of further integration, not to bring a stop to it. As the Italian Prime Minister, Romano Prodi, put it:

> "As long as we have more or less a European Prime Minister and a European Foreign Minister then we can give them almost any title".

That is how many other countries see the treaty, but it is not how it is described by the Government. The creation of a permanent President of the European Council, elected for two and a half years at a time by majority voting, is a major constitutional innovation in the European Union, and is intended as such. We are all conscious in this Parliament, or we should be, of the way in which the job of First Lord of the Treasury evolved in Britain, steadily developing a grip over Cabinet Departments previously independent of it, and developing into the post of Prime Minister.

The creation of that job took many years—and the present Prime Minister probably feels that it took almost as long to get round to his turn to hold it. To see how the post of a permanent President of the European Council could evolve is not difficult even for the humblest student of politics, and it is, of course, rumoured that one Tony Blair may be interested in the job. If that prospect makes us uncomfortable on the Conservative Benches, just imagine how it will be viewed in Downing street! I must warn Ministers that having tangled with Tony Blair across the Dispatch Box on hundreds of occasions, I know his mind almost as well as they do. I can tell them that when he goes off to a major political conference of a centre-right party and refers to himself as a socialist, he is on manoeuvres, and is busily building coalitions as only he can.

We can all picture the scene at a European Council sometime next year. Picture the face of our poor Prime Minister as the name "Blair" is nominated by one President and Prime Minister after another: the look of utter gloom on his face at the nauseating, glutinous praise oozing from every Head of Government, the rapid revelation of a majority view, agreed behind closed doors when he, as usual, was excluded. Never would he more regret no longer being in possession of a veto: the famous dropped jaw almost hitting the table, as he realises there is no option but to join in. Then the awful moment when the motorcade of the President of Europe sweeps into Downing street. The gritted teeth and bitten nails: the Prime Minister emerges from his door with a smile of intolerable anguish; the choking sensation as the words, "Mr President", are forced from his mouth. And then, once in the Cabinet room, the melodrama of, "When will you hand over to me?" all over again.

There is, of course, a serious point to be made. Occupied by someone with the political skill of our former Prime Minister, that post would become, in not so many years, a far more substantial one than the Government pretend. The President would be seen as the president of Europe by the rest of the world, with the role of national Governments steadily reduced and the role of national democracy and accountability steadily weakened. The naivety of Ministers, who think that by signing the treaty they are agreeing to a static constitutional position, is alarming in people with such senior responsibilities. "Ah," they say, "look at the enhanced role of national Parliaments set out in the treaty." If a majority in half the Parliaments in the EU object to an EU measure, they might be able to block it.

Again, it does not take much political analysis to work out that the chances of that mechanism being employed on any regular basis are vanishingly small. It could be used only if 14 different national Parliaments, nearly all of which have a Government majority, defeated an EU proposal, and did so within an eight-week period. We have only to consider that for a moment, as Members of Parliament, to begin to laugh about it. Given the difficulty of Oppositions winning a vote in their Parliaments, the odds against doing so in 14 countries around Europe with different parliamentary recesses—lasting up to 10 weeks in our own case—are such that even if the European Commission proposed the slaughter of the first-born it would be difficult to achieve such a remarkable conjunction of parliamentary votes.

The last defence of Ministers on the treaty is that they have achieved the defence of their red lines. As the hon. Member for Linlithgow and East Falkirk (Michael Connarty), the Chairman of the European Scrutiny Committee, has judged, the red lines "leak like a sieve". The red lines will be much debated over the coming weeks, but the central fact to remember about them is that the Government claimed to have achieved exactly the same red lines when they signed the European constitution and proposed a referendum.

[Mr. Hague]

That brings me back to our strongest objection of all to the Bill. The Government's contention that the treaty is so different from the European constitution that they are relieved of their promise to hold a referendum is shared by few independent observers, and not even by the members of their own party who have given the most time and commitment to the process. As the hon. Member for Birmingham, Edgbaston (Ms Stuart) explained to the Prime Minister—I hope that I shall not embarrass her by quoting her:

"sticking to your guns in defence of a patently dishonest position is not leadership, but the soft option, and a cop-out from a specific promise made to voters."

Whatever the niceties of the argument, by no stretch of the imagination is the treaty so different from the constitution as to relieve the Government of their promise. Every survey on the subject has shown that the vast majority in our country would like to have their say. In the words of the Belgian Foreign Minister, the Government are banking on the treaty being too unreadable for people to worry about it. However, the treaty's constitutional innovations are sufficiently sweeping, and its erosion of our national democracy sufficiently serious, that many of us will have no hesitation not only in voting against it, but in voting for a referendum at every opportunity.

Angus Robertson (Moray) (SNP): Will the right hon. Gentleman give way?

Mr. Hague: No, I shall not give way any more; I am coming to the end of my speech.

All of us must remember that we have no democratic mandate from the voters to agree to the treaty without their approval. None of us told voters that we would agree to a treaty nearly identical to the constitution and ram it through without their being allowed to have their say on it in an election or a referendum.

If the House voted for such a referendum, it would be a magnificent assertion of honour in politics and trust in the nation. If it fails to do so—if it passes the Bill without a referendum—it will have connived in the actions of a deceitful and cowardly Government whose actions will have further stained the name and reputation of our politics.

Several hon. Members *rose—*

Madam Deputy Speaker (Sylvia Heal): Order. I remind all right hon. and hon. Members that Mr. Speaker has imposed an eight-minute limit on all Back-Bench speeches.

6.32 pm

Mike Gapes (Ilford, South) (Lab/Co-op): I want to confine my remarks entirely to the foreign affairs aspects of the treaty. In the past day, there has been some media comment on the recommendations and conclusions of the Foreign Affairs Committee's report "Foreign Policy Aspects of the Lisbon Treaty". I want to place on the record its main recommendations and conclusions, because many of them have not been adequately aired in all the newspaper and other media coverage of the past 24 hours.

The Select Committee's report is comprehensive and no doubt there will be an opportunity for detailed consideration of it when the Bill goes to Committee. However, I want to place on the record the fact that as a Committee we believe that

"the new institutional arrangements for EU foreign policy created by the Lisbon Treaty have the potential to encourage more coherent and effective foreign policy-making and representation."

That is from paragraph 221. Paragraph 118 states:

"the Common Foreign and Security Policy will remain an intergovernmental area, driven by the Member States. We welcome this."

We also believe that

"the new post of High Representative of the Union for Foreign Affairs and Security Policy"

is there to enact agreed foreign policy and

"has the potential to give the EU a more streamlined international presence and to contribute to the more coherent development and implementation of external policy."

That comes from paragraph 154.

Daniel Kawczynski: Will the hon. Gentleman give way?

Mike Gapes: No. I have only eight minutes and I want to make some progress.

Paragraph 220 states:

"the creation of the post of High Representative for Foreign Affairs and Security Policy, and of the European External Action Service, represent major innovations in the EU's foreign policy-making machinery."

It goes on to say that the new post and service do not

"risk undermining the Common Foreign and Security Policy's intergovernmental nature".

However,

"the Government is underestimating, and certainly downplaying in public, the significance of their creation."

I therefore welcome the fact that today the Foreign Secretary started to make the positive case for the proposals. I personally believe that more should have been done last year, before the intergovernmental conference in June and again before the intergovernmental discussions in October, to explain things to the public and Parliament. The Committee is critical—I do not resile from that—of the fact that we were not in the loop last June, when those issues were under consideration. However, that does not mean that the treaty proposals should be opposed, and I should like to make a number of other points on that.

The Lisbon treaty raises concerns about how the post of high representative for foreign affairs and security policy could work. The Committee wants more information about that as we fear that the relevant individual, whoever they are—whether Mr. Solana or a successor—could face work overload because of the large burdens of foreign policy representation, chairing Council of Ministers meetings and having a role in the Commission. That issue needs to be considered in some detail.

In addition, as has already been mentioned, the Lisbon treaty provides for the high representative to speak at the United Nations Security Council. However, as our report states in paragraph 157, that

"will make little difference to current practice. It will not undermine the position of the UK in the United Nations system nor the UK's representation and role as a Permanent Member of the Security Council."

The reshaped role of the President of the European Council has already been mentioned. We believe that that

"could help to generate consensus among EU leaders and lead to greater continuity in the chairing of the European Council. However, we are concerned by the current degree of uncertainty which surrounds the role and by the potential for conflict with the High Representative in representing the EU externally."

However, we need more information about how that will work in practice.

There is also the question of how the external action service will work. We believe that it may reduce

"duplication between the Council Secretariat and the Commission"

and facilitate

"the development of more effective EU external policies, operating in parallel with rather than as a substitute for national diplomatic services."

We also believe that the service offers the opportunity for

"a greater intermingling of national and EU personnel and careers."

However, we are concerned about how that will work in practice and we want to be sure that British Foreign Office officials seconded to the service see it as a good move in their career development. They should be able to come back to our Foreign and Commonwealth Office and have a proper representative role. We want working for the service to enhance career prospects.

Finally, we believe that

"the Commission's loss of the right to make Common Foreign and Security Policy proposals is welcome because it represents an important assertion of the intergovernmental nature of the Common Foreign and Security Policy."

We all want more effective co-operation and co-ordination between the European Union's 27 member states. However, there has been ambiguity about how the foreign and security policy works because of the role of the Commission. The treaty clarifies that issue: it makes it explicit that the policy is intergovernmental. It moves current Commission staff away from the Commission and puts them under the high representative, who is accountable to the Council of Ministers.

The process is therefore clearly intergovernmental and will work only if very competent people are in those jobs. We need to ensure that high-level people are appointed and that high-level people from our own Foreign and Commonwealth Office play a role in the process. In that way, when the treaty is adopted by the 27 member states next year, and when it begins to come into effect in 2009, we will be sure that British personnel and influence are at the heart of the new European Union foreign and security policy structures—not marginalised as, sadly, they would be if some Members of the House had their way.

6.39 pm

Mr. Edward Davey (Kingston and Surbiton) (LD): The hon. Member for Ilford, South (Mike Gapes) and his Committee have given an analysis that confirms that the Lisbon treaty keeps foreign policy on an intergovernmental basis but makes changes to the institutional workings that will enable British foreign policy to be more effective. The hon. Gentleman concentrated on what is actually in the treaty. The Conservatives objected to the speech by the Foreign Secretary, who addressed what is actually in the treaty, not the mythical monsters that some Members of this House wish to conjure up. His main argument was that the Lisbon treaty's prime purpose is to improve how the enlarged European Union works. We agree.

The truth is that the Lisbon treaty is, to quote Lord Howe, "entirely sensible"—so much so that very few political parties in Europe oppose it, besides the rag-bag of parties to which the Foreign Secretary referred. Currently, the Conservatives are in the European People's party in Strasbourg, but not one other member of the European People's party agrees with the Conservatives. Perhaps the Conservatives are going to leave the EPP—we do not know; they seem unsure about it—but they have indicated that, if and when they do so, they want to work with the Czech ODS party, which, interestingly, is in favour of the treaty and against a referendum on it.

Mr. Redwood: Will the hon. Gentleman tell us whether his party is going to rat on its promise of a referendum by abstaining or by voting against a referendum? The people should know, and I hope that they turf out all the Liberal MPs who have misled them on this issue.

Mr. Davey: We are proposing a referendum—on Britain's membership of the European Union. I will deal with the question of the referendum in detail towards the end of my remarks, when I will argue that the Conservatives' position is the one that is less in keeping with their manifesto promise.

The case made by the right hon. Member for Richmond, Yorks (Mr. Hague)—that the treaty is unnecessary and somehow threatens the sovereignty of the United Kingdom—is frankly absurd. An EU of 27 member states, and growing, cannot operate on the same basis as one that only just served the needs of an EU of 15 states, so arguments for trimming the bureaucracy and making the institutions less cumbersome should be self-evident.

Ms Gisela Stuart: I would be grateful if the hon. Gentleman could help me because I am getting slightly confused. We used to be told that we needed this in order to enlarge from 15 to 24, and then even further, but now that we have had a few years of 27 working quite well, where is his argument that we need this for the EU's further working?

Mr. Davey: Many people in the EU and in this House believe that we need a treaty to try to ensure that the enlarged Union continues to work better, because there are areas that have not worked so well in the past. I am interested in the hon. Lady's position on many of these issues, because in March 2004 she was against a referendum on the constitutional treaty, whereas now she is in favour.

Ms Stuart *rose*—

Mr. Davey: The hon. Lady has voted in this House against a referendum on the constitutional treaty.

Ms Stuart: On a point of order, Madam Deputy Speaker. If a Member is accused of having taken a particular position, is it not incumbent on the accuser to provide the evidence for that?

Madam Deputy Speaker: The point in question is a matter for debate rather than a matter for the Chair.

Mr. Davey: If the hon. Member for Birmingham, Edgbaston (Ms Stuart) checks the voting record on 30 March 2004, she will find that she voted against a referendum on the constitution.

Mr. Greg Hands (Hammersmith and Fulham) (Con): Will the hon. Gentleman give way?

Mr. Davey: No, I want to make a little progress.

Liberal Democrats argued during the parliamentary scrutiny of the Amsterdam and Nice treaties that those treaties did not go far enough to prepare the EU for enlargement because they failed to streamline the EU's institutions and to make the EU more accountable and transparent. We therefore naturally welcome the treaty and will vote for the Bill's Second Reading.

To be fair to the right hon. Member for Richmond, Yorks, the main intellectual thrust of his speech was that the treaty was unnecessary, and he deserves an answer on that point. He argued that the EU has worked quite well since the 2004 enlargement—the point made by the hon. Member for Birmingham, Edgbaston—and seemed to be relying on some academic work that has been released recently. I have to tell him that I have read that work and spoken to the authors, and they do not draw the conclusions that he claims.

Let us take Professor Helen Wallace. She does say in her paper that the EU has not suffered from gridlock owing to enlargement, and she does say that non-treaty reforms have helped, yet she is absolutely clear that the treaty reforms are needed to develop the EU in areas that have long proved difficult, including foreign policy co-operation and immigration, and that reforms making the EU more accountable and transparent are good in themselves and ever more necessary in an enlarged and growing EU. Moreover, the right hon. Gentleman is in no position to say that enlargement does not need Lisbon given that he led the opposition to Amsterdam and Nice, without which enlargement would not have been possible. The Conservatives remain in the most ludicrous position of any political party in Europe—always willing the enlargement end and always opposing the enlargement means.

Members wanting to vote against Second Reading have a tough case to make, based on what is actually in the Bill and in the treaty, for they are, in my view, voting against the national interest. A treaty that increases the UK's voting power in the Council of Ministers is in the national interest. A treaty that allows this Parliament, working with other Parliaments, to have EU proposals reviewed and, indeed, stopped is in our interests. A treaty that, for the first time, sets out the right and the process for a member state to secede from the EU can hardly be said by Eurosceptics to be against the national interest. More positively, a treaty that, for the first time, explicitly makes one of the EU's objectives tackling climate change must be in all our interests. A treaty that makes the EU more accountable and responsive to citizens, voluntary groups and civil society as a whole, with citizens' initiatives and a new requirement for the EU's institutions to engage with the public, must be in the interests of the public.

The Conservatives are in the faintly ridiculous position of voting against a reduction in the number of EU Commissioners, against the EU being able to dispatch aid more effectively to parts of the world devastated by natural catastrophe, and against making it easier for countries to co-operate on the exchange of information about sex offenders. Is that what they are against?

Mr. Richard Shepherd (Aldridge-Brownhills) (Con): If the hon. Gentleman is so confident about the arguments that he advances, why does he not get confirmation from the people by pursuing the proper course that his party promised—that there would be a referendum on these matters?

Mr. Davey: The hon. Gentleman has been true to his word throughout, because he has voted with the Liberal Democrats for our proposal for a referendum on Britain's membership of the EU. I agree that that is what we should really be doing if we are going to be true to the previous policy of a referendum on the constitutional treaty.

Daniel Kawczynski: Will the hon. Gentleman give way?

Mr. Davey: No.

What all those examples illustrate is the continuing problem of the modern Conservative party—sensible measures rejected because the word "European" is associated with them. The speech by the right hon. Member for Richmond, Yorks was an attempt to make his party's viscerally anti-European position seem presentable, but while he and his party leader are unable to say publicly that they are happy to remain in long-term working with German and French colleagues in the European People's party—the party of Chancellor Merkel and President Sarkozy—few in Europe will take them seriously. Republican presidential candidate, Senator John McCain, observed about the Conservatives that he hoped

"they would appreciate the support they received from the EPP"

Daniel Kawczynski: On a point of order, Madam Deputy Speaker. The role of Opposition parties is clearly to oppose the Government and to—

Madam Deputy Speaker: Order. That is not a point of order for the Chair. The hon. Gentleman may well have the opportunity to put his point later in the debate.

Mr. Davey: Let us remember that the hon. Gentleman voted against a referendum on Britain's membership of the European Union, and denied his constituents that vote. I was quoting the presidential candidate for the Republicans, Senator John McCain, who was observing—

[Interruption.]

Mr. Jeremy Browne: On a point of order, Madam Deputy Speaker. Is it in order for the hon. Member for Shrewsbury and Atcham (Daniel Kawczynski) to describe my hon. Friend the Member for Kingston and Surbiton (Mr. Davey) as a traitor?

Madam Deputy Speaker: Order. I did not hear the hon. Gentleman use that expression, but there is a considerable undercurrent of conversation going on in this Chamber. If that word was used, he would have been out of order.

Mr. Davey: For the third time, I will try to quote Senator John McCain. He observed that he hoped the Conservatives

"would appreciate the support they received from the EPP when they were wandering in the wilderness."

Mr. Hands: Will the hon. Gentleman give way?

Mr. Davey: No.

The problem for the Conservatives is that by opposing yet another sensible European treaty, they seem to many foreign observers to be still in the wilderness—a place where Britain's influence on international affairs simply could not be exercised. That is why the Foreign Secretary was right to make the positive case for the European Union.

Geraldine Smith (Morecambe and Lunesdale) (Lab): The hon. Gentleman makes a number of positive points about the treaty. I support it because it will improve matters. However, what is fuelling the desire for a referendum is the fact that no one under the age of 50 has had a chance to vote on our membership of the EU. People see a continuous progression towards political, economic and social integration, and I do not think that that can be sustained indefinitely without addressing the democratic deficit.

Mr. Davey: I totally agree with the hon. Lady. She has made a case for the Liberal Democrat position on a referendum on Britain's membership of the European Union.

The case for the EU is there, both in the history books and in the well-known future challenges for our country and our world. Fifty years ago, would anyone have predicted decades of peace in northern Europe, such that the very idea of war between millennial adversaries has become unthinkable? Forty years ago, could we have hoped for the ending of the dictatorships that littered southern Europe? Thirty years ago, would anyone have predicted the reunification of Europe, with communism finished and democracy taking root in central and eastern Europe?

I do not seek to credit the European ideal or Union alone with those achievements, but equally, to deny a central role for the EU in our modern day and in our future peace and prosperity is historically illiterate. When we look ahead to climate change, to the fight against terrorism, to defeating internationally organised crime and to meeting the global economic challenges, I frankly find it inconceivable to believe that we would be better equipped without the EU, and without a strengthened EU.

That is the challenge for our Prime Minister. He talks sensibly about a global Europe. He describes himself as a pro-European realist. He sets out an attractive agenda, beyond Lisbon, of completing the single market and focusing Europe on enterprise, innovation and skills. Yet he seems to go out of his way to lose friends and lose influence in Europe—from snubbing the other 26 EU leaders at the signing of the Lisbon treaty, to the provocation of calling a European economic summit in London at the end of this month to which only France, Germany and Italy have been invited. The Foreign Secretary has been put in an impossible position, trying to build alliances and partnerships throughout the EU, while the Prime Minister cuts across him.

It is good to sign new trade deals with China, but when it comes to the crunch, who should be our closest and strongest allies? It is surely those countries that are democracies, that abide by the rule of law and that respect human rights. Indeed, it is through the power of the EU collectively that we are far more likely to influence China on the road to liberal democracy. It is time that the Prime Minister learned to love the EU and see it for what it really is, outside the broken kaleidoscope of Mr. Murdoch's editorial rooms.

Having made the case for the treaty and for the EU, let me come to the issue of referendums. Do we support a referendum on the Lisbon treaty? As my immediate predecessor as foreign and commonwealth affairs spokesman, my hon. Friend the Member for Berwickshire, Roxburgh and Selkirk (Mr. Moore), said in this House:

"In our judgment, the changes made to create this amending treaty have altered its constitutional significance, so we should not hold a referendum on it."—[*Official Report*, 12 November 2007; Vol. 467, c. 430.]

I share his view. Instead, we argue for a different referendum—a referendum on Britain's membership of the European Union. Let us face it: a referendum on any EU treaty would become a referendum on the UK's continued membership. Let us not have that debate by proxy on a treaty referendum. Let us have a debate that people want by asking a straightforward in or out question.

Ms Stuart: If the hon. Gentleman believes that the treaty is so good and so incredibly defensible—at one stage he would have put it to the people, but he now feels it should be an in or out question—why does he not take up the offer made by my right hon. Friend the Member for Birkenhead (Mr. Field) and agree to a referendum with two questions? One would be on the treaty, and the other on continued membership.

Mr. Davey: Because, unlike the hon. Lady, I think that the constitutional treaty is rather more significant than the reform treaty, and that there are differences between the two. There are significant differences between the two treaties in terms of content. Lisbon is not a constitutional treaty; it is an amending treaty, which has profound implications.

Mr. Jenkin: I am grateful to the hon. Gentleman for giving way. We all know why the Liberal Democrats have adopted this position. It is because they want to be able to say in their manifesto at the next election that they voted for a referendum at some juncture, when in fact they are denying themselves the opportunity of voting for the only realistic referendum on offer. That is a mean, grubby, typical Liberal Democrat trick.

Mr. Davey: If the hon. Gentleman had had the guts to vote with his colleagues for our amendment in the debate on the Loyal Address, we might have been able to get the referendum that the British people actually want.

I was talking about the differences between the two treaties.

Mr. Ian Davidson (Glasgow, South-West) (Lab/Co-op): Will the hon. Gentleman give way?

Mr. Davey: The biggest difference of detail—

Hon. Members: Give way!

Madam Deputy Speaker: Order. The hon. Gentleman clearly is not prepared to give way at this moment.

Mr. Davey: The biggest difference in content undoubtedly concerns justice and home affairs. By securing an opt-in provision in relation to EU co-operation on policing and criminal justice, the Government significantly changed the force of the treaty as it applies to the UK. That ought to be accepted by all parties. I also believe that there is a real difference in how the charter of fundamental rights now applies to the UK, which the protocol, declaration and other treaty amendments have achieved. I know that that is contentious, but I am sure that we will debate it at length in the Committee of the whole House.

The most significant differences between the two treaties lie in the constitutional terms of those treaties. While Lisbon is just another amending treaty making a number of important, if modest, reforms, the constitutional treaty was something quite different. It abolished all past treaties, to replace them with one document: a new constitution. I believe that people have passed over that point and failed to grasp its significance. The Labour Member of the European Parliament, Richard Corbett, has it right when he points out that the DNA of mice and human beings is 90 per cent. the same—it is just that the remaining 10 per cent. is quite important. It is the same with the difference in nature between Lisbon and the constitutional treaty: the 10 per cent. difference moves one from a mouse of an amending treaty through to a fully evolved constitution.

A referendum on the constitutional treaty would therefore effectively have been a referendum on the whole of the EU—Rome, the Single European Act, Maastricht, Nice and Amsterdam. It would have been about the complete constitution.

Mr. Heathcoat-Amory: Surely treaties should be judged by their practical and legal effect. That is why two Select Committees of this House, which included Liberal Democrat members, concluded that in practical and legal substance the two treaties are the same. Why does the hon. Gentleman not accept that?

Mr. Davey: The right hon. Gentleman failed to deal with my point that the constitutional treaty would have created a completely new constitution. The reform treaty is an amending treaty. If he cannot understand that, I really despair.

I shall quote the right hon. Member for Richmond, Yorks who said, when talking about the constitutional treaty, in 2006:

"the fact that it was a constitution, not simply a treaty—would have revolutionised the EU."

For once, he was right. That is why he ought to recognise that what the Liberal Democrats are saying now, in our proposal for a referendum on EU membership, is far closer to a referendum on the constitutional treaty than the Conservatives' paltry offering.

We believe that the British people have been denied a say on Europe for too long—on all the treaties and on the cumulative effects of all the changes. Unlike the Conservatives, who denied them a vote on Maastricht, we think that the people should speak. As a party that is strongly committed to the European Union, we want to offer the people the referendum that they really want. I hope that the House will allow a substantive amendment to the Bill to that effect so that we can begin to settle the European question and to draw the poison of anti-European feeling from the British body politic for a generation.

7 pm

Michael Connarty (Linlithgow and East Falkirk) (Lab): The process that seems to have been generated tonight has added a number of things to the debate that have not been present so far. One such addition was the overall argument proposed by the Foreign Secretary that, despite all the other arguments, he supports the measure because it will improve the working of the EU. That is echoed again and again when I speak to representatives from other countries. It has certainly, I have no doubt, improved the tenor of the debate in the House of Commons. Not only has it improved the humour, which I have found to be most welcome among the genuine and manufactured emotions that such debates always generate, but we will also have 10 days of debate on the policy areas covered by the treaty and the EU. That means that the UK Government will have the chance to give their view on those policy areas as well as the actions that they want to take. That will be welcome. If that is the sum of the positives that the European Scrutiny Committee generates for the Government, that is reward enough.

The treaty of Lisbon will bring a solution to the institutional problems; there is no doubt about that, because the treaty agreed before that one was inadequate. The treaty of Lisbon will create a smaller Commission, which everyone welcomes, and a more balanced voting pattern in Council, with a better voting balance for the UK. It will bring in double majority voting on the qualified majority vote, which is also welcome.

The treaty will introduce a five-term presidency. People keep calling it a permanent presidency, but it will cover five six-month periods, creating a two-and-a-half-year presidency with a maximum of two terms. I welcome the fact that someone will be appointed who is not a member of the Commission and whose loyalty will be to the European Council and the Governments who sit on that Council.

The treaty will also introduce an EU high representative for foreign and security policy. Unfortunately, that person will also be a Commission vice-president and, oddly enough, the chair of the Foreign Affairs Council. I would have thought that the Foreign Affairs Committee might have said that it was a step too far to give that person, who is really a Commission member, the chairmanship of a Council of Ministers. That person will also be given the right to speak in the UN and to sign on behalf of the EU when all 27 countries are unanimous. I spoke today to people from Hungary and to their Foreign Secretary. It made sense to them, and to the representatives of most of the small countries in the 27, to have such a person who speaks on their behalf and gives them more priority. As my hon. Friend the

Member for Ilford, South (Mike Gapes) said, that will not take away any power from the two permanent members of the UN Security Council—France and the UK—which was rumoured to be one of the problems that some had with the proposal.

The main aim of the treaty is a final move to what is called the Community method, which people must consider again and again. The preferred Community method of policy making is QMV in the Council with amendment rights and co-decision making by the European Parliament, enforcement by the Commission and final appeal not to the courts in people's own lands but to the European Court of Justice. That is the new heart of the treaty. It is a new settlement, a more European settlement and a more Eurocentric settlement. That is not to say that I oppose that. We must accept that that is where Europe is going. We must either be there, influencing Europe in that format in the future, or we must walk away. There is no middle ground. We are choosing tonight. I shall vote for this treaty, because I believe that we should be moving into the centre ground.

The Foreign Secretary is a bit like King Canute, who is much maligned, because he set out to demonstrate that the tide could not be held back. My right hon. Friend has shown today that he, too, believes that the tide cannot be held back. Unfortunately, I believe that the ebb tide—people must accept this—will take the centre of power away from this Parliament to Brussels. There is no doubt about that. At present, before the Lisbon treaty goes through, the balance of power is held between the Commission, the UK Government in Council and that derived from the scrutiny of the UK Parliament. That balance is similar in each member state. Eventually, because of unanimity, it is possible to appeal to the UK courts to judge how the power should be applied. After the treaty is up and running, and after the five years that it will take to erode—or to leak—the red lines that we have set on all the areas that we have opted into, the balance will be between the Commission, national Governments in Council and the European Parliament.

The role of national Parliaments will be massively diminished. In fact, as recently as December it was suggested by European parliamentarians from a number of parties at a Future of Europe conference, that our Parliaments' role will be to try to influence the European Parliament, so that it can make the appropriate amendments to what comes out of the Council. As Chairman of the European Scrutiny Committee, I am not prepared to accept that.

Angus Robertson: As a fellow member of the European Scrutiny Committee, I am grateful to the Chairman for allowing an intervention. I want to raise the question of member state Parliaments and the role that they might play in a subsidiarity early-warning mechanism. He knows as well as I do that it is almost impossible to hold Governments to account within an eight-week window, which is how the mechanism is supposed to work. How does he imagine that that will ever be made to work across 27 member states, many with two parliamentary Chambers? It is not merely a question of one initiating the process.

Michael Connarty: I shall come to that. It is part of the main points with which I want to conclude. Those are interesting matters, which should be taken seriously by Parliament. Much has been said tonight, not only by the Foreign Secretary but by others, that suggests that there will be more influence for civic society—that was the plea—or a citizens' referendum. The reality is that at the Future of Europe conference a colleague of the hon. Member for Kingston and Surbiton (Mr. Davey), who sits with the Alliance of Liberals and Democrats for Europe, said, "Just accept it. The orange and yellow cards are worthless. They will never work.". The Commission, I have to say, had been saying similar things for some time.

It is worth mentioning that although Maastricht made greater changes, the Lisbon treaty represents a more significant point in our relationship with Europe. Its significance might not be as great as that of Maastricht—and especially of the social chapter—but this treaty is the tipping point. It is the point at which we will begin to adopt the European Community method on most matters, apart from tax and social security, and in a number of respects—perhaps most of them—in common foreign and security policy. In most other things, we will move into a situation where we will have QMV, where the Commission will administrate and where the European Court of Justice will judge.

Many comments have been made about the passerelle clause. Some people have said that if we mention that clause, people will go to sleep, but let us tell people what it is about. We have defined it as a gangplank. I coined the phrase because it is a bit like walking the plank. When a passerelle clause has been passed over—when it has been voted that the Council should go from a veto to QMV—it is like walking off a plank. There is no way back: the veto has been given away, and it cannot be got back. The Council has moved to a new way of working.

There are passerelle clauses in respect of common foreign and security policy—many of them are in the treaty sections that we have signed. We will have to decide whether we will move to the new method of decision making or try to hold on to what we have. We have to do that by withdrawing from our agreements.

On the involvement of the national Parliaments and passerelle clauses, I want the Government to make it clear how we are given the powers that the Prime Minister said that we would have. He said in the Liaison Committee, in reply to me, that the clauses that change the decision-making process in European Council meetings of the Heads of Government from unanimity to qualified majority voting would only be enacted after a vote on the Floor of the House of Commons. I want to see that clearly spelled out at some time during these debates.

Let me turn to the subject of the opt-outs—or opt-ins.

Ms Gisela Stuart: Will my hon. Friend give way on that point?

Michael Connarty: No. I shall not take another intervention, as I am conscious that people want to speak.

I have asked the Prime Minister and the Foreign Secretary several times to explain how the opt-out arrangements will happen under protocol 10. The Foreign Secretary told us in his evidence to the European Scrutiny Committee that there are 70 to 80 areas that we have opted into already where we will need to make a decision

[Michael Connarty]

at some time to opt out or opt in under the Community method. The point is, will it be done by stealth in the Council or will it be referred to this Chamber at all? That must be clarified in order for us to have any sense that that Government are keeping faith with us.

My last point is about the operation of the trigger mechanism. For the yellow card, 33 per cent. of countries are required to object and for the orange card 55 per cent. of countries must object. How do we signal our view? We believe that the European Scrutiny Committee or some other Committee of the House should have the right to trigger the process immediately, in consultation with the devolved Assemblies and Administrations. Are the Government prepared to give us that power and some control over subsidiarity?

7.9 pm

Sir Malcolm Rifkind (Kensington and Chelsea) (Con): It is right that there should be great passion in the House about Europe because Europe and Britain's role in it is one of the great issues, for not only us but the rest of our continent. The question is not whether we should be in the European Union but the sort of Europe that we wish to develop and whether Britain can be comfortable in it.

The House is being asked to determine two matters today. The first is the referendum and the second is whether the treaty, regardless of the referendum, deserves the House's support. The Foreign Secretary's attempt to create a new explanation for why the Government committed themselves to a referendum is unconvincing. The former Prime Minister, Tony Blair, made it clear that he believed that the people should have their say on such an important matter. The Government's fear of losing such a referendum has made them change their position. It is not a question of the legitimacy of the treaty if there is no referendum, but of severe damage and erosion to the public's faith in Government.

However, the second matter is far more difficult—indeed, more difficult than some of the speeches have suggested. The question whether a treaty deserves our support is usually expressed in absolute terms. Many hon. Members are happy to describe themselves as hard-line Eurosceptics, who would be content for the country to leave the European Union and would oppose any treaty, whatever its terms. Others are instinctively sympathetic to whatever emanates from the EU and want to be positive towards it. For what it is worth, I describe myself as a moderate Eurosceptic. I am against the single currency and many of the EU's aspirations. I have therefore tried to consider the matter objectively and ascertain whether the criticisms of the treaty have substance or are exaggerated.

The criticisms have some substance, but not as much as is often suggested. If, for example, one considers whether there is significance in going from a treaty to a constitution or a constitution to a treaty, the critics are right that 95 per cent. of the documents are exactly the same. However, I am delighted that the treaty is no longer described as a constitution. Although calling it a constitution did not make the EU a state, it nevertheless disclosed a state of mind that wished to move Europe in that direction. When the document was called a constitution, included a proposal for "a Foreign Minister" and referred to flags and anthems, it contained all the paraphernalia of a state or state in the making. Although the treaty is not substantively different, I welcome the change in terminology.

To those who disagree, let me say that I remember debates in the House when the European Assembly was becoming a Parliament. It was argued that the word "Parliament" was significant, regardless of any other change of powers. It is important to make such distinctions. The European Court of Justice may have to interpret the significance of the document one day. If it is a constitution, the court could grant it the same significance in overruling other legislation as the Supreme Court in the United States would grant to the US constitution.

The proposal for a president is unnecessary. It is not an absolute requirement and I would be happy if it was not there. However, I refuse to accept that it has the sinister implications that are sometimes suggested. The person concerned will be a President of the European Council and his powers will be substantively the same as those that the President of the European Council has held for several years. He will be appointed for two and a half years, and therefore undoubtedly have more influence. However, he will be more like a President of Switzerland than a President of the United States. He will be an ambassador. Perhaps Tony Blair would be an adequate choice because, as with his current job in the middle east, the President of the European Council will argue the views of other people. In the case of the European Union, that would be the view of Governments in the organisation.

I do not believe that a high representative is necessary, but most people should welcome the combination of two jobs—that of the External Affairs Commissioner and that of the high representative.

I set myself a fundamental test. If the proposals are accepted, would the British Government—whoever are the Government—be prevented from initiating British policy in the most crucial matters, which affect our national interest? If the terms had been in effect some years ago, would we have been unable—for good or ill—to go to war in Iraq against the wishes of most of the other countries of Europe? Would we have been able to defend our interests in the Falkland Islands or pursue our policy on other aspects of foreign policy? Only if the answer to those questions is no can we pass the rather dramatic judgment that is sometimes expressed. I am not keen on some aspects of the powers, but we should get them into proper perspective if we are not to do ourselves a disservice.

However, the most significant aspect is the opt-outs that the Government have negotiated, if they are watertight. The Government have a long way to go to prove that they are watertight. If they can do so, the facts that the charter of fundamental rights will not be justiciable and that we will not be bound by justice and home affairs matters unless we so wish, are important.

Michael Connarty: If the right hon. and learned Gentleman refers to the evidence that the Foreign Secretary gave to our Committee, he will realise that my right hon. Friend made it clear that there is no opt-out from the charter of fundamental rights. It was never claimed to be an opt-out.

Sir Malcolm Rifkind: I accept that it is an opt-in, but that has—or is claimed to have—the same practical effect on the fundamentals.

My point is wider than the importance of such measures for justice, home affairs and the charter of fundamental rights. If we are to have a long-term future in the new EU, it can be only on the basis of a EU that accepts what is often described as variable geometry: different member states determining for themselves the amount of integration that they are prepared to accept. I can live with our membership of the EU because we are moving in that direction, not because I have a naive belief that many in the EU will not continue to strive for a federal outcome—I have no doubt that they will. As long as we in the UK are not forced to follow them, I can live with our membership.

We are not in the single currency and we are not in Schengen. If it can be demonstrated that the charter of fundamental rights will not be justiciable and cannot, therefore, overturn our national law; if we can make decisions about justice and home affairs; and if member states have a similar right to decide for themselves the parts of future proposals for integration that they are prepared to accept, we should find that sort of EU acceptable and be prepared to live with it.

I make this sober point to my colleagues: we are a party that remains committed to our membership of the EU. That means that, if one is a member of a European Union with 27 member states, conclusions will occasionally be reached that we do not like. Compromise is required because that is the nature of any international organisation. That should be acceptable to us in the context of our sovereignty and national interest, if we can opt out and decline to be part of the process on issues to which we attach great importance. That is the way that the EU is evolving. If—it is a big "if"—the treaty will move us further in that direction because of the opt-outs or opt-ins, we should welcome it.

The Government are acting in bad faith on the referendum. Regardless of the merits of the treaty, they made a promise to the British public and it is foolish and against their interests to deny that. They make themselves look petty, mean and unconvincing by doing that.

On the wider question of the treaty, we should be critical of those aspects that we do not like—I have not had time to refer to many elements that I personally do not like—but we do ourselves no service and do nothing to support our interests if we exaggerate the problem. The Government have much work to do.

7.18 pm

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): I am pleased to follow the right hon. and learned Member for Kensington and Chelsea (Sir Malcolm Rifkind) because he started with the important point about the labels that we give people for their attitude towards Europe. We do not have the language to describe those of us who broadly agree with co-operation between European Union member states that goes beyond pure trade relationships but also make critical assessments. We immediately jump to calling people Europhobes or Europhiles or Eurosceptics. Just for the record, I find fault with the treaty and with the organisation, but I absolutely refuse to be labelled as a bad European or a Eurosceptic by anyone for that reason. I will take no lessons from anyone about that.

That leads me on to why we need to consider the substance of the treaty. I am extremely grateful to my hon. Friend the Member for Linlithgow and East Falkirk (Michael Connarty), because he started to describe the consequences of some of the provisions in the treaty and to explain what will happen. People might like it or not like it, but we need to start saying what is within the treaty.

I suggest that those on our Front Bench should look a little at the history of how we ended up with this piece of legislation, which started life with the Laeken declaration. The treaty started because there were perceived to be two problems in the European Union. One was to do with its bureaucratic efficiency—at that stage, by the way, a review was needed for enlargement, so let us park that one for the moment, because enlargement happened. The second and much more fundamental problem was a disengagement from the institutions by the people of Europe and the loss of the kind of democratic legitimacy that people had hoped for when we started direct elections to the European Parliament. In reality, all that happened was that fewer and fewer people either turned up for elections or related to the institutions.

Someone then came up with an answer—a constitution. That treaty—the constitution—was continuously changed. The French rejected it, and we started giving it different names, but we should waste no time today asking whether the treaty is the same as the constitution. It is a bit like Heinz baked beans: with more than 57 varieties, we know what the thing is in essence, and in essence it requires democratic legitimacy from all the people in the member states of the European Union.

Kelvin Hopkins (Luton, North) (Lab): I agree with what my hon. Friend has been saying. Does she agree that that disengagement is potentially dangerous, as was illustrated strongly by the French and Dutch referendums, where the elites and the political parties all recommended a yes vote and the people voted no? That disengagement could undermine democracy in Europe.

Ms Stuart: Indeed, and that leads on to the referendum. When our then Prime Minister promised a referendum in 2004 on the new package of changes to the European Union, he did not do so for constitutional reasons; he did so because it was the right thing to do. The second point about that is that this Labour Government, more than any other Government, have used referendums to settle certain questions—we used one in Scotland and Wales, and we even used one to decide whether Birmingham should have an elected mayor. The notion that using referendums undermines parliamentary democracy therefore does not sit easily with those on our Treasury Bench. Given that we had a promise about the use of a referendum, and given that one of the most fundamental problems in the European Union is a disengagement and a lack of democratic legitimacy, I cannot for the life of me understand why our side is reneging on its promise.

Even though I am not surprised, neither can I understand what the Lib Dems are doing. They are the most pro-European party when they are here at Westminster,

[Ms Gisela Stuart]

but when they go back to their constituencies, especially to some seats with fishing communities, they might as well be to the right of the UK Independence party. Now, rather than honouring what is a question on the treaty, they are asking, "In or out?" To me, that is using blackmailing, bully-boy tactics, which for a mature democracy is a sign of real intellectual and political poverty. If the Lib Dems really think that we should be asked, "In or out?" please let them go and ask that question, which is a perfectly legitimate question.

That takes me back to my opening remarks. It is perfectly possible to wish to be a member of the European Union, but to find significant fault with the treaty, which may be sufficient for people to say no. However, the fundamental argument about democratic engagement is this. Our Parliament and other national Parliaments are not being given more real powers; we are simply being given more information. We are being given a mechanism that, as any Committee that has considered it or anyone who really thinks about it will know, is completely and utterly ineffective. This mechanism requires two thirds of a national Parliament to arrive at a view opposing that of their own Government. However, this House, for example, has no tradition of being given a mechanism for arriving at a view opposing the Government. The Government can always whip anything through.

For that reason, if those on the Treasury Bench are serious about some of the changes, I urge them to consider, for example, one of the Foreign Affairs Committee's recommendations, which was that rather than having a vote, should there be further extensions to qualified majority voting, there should be primary legislation, which would be required to pass through both Houses. Let those on the Treasury Bench look at how this House could scrutinise things with much greater power or at what the European Scrutiny Committee said about who should trigger the mechanisms.

At the end of the day, however, if we are really serious about restoring democratic accountability and faith in the political process, about bringing people closer to the European Union and about what the Foreign Secretary said in his opening remarks—I wrote this down; he said, "This is good for Europe and it is good for Britain"—when he prayed in aid the NSPCC, the bishops and so on, how about praying in aid the people of this country? If the treaty is good, let us go out and ask them. Then the Foreign Secretary will have a mandate and an endorsement, which could not be undermined by any successive Government, of whatever shade. Let us ask the people and have faith in them.

7.26 pm

Mr. Kenneth Clarke (Rushcliffe) (Con): I am in favour of the ratification of the treaty of Lisbon, so I shall be supporting the Second Reading of the Bill. I am also totally opposed to the whole idea of a referendum on this or similar treaties. Referendums are not part of our British constitution, and I regret the fact that they are in constant danger of becoming such.

My views should come as no surprise to anybody—I am sure that they do not—as I spoke and voted accordingly on the 2004 treaty that was originally put forward. I am astonished to find, three years later, that we are having such an agitated debate. As we have had a general election since, I am one of the few Members of the House who fought the last election on the basis that I am now putting forward. It is true that my party's manifesto said differently, but no person who follows politics in my constituency can conceivably have imagined that I supported that part of the manifesto. Indeed, I was quite clear about that to the very few people who bothered to raise the subject with me—I have received six or seven letters on the subject in the past five years. I therefore feel no sense of a lack of democratic legitimacy in putting forward my view.

Mr. Heathcoat-Amory: Surely my right hon. and learned Friend can have no principled objection to a referendum, because he was a member of a Government who agreed to have one if Britain should ever join the single currency. Indeed, that is now the established position of all the political parties. If it is right to have a referendum when we export monetary policy, surely it is also right to have one if we are contemplating exporting our political powers.

Mr. Clarke: I can reassure my right hon. Friend that I personally regard myself as bound by the commitment, which I was persuaded by the then Prime Minister to enter into, that we would have a referendum on the single currency. My right hon. and learned Friend the Member for Kensington and Chelsea (Sir Malcolm Rifkind) took part in persuading me and the now Lord Heseltine to agree to that, but I have frequently said, and I repeat now, that it is the biggest mistake I have ever made in my political career.

I have consistently argued and voted against referendums on the European Communities Acts, the Single European Act, the Maastricht treaty, and the treaty of Amsterdam and so on. I am quite sure that had a Conservative Government remained in office after 1997 and had we negotiated a treaty of the kind that eventually came to pass in Lisbon, we would not even have contemplated having a referendum. We were always consistent in the past, and I remain consistent now.

Mr. Gummer: Does my right hon. and learned Friend not agree that, had the Lisbon treaty been negotiated by the right hon. Baroness Thatcher as she negotiated the Single European Act, she would have come back to the House and claimed it as the kind of treaty for which we ought to vote? There would have been no referendum on the matter, and we would have marched into the Lobby at her side.

Mr. Clarke: I regret having to turn my back on one of my oldest personal friends in the House. I agree with him entirely: we would have wished to have negotiated this treaty following the enlargement of the Community. Mrs. Thatcher always regarded referendums as instruments that were useful to dictators and others who wished to get round Parliament.

I want to ask myself how we got into this situation. I now find myself in the Chamber surrounded by people who are wildly agitated about the question of a referendum when actually a majority of them went through the last election saying that they wanted a referendum on this subject. I am afraid that I blame the previous Prime Minister. He entirely shared my view of referendums on

European treaties. Indeed, he told me so when I had a conversation with him on the subject. More importantly, however, he told more important people than me that he was against holding a referendum—most particularly, President Chirac, whom he assured that he would not have a referendum.

I now move into theory, rather than reporting what Tony Blair told me, but I am quite convinced that the only reason that he startled me, and most of his own party, by completely changing his position on this question was that he had had conversations with Mr. Rupert Murdoch. With the approach of a general election, he was absolutely desperate—as new Labour Ministers, for some curious reason, always are—to have the support of *The Sun*, and a deal was done that he would hold a referendum on this treaty, which, for some reason, he was confident that he would win, in exchange for Murdoch not turning *The Sun* against him at the election. I do not regard that as the basis for a great move forward in the British constitution.

I personally think that referendums are a way of weakening Parliament and getting round parliamentary authority on key issues of this kind. I have never accepted that they should be the way forward. For example, the House should vote this evening that it is in favour of the Bill and of the treaty. If we were then to hold a kind of organised opinion poll in which the right-wing press would seek to achieve the result that it wanted, and if ratification of the treaty were defeated, would we all be expected to come back to the House and vote against our judgment of the national interest in line with the result of the referendum? And who on earth is going to tell us what to do in the circumstances that would follow that? That is a question to which I hope briefly to turn in a moment.

I am not remotely impressed by the absurd argument that the treaty is different from the last treaty, although I welcome some of the changes. That is a theological nonsense from people who regret having got themselves into this position and are now trying to get out of it. They are at least now moving to a better position. Nor do I agree with all this red line nonsense as a way of describing the negotiations. It has been a mistake made by British Governments over the years to present their European policies as though they are always going to Brussels to fight demons, and to achieve great victories by beating off threats to our interests. The fact that every Prime Minister since Edward Heath has used that approach to describe such negotiations is one reason why the public have turned so Eurosceptic over the years.

Instead of going through the pantomime of refusing to sign a treaty—that he had negotiated and agreed to—in the company of the other Government leaders, the present Prime Minister should have concentrated, as should the previous Prime Minister, on presenting the public with his argument on why he had negotiated and signed the treaty, and why he believed that it was in the British interest to ratify it. Instead, he followed inglorious precedents by trying to pretend that he was not really there at the time when the document emerged, which is no way to sell it.

I am pro-European, as everyone here knows, and I will not labour my reasons for so being. Pro-Europeans should support a treaty that will improve the workings of the present institutions. I am persuaded that it is no longer essential that an enlarged Community should have to have the new treaty, but the mechanisms for decision making in the Union will be very much improved if we adopt it, compared with what we have at the moment. For that reason, I support it.

I am in favour of the new arrangements for the presidency. It is nonsense to suggest that the President of the European Council will be some kind of giant political figure, as my right hon. and learned Friend the Member for Kensington and Chelsea has just said. I actually think that the new arrangements will be an improvement on the six-monthly national presidencies. Now that we have 27 member states, the present system would involve the Head of Government of each member state coming along once every 13 or 14 years with an agenda for the next six months. All too often, such agendas are aimed at domestic political opinion. Under the new system, we shall have some consistency.

I believe that having one foreign affairs spokesman, rather than two, is an improvement. The new arrangements are perfectly satisfactory because they confirm the intergovernmental nature of foreign policy making. I am all in favour of having a smaller Commission. That is essential and long overdue, although I am amazed that it has been achieved. The new treaty actually strengthens the power of the Councils of Ministers—accountable to Parliaments—at the expense of the Commission. I would have been worried if things had gone too far in that direction, because we need quite a strong Commission to keep the European institutions functioning. However, a smaller Commission is long overdue. I also approve of the improvement of the qualified majority voting system.

I also believe that, although I supported the original treaty, there were real problems with the precise status of the charter of fundamental rights. I was alarmed that quite sensible employers and a number of trade union leaders appeared to believe that a re-statement of the undoubted right to strike meant that, somehow, the European Court was going to reopen all our trade union law. I always thought that that was barrack room lawyer nonsense, but—although I have been rude about the red lines—the changes that have been made between the Giscardian treaty and the present one represent an improvement that clarifies the situation and should put those arguments to rest.

Why do I take this view, when I find myself surrounded by colleagues who take quite alarming views? At least no one has yet gone as far as *The Sun*, which has declared to its readers that this treaty, if ratified, will result in the end of Britain as an independent state. I have heard that argument used against the European Communities Act 1972, against the Single European Act and against Maastricht. My right hon. and learned Friend the Member for Folkestone and Hythe (Mr. Howard) used it against the Amsterdam treaty. It is less likely to be true in this case than it ever was in any of the previous ones. People will conclude that we are going to lose control of our foreign policy, for example, only if they believe that the European Union is some kind of organised conspiracy in which the other 26 member states are prepared to sacrifice their sovereignty in order to destroy ours. I do not believe that, and I therefore support the Bill.

7.37 pm

Frank Cook (Stockton, North) (Lab): Perhaps I should remind the House that although I am a simple soul, I am not stupid. I was soft enough, however, to allow myself to be persuaded to chair the Joint Committee of the House of Lords and House of Commons when our delegates to the Convention were bringing back their reports to the House. So I have some knowledge of this matter, albeit slightly second hand. That is why I found the tone of the original protestations that prefaced the debate today somewhat hollow. With the exception of the delegates who came back to present their reports, I do not think that the Committee ever saw more than six Members of this House. They would get up and make a statement, then get out as soon as they could. Alternatively, they would take advantage of the first Division in the House to go down and vote. I am sure that they did vote, but they certainly did not take the trouble to return to the Committee. We therefore found ourselves with a plethora of Members of the other place who were prepared to discuss these matters, but we did not get much feedback from this Chamber. I have therefore found today's protestations somewhat false.

However, I welcome the comments of the right hon. and learned Member for Kensington and Chelsea (Sir Malcolm Rifkind). He put his finger on what this is really about. This is only the Second Reading debate, so these proceedings will go on for some time. The right hon. and learned Gentleman said that the debate was about two decisions: one on a referendum, and one on the treaty. Anyone who has been in the Chamber throughout today's proceedings will know that we have spent at least two hours, probably more, discussing a referendum. Only in the last three speeches have we been able to get down to the nuts and bolts of the treaty—the essential matter that we should be discussing.

I am at a loss to know why we should have this problem with the referendum. Residents of Norton in my constituency told me that they wanted a parish council, so I told them to have a referendum, which they did. They knocked on doors—but only on the doors of people who wanted a parish council, so they were disbarred for not allowing anyone to vote against it. However, the residents of Billingham had a lot more sense: they knocked on all doors, and got a resounding yes. They now have a parish council. Fine.

We had a referendum on having a north-eastern regional assembly; every door was knocked on then, but we ended up with a resounding no. I seem to recall that Hartlepool and Middlesbrough had referendums on whether they should elect a mayor. They both received yes answers, though the one voted in a monkey and the other a policeman. Stockton had much more sense in its referendum, saying that it did not want an elected mayor anyway. Then there was Scotland, which acquired an Assembly; as did Wales, but it had a referendum in which only half the people participated, and only half of those said they wanted a Parliament.

We have already used referendums, as I have shown, so why do we not just agree to have one, which would allow us to save all the time we have wasted on debate tonight? We could get into Committee, discuss the details of what is and is not in the treaty and achieve some sort of sensible resolution, without all the wasted breath. Ironically, while I am for a referendum, I am also for the treaty. I shall vote for it on the basis that it is an improvement, moving towards regularisation and providing a more disciplined approach when an increasing number of nations are trying to work together. I therefore appeal to my Front Benchers: for heaven's sake, reconsider having a referendum. If they did, three quarters of the people on the Conservative Benches would have nothing left to say.

7.41 pm

Rev. Ian Paisley (North Antrim) (DUP): I was thinking earlier of the night I sat here when the United Kingdom joined the European Union, or whatever one wants to call it. Members spoke very solemnly and seriously and many of them were laughed at when they described what the European Union would eventually look like, but their prophecies have all been fulfilled. I remember one Member saying that we were going to lose our fishing rights, and they laughed at him, yet we have lost our fishing rights. When the United Kingdom went into the Common Market, as it was called, we had the majority of the fishing grounds, but we were soon left with none.

The hon. Member for Linlithgow and East Falkirk (Michael Connarty) made a good point when he said that we should look into the future and try to find out what is really going to happen. There is no doubt that the power of this Parliament, as we know it today, is going to be removed. We have seen it in the past, and we were told that these things were all good for us. I believe in nations coming together, pooling their various views and offering help for the good of each one, but when it comes to a dictatorship where ordinary people do not have a say on what is done, we lose out completely.

Mr. Redwood: Given that the devolved Governments of Northern Ireland and of Scotland wish to have this referendum, cannot they use their powers and devolved money to hold referendums at least in those two parts of the United Kingdom in order to show up the Government and give England a real cause for anger?

Rev. Ian Paisley: I wish I could answer yes to that, but I cannot because there are some money limitations and we do not have the authority so far—but we are discussing that matter at the moment. If Northern Ireland wants to express a view on this, I feel that it should be entitled to do so within this United Kingdom. Even if it is only a consultative thing, it does not matter, as the people will be given the opportunity to express their views. I think that Scotland may like to do the same, but I would not dare to speak for Scotland, even though my mother was a Scot from Morningside in Edinburgh.

I sat in the European Parliament for a very long time. As we look to the future, it is sad to see that people's ambitions to do something for Europe have been set aside and that tonight we are spending time debating whether the people of the United Kingdom are allowed to say yes or no. That is the real purpose of this debate. It is simple. Then, if they are allowed to say yes or no, it is settled. The people speak and if we are democrats, we have to bow to what they say. The people may do something that we may not admire, but that is democracy. We must hear what the people have to say.

From where I stand and as I look at it, I do not want to be an enemy of Europe. I know that because when I go abroad to sell Northern Ireland, I know how much we need the help and friendship of the rest of the globe. I want to be a friend of Europe, but I also want to be a good friend of my own country and I want to stand up for the principles that made our country great in the past and that can make her great again. As I go around the world, I find many people looking to the United Kingdom. They say, "Yes, you folks succeeded in many ways"—and so we did—and I trust that we will succeed again as a nation.

I believe that the Government should look very carefully at the question of the referendum and they should not be so hasty. After all, they were converted to it originally, back in 2005, when we heard that it was

"a good treaty for Britain and for the new Europe".

It was said that it would be put to the British people in a referendum and that the Government would "campaign wholeheartedly" for a yes vote to keep Britain a "leading nation in Europe". It was Labour that argued for that. Indeed, Mr. Blair himself said that we should not reject the treaty, only to bring it back with just a few amendments to have another go at it, yet that is exactly what the Government are now attempting to do. Those are their own statements and I could repeat many more.

I also mention the French President, who at a closed meeting in Europe said that he could not win a referendum. He prophesied that Gordon Brown could not win it either. He said that we would just have to hold out on this referendum. According to a survey conducted by the EU itself, only 39 per cent. of the people of Britain are reckoned to be in favour of EU membership, and that is not the majority of the people. That can be tested. The Government would be wise to think again. It is no skin off anybody's nose to lose an election. The person who loses an election had the guts to put his views and to say, "Here's what I believe. I want you to endorse it." I have fought elections and lost them, and fought elections and won them. We should have our finality in the ballot box and let the people speak.

7.49 pm

Mr. Mark Hendrick (Preston) (Lab/Co-op): The reform treaty is not about making the European Union more powerful or creating a European state; it is about making the Union of which we are already part more manageable and effective. With 27 countries already in the Union and more queuing to join, it is essential that the EU institutions function better.

Many Members have spoken about a referendum, but there is a great deal of substance in the treaty to speak about. The commitment to a referendum, however, was based on the European constitution—the constitutional treaty. We now have an amending treaty. A constitution would have replaced all existing treaties, effectively refounding the European Union, but the reform treaty does not do that. Therefore, it is not a constitution. The mandate for the intergovernmental conference in October spells that out:

"the Constitutional concept, which consisted in repealing all existing treaties and replacing them by a single text called 'Constitution', is abandoned".

Nor does the reform treaty surrender any vital powers over issues of sovereignty. We retain national control over justice and home affairs, social security, tax, foreign policy and defence. The treaty is much less significant, as colleagues have said, than the Single European Act signed by Margaret Thatcher, and the Maastricht treaty. We did not have a referendum on those treaties or any others.

Daniel Kawczynski: What consideration has the hon. Gentleman given to serious concerns about the treaty expressed by the trade unions?

Mr. Hendrick: The right hon. and learned Member for Rushcliffe (Mr. Clarke) answered that point earlier, in that it was presented as something that it was not.

Kelvin Hopkins: My hon. Friend has just rather dismissed the view of the trade unions. Is he not aware that the TUC voted by a substantial majority for a referendum last September, and voted against the constitutional treaty in the previous year?

Mr. Hendrick: My hon. Friend knows very well that the unions are now on board with the treaty and do not oppose it.

Much has been made of the similarity between the reform treaty and the constitution, but there have been many changes. Unlike the constitution, the reform treaty contains no symbols of statehood, such as provision for a flag or an anthem; it includes an explicit provision for EU competences to return to member states if countries agree; it makes no reference to the primacy of EU law; it strengthens the powers of scrutiny for national parliaments; it keeps the common foreign and security policy in a separate treaty; it adds two declarations confirming that all member countries see foreign policy as the responsibility of member states; it contains new clear language excluding European Court of Justice jurisdiction over CFSP affairs; it contains a UK-specific legally binding protocol on the charter; and it states for the first time that national security is the sole responsibility of member states.

Under the reform treaty, the European Council will have a full-time chairperson or President. European leaders will choose a President for up to two and a half years. The present system whereby a member state has the presidency for six months might have worked with 12 or 15 states, but with 27 member states it becomes unworkable: smaller countries struggle with the overwhelming task of running a complex agenda; bigger countries mix up national priorities with the EU interest; and rotation means too little follow-up. The President of the Council will be appointed as the servant of the leaders of national Governments and the purpose is to strengthen the Council of national Governments in relation to other EU institutions; and that is similarly the case with the high representative. The EU's national leaders, not the president, will take all the final decisions when they meet together.

Increasingly, the concerns of British citizens lie outside our borders. The challenges of climate change, international terrorism and economic migration mean that international relations can no longer be separated from our day-to-day lives.

Angus Robertson: The hon. Gentleman will be aware that the EU reform treaty enshrines fisheries as an exclusive competence of the European Union. Will he explain what advantages that will bring to fishing communities?

Mr. Hendrick: There is no change. The situation is as it is now—*[Interruption.]* I must continue; the hon. Gentleman has raised the issue several times.

The reform treaty will merge two external affairs posts, giving the EU a more effective foreign policy unit and a clearer voice internationally. The reform treaty includes a declaration signed by all 27 members that specifies that the new EU position will not affect member states' ability to conduct their own foreign and defence policy. As is the case now, the European Council, acting on unanimity, will set the strategic interests and objectives of the Union. The Council will then task the high representative to take forward activity or make proposals.

The Council of Ministers currently takes decisions under the complex triple majority voting system of the Nice treaty. The reform treaty's double majority system is fairer and clearer. It will give countries with larger populations more weight. That is in the interests of the UK, which will have 29 votes in the Council, which is the same number as Germany, Italy and France. Under the new system, a measure will pass if it is supported by 55 per cent. of member states provided that they represent 65 per cent. of the population of the EU.

Most decisions in Europe are already taken by majority vote. Prime Ministers from Margaret Thatcher onwards have supported the move to qualified majority voting because it stops smaller countries blocking legislation that is beneficial to the UK, for instance on the single market. While the Council always tries to reach consensus, QMV will allow quicker voting in a Union of 27 states. However, the UK has retained the right to opt out of decisions on major issues of policy such as justice and home affairs, which is a major difference from the constitution.

To enforce the principle of subsidiarity, the reform treaty will, for the first time, give national Parliaments the right to challenge a piece of European legislation. If a third of national Parliaments object to a proposal, the Commission must consider whether to maintain, amend or withdraw it. If a majority of Parliaments object to a proposal and the Commission still wants to press ahead with its proposal, the European Parliament and the Council will have to consider both sides of the argument before reaching a decision.

The reform treaty will therefore revitalise and improve the way in which the EU works. That is undoubtedly in the UK's interests.

Mr. McGovern: Will my hon. Friend give way?

Mr. Hendrick: I shall not give way further.

It is worth remembering that the UK is a member of the EU because, in certain areas, we get better results than if we were to act alone. Without the EU, Britain would be poorer. As a trading nation, we rely heavily on membership of the EU single market of 480 million consumers. More than 3 million British jobs and 60 per cent. of our trade would be directly affected. It is therefore crucial that we continue to engage in the EU and that we develop the leading role that we play in setting its agenda.

Angela Merkel said recently that it would be impossible to imagine the EU moving forward without Britain. It is easy to see why. The UK has demonstrated its importance in many ways: on climate change and energy; on security and defence; and on Africa. As a result of Britain's special relationships with the United States and now with China and India, given the Prime Minister's recent visits, that influence has been enhanced. Those connections will ensure that the UK will always have influence in Europe. This treaty is good for Britain, good for the country as a whole, and good for the European Union.

7.59 pm

Mr. Charles Kennedy (Ross, Skye and Lochaber) (LD): For some of us, this debate and what it presages impart a degree of nostalgia. Those of us who went through the nightmare experience of Maastricht and the ratification process—I was a Europe spokesman for our party at the time—are returning, 15 years later, to something that may be similar but which we hope will not be too similar, in political drama and the hours involved.

I have two recollections from that period. One is of the emergence of the so-called night watchmen. Some are still with us, fellow survivors. I think of the hon. Member for Stone (Mr. Cash), who is sitting at the back of the Chamber now, and of others such as Sir Teddy Taylor, the up-and-coming young right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith), and Jonathan Aitken. The procedures of the House at the time meant that we sat literally throughout the night. My other recollection is of emerging, blinking, into the morning to observe the passage of the seasons as the process unfolded over the months and months that it took. I think that parliamentary procedures have changed for the better since then. Let us hope that the general tenor of our discussion over the coming weeks will also have improved over the intervening decade and a half, and that we do not experience another debate in which the indefatigable meets the interminable.

I do not want to make my brief speech in any particular party political context, because that has already been done. I want to say a few words in the context of my position as president of the European Movement, an all-party organisation that also contains many individuals of non-party political affiliation.

Mr. Hands: Before the right hon. Gentleman leaves the subject of party politics, will he be helpful and give us an explanation of the Liberal Democrat policy? He has said that the party is in favour of an in-or-out referendum, but that it is opposed to a referendum on the treaty because it is afraid that it will become an in-or-out referendum. Is he in favour of an in-or-out referendum or not?

Mr. Kennedy: The experience of all political parties suggests that when former leaders are asked to interpret policy on behalf of their successors they are rarely helpful to anyone, least of all the successor in question. None the less, my sense of parliamentary duty leads me to try to be helpful.

My answer is simply this. I voted for a referendum over Maastricht, for example. At that point our number were split almost 50:50, and the split was almost generational. Those who, like me, had not been around at the time of the previous referendum were enthusiastic about the idea, while those who had—people such as

David Steel, Russell Johnston and Bob Maclennan—were definitely not. It was an interesting gauge at the time.

I have always taken the view that, at some point in British politics, there must be a further redefining referendum on the European issue. What form it might take and on what hook it might have to be hung, whether it be Maastricht, a single currency or the original prospect of a constitution which has now evolved—I use that word to be as neutral as possible—into the treaty revision in Lisbon, a referendum to lance the European boil one way or another in British politics cannot be averted indefinitely. Indeed, I am surprised that it has not happened already.

To pick from the comments of the right hon. and learned Member for Rushcliffe (Mr. Clarke) about discussing some of these matters during his private conversations with Tony Blair in the run-up to the last election, I remember having equivalent, separate private conversations along similar lines, when the then Prime Minister was trying to persuade me, as Liberal Democrat leader, to get the Liberal Democrats out of their stated position of favouring a referendum on the principle of a single currency. I said that I was not at all minded to do that, because I thought that it was the right policy and so did my colleagues. He said "But you do realise, Charles, that if we had a referendum the French would not touch it, the Germans would not want anything to do with it, and it would paralyse my entire Government for six months?" That was in the run-up to a period during which he decided to invade Iraq, which, I would suggest, paralysed his Government for a hell of a lot longer than six months. It is remarkable how the arguments can change.

I think that there will have to be a referendum. I also think that, whatever the issue, the argument will evolve, as many arguments have—they did when we debated Maastricht, and I suspect that they will again over coming weeks as the hours wear on and tempers become frayed—into, essentially, the question "Are you in and engaged with Europe, or are you disengaged and therefore effectively stepping back from Europe?" That is why I think that the position we are advocating in that respect is consistent and honest.

Mr. Davidson: Will the right hon. Gentleman give way?

Mr. Kennedy: I am very short of time, but I like the hon. Gentleman. He is good entertainment value, and we will look to him in hope over the coming weeks.

Mr. Davidson: I thank the right hon. Gentleman, but surely he was guilty of gross exaggeration when he suggested that the Liberal Democrats were split 50:50. It was more like 6:6.

Will the right hon. Gentleman clarify something for us? If I show him my motion, will he show me his? Can we hold both referendums together? I am quite happy to vote for us to stay in Europe if he is prepared to vote for us to abandon the treaty.

Mr. Kennedy: Even I, in my parliamentary and leadership dotage, can recognise that as not being a very good deal from either a personal or a Liberal Democrat point of view. I think I will pass on it, but I will refer it to the leader of my party.

It seems to me that there are just three big points of principle that should lead us to vote for the Bill's Second Reading—as my party will—and to want the treaty to come into being and subsequently into operation. As the Prime Minister has said, that will enable us as a country to go beyond Lisbon and get on with the job of Europe, under the revised mechanisms envisaged here.

First, there is the issue of enlargement. Whether or not the present mechanism would lead to gridlock, as many fear—myself included—I think that everyone will acknowledge that it can be improved, and that the treaty offers a mechanism for such improvement. We hear concerns, expressed today with characteristic wit by the right hon. Member for Richmond, Yorks (Mr. Hague), about the accrual of power that can take place in certain positions in institutions at European Union level. Talk to people in and around the Commission—talk to the Commissioners themselves—and what do they say about the Cabinet style of Commission government? They say that the larger the Commission becomes—the more Commissioners there are—the greater is the propensity for items on the agenda not to be addressed properly, and to be referred back to the Commission President. There is a steady accrual and centralising of power in his office, simply because of the sheer growth in the size of the Commission. That office cannot be kept in check to the extent that is healthy and necessary, which is why the relevant provision in the treaty is so important.

The second issue has already been touched on. Whether we call this a treaty or a constitution—I am not into the semantic argument—I have always told my friends of Eurosceptic outlook that they are the people who should be most emphatically in favour of some codification of the responsibilities of the institutions of Europe, the rights of redress of the citizens of Europe when they are dissatisfied with those institutions, and ultimately, if they take the most profoundly Eurosceptical view, the right of a nation state to have an agreed legal mechanism enabling it to withdraw from Europe. What we have before us provides that mechanism, and it therefore seems to me that the sceptics more than anyone else, if they chose to pursue a different argument from the one that they have pursued, could commend much of the treaty revision.

Thirdly, it depends on how we see our position in the world. Everyone agrees now, since the end of the cold war and all the rest, that we live in a multipolar world. As one who is both a pro-American and a pro-European, I do not think that the British position vis-à-vis the United States or Europe is an either/or, and I hope that it never becomes that. However, whether there is a continuation of the style and substance of the present Bush presidency, which I hope does not happen, or whether the new president is a Democrat—and I am under no illusions there either—the fact remains that we cannot hope as an individual country to influence the direction of global United States foreign policy to the extent that we can as full top-table participants in the European Union. That is the choice that is increasingly opening up for our country, and I hope that this treaty provides a way of developing it through the foreign policy process that it will put in train with a view to the future.

My final point is on a matter that the Minister for Europe knows about only too well—as might the

[Mr. Charles Kennedy]

Foreign Secretary, who made a commendably pro-Europe speech, unlike some Government Members. Let us use language accurately to commend the treaty.

8.10 pm

Mr. Doug Henderson (Newcastle upon Tyne, North) (Lab): The hon. Member for Kingston and Surbiton (Mr. Davey), spokesman for the Liberal Democrats, referred in his contribution to the modern Conservative party, but I do not know quite what he meant by that. That said, we heard some interesting speeches from Conservative Members. The right hon. and learned Member for Rushcliffe (Mr. Clarke) made a typically well thought-out speech outlining his particular, very progressive views, which have not changed over the years and which put Britain in the right context within Europe. We also heard a speech from the right hon. and learned Member for Kensington and Chelsea (Sir Malcolm Rifkind), who described himself as a mild Eurosceptic. When he said that, I looked at the faces of some of his colleagues, and when he sat down having finished his speech I think they were thinking that he is not quite the mild Euro-sceptic he had claimed to be, as his views seem to be a lot nearer to those of the right hon. and learned Member for Rushcliffe.

The right hon. Member for Richmond, Yorks (Mr. Hague), who spoke from the Conservative Front Bench, helped to clarify in my mind the nature of the modern Conservative party. It was clear that he could not command his party behind his position, and that there were too many influential members of the party who had taken a thoughtful and independent view about the role of Britain in the European Union. He made an excellent speech in technical terms, and it was very humorous in his usual fashion, but he expressed the views of the old Conservative party back when he led it, when he used many foreign policy wickets to bat against the EU, believing that that reflected the view of the British people. He got caught out then, and I predict that if the Conservative party continues on that track, it will get caught out yet again.

Kelvin Hopkins: The old Conservative party that I remember got us into the EU or Common Market in the first place, and it also got us into the Single European Act, the exchange rate mechanism and signed us up to Maastricht. That was the old Conservative party. The current party is rather different.

Mr. Henderson: I remember an older Conservative party that was colonialist and imperialist and wanted to impose little England principles throughout the whole of the world; it depends on what historical time perspective we relate to.

The issues before this House tonight are very straightforward. If a Member is to vote against the treaty, they must be convinced and be able to demonstrate that it is against Britain's interests, and if they have any commitment to the European ideal of keeping peace, stability and economic prosperity in Europe, they must also be able to demonstrate that it is against Europe's interests.

Mr. Elliot Morley (Scunthorpe) (Lab): Will my hon. Friend give way?

Mr. Henderson: I think I have given way enough, as I know that other Members wish to speak.

Let us take the test of Britain's interests. If a Member believes that Britain should be a modern, progressive European state and, as the right hon. Member for Ross, Skye and Lochaber (Mr. Kennedy) said, that it should be able to speak convincingly in a European context even sometimes after having spoken to the Americans, it must be credible in its relationships with the other EU partners. We must be credible on economic policy, on the single market, on the environmental issues—which most Members would probably agree can only be resolved internationally—and on foreign and security policy. The red line in that area is important as I believe the British people want to be able to have a distinction on foreign and defence policy, but in terms of most of the current challenges we face in the world we have no option but to work with, not against, our EU colleagues. We have to work with them, and we will not be able to have influence unless we have credibility. The treaty passes the British test of having a modern Britain in Europe.

Is it the right treaty for Europe? If a Member wishes to vote against it on that basis, they must be able to demonstrate that it would cause more damage in Europe than it would cause benefit. The treaty's proposals are reasonably modest. They help to bind the EU together, and to establish a stronger relationship with the larger EU countries, which is demonstrated in the new regulations on voting powers that will come into place. It is also important that those countries feel a common bond with the new, emerging states. There has been agreement on that. If we look at the responses of the emerging states in the EU at the various Councils where these matters have been discussed, it is clear that they more than anyone else agree—Poland, perhaps, excepted, although it has also come round—that this is an important contribution to moving forward and to helping bind them into what they believe the EU is about. They want to be part of an EU that seeks to live in peace and stability. They want to have a demonstrable say in foreign affairs, and to have a sensible economic system that allows enterprise and growth but also looks after social concerns. When I visit the new countries, those are the issues that they say are important to them. If Members believe that that is the case, they have no case to argue against the treaty on the grounds that it is not in the interests of Europe.

The treaty is in the interests of Britain and Europe, but there are other questions that must be resolved, such as the referendum. I must admit that I was not initially enthusiastic about having a commitment to a referendum. Now the question is whether there is a difference between the constitutional proposition that was initially put forward and the treaty. That relates to what the original constitution and the treaty have to say about security policy and the role of the nation state. Those are important points, which we might address in more detail in Committee. However, the basic issue is that the constitution brought together the previous treaties and established a constitutional basis for the future of Europe so that if anyone wanted to amend it, they knew what they were amending. It was a

fundamental constitution that would bind together the EU countries. The treaty is not that; instead, it represents the same kind of development that came about as a result of the Amsterdam and Nice treaties, and it is of far less consequence than the Maastricht treaty, whose impact was much more fundamental.

Should there be a referendum? I know we will come on to that in our 20 days of consideration. If the treaty is different from the constitution, the commitment that the Government gave does not carry forward to the treaty. Therefore, it is proper that this House should say, "Setting that aside, is it valid for us to allow the British people a referendum on the treaty that is currently before the House?" If it was not valid to have a referendum on the Maastricht treaty all those years ago, what is the case for having one now? In anyone's calculation, this treaty is far less significant than the Maastricht treaty. If we have a referendum on this treaty, the EU will become ungovernable in the future should other countries want to have referendums on every single development and change that the EU must make in order to bring itself up to date with whatever are the issues of the day.

The House should support the Second Reading, and I see no case for a referendum.

8.19 pm

Mr. William Cash (Stone) (Con): When the Second Reading goes through tonight, as we assume it probably will, the European caravan will move on and my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke) and a number of others will doubtless cheer, but the issue of principle is clear. We should oppose this treaty because it undermines this country and its voters, it was pushed through by deceit in the first place and it was rammed through by the Whips.

The Government pretend that they are drawing red lines. Tony Blair, whose last defiant week in office was dedicated to his potential future as President of Europe, had the last laugh on the Prime Minister as he substituted Europe and his own potential supremacy in place of that of his former Government. The red lines have as much chance of holding back the tide of European law as King Canute had when he predicted that it would be possible to hold back the sea.

I see an avalanche of European laws in the European Scrutiny Committee week after week. It is like a tsunami of the kind clearly predicted by Lord Denning in those legal cases so many years ago.

Mr. Morley: I do not think it fair to say that there is nothing of benefit in this treaty. The House has heard, for example, the child protection benefits in terms of development. Most importantly, it contains big environmental improvements in sustainable development and climate change. How can the Conservative party be taken seriously on the environment when it is prepared to vote against those improvements in the treaty?

Mr. Cash: It is because the issue of principle, for me at any rate, on this Second Reading is whether the articles of this treaty should be implemented into United Kingdom law or whether they should be renegotiated, and where the boundaries should be between the European Union and the UK as regards our freedom, our democracy and our daily lives. The treaty, merging all the existing treaties into a new European Union, is a fundamental change, whatever the Foreign Secretary may say. It merges those treaties with the mass of accumulated functions since 1972 and would, combined with the new type of primacy that that has imported, transform the constitutions of Europe and the United Kingdom.

Bob Spink: My hon. Friend referred to an avalanche of EU law. I wonder whether he is aware of this quote from Jacques Delors, the former EU president. He said:

> "Up to 80 per cent. of legislation is of Community origin. I am afraid some national parliaments will wake up one day and their outraged reaction will place obstacles in the way of progress towards European Union."

Does my hon. Friend think it time that we brought that day forward?

Mr. Cash: I certainly believe that we must renegotiate the treaties.

This treaty is more important than the Maastricht one. We have waited and seen for far too long. We must stop this caravan and send it back. The issue in Committee will be to decide which articles of the treaty must be renegotiated. The Government must be put to the test, and we must use the time available to be direct and effective in this battle.

Today is not exclusively a debate about a referendum, essential though that is in the national interest. A referendum is the solution to the issue of principle, because political parties, Parliament and much of the media have for so long failed to give proper time and attention to the issue, in the context of the European Union, of the great democratic principle of who governs us and how.

I am delighted that the Conservative party and its new leader are firmly behind a referendum. The Labour party was right in 1975—the Foreign Secretary should take the smile off his face—as indeed was Tony Blair on his commitment on the original constitutional Bill, persuaded into it as he was by the present Prime Minister and Secretary of State for Justice. To their shame, they have reneged on both matters. The issue is a matter not only of law, but of policy, economics and sovereignty. It is about the impact on the daily life of every person in this country, in virtually every area of policy. It deals with questions relating to schools, hospitals, public services, local and central Government—through the control over the economy—defence, foreign policy, immigration, business law and much else besides.

The Government stand indicted for their broken promises on not only the referendum, but the red lines and the charter. They also stand indicted on their claims for the success of the European Union—the European Union does not work. Indeed, just this morning we heard the Prime Minister praising our historic ties with India, which, generally speaking, are justified, particularly since democracy has taken root in that great country. However, is the European Union to dictate our economic relations with India? Why should we not develop our own special relationship with India, building on the best of the past and on economic co-operation, and promoting our common resource of

[Mr. Cash]

the English language, as we could elsewhere in the Anglosphere world and the Commonwealth based on free trade and co-operation? Trade with other European nations is important and can contribute to that process, but it cannot do so with the European Union as a single legislative entity with legal personality, and certainly not with the current customs union.

If the holding of a referendum is so important—it is because of the fundamental change involved—it cannot be abandoned merely because the Labour Whips force the treaty on to the statute book. The Leader of the Opposition is right to say that we cannot allow matters to rest if, as is more than likely, a referendum is not won tonight or in Committee. He is right to concentrate on a referendum now and to vote directly against the Bill. He would also be right to commit to a post-ratification referendum in due course, as I urged in my recent early-day motion, which has the support of more than 40 colleagues from the Back Benches alone. That is because a vote born out of deceit on the issue of who governs must be put right. If this Parliament is to be trusted, the people must have their say and Members of Parliament must have the humility to realise that.

If the call for a referendum is defeated during the course of the Bill's progress, a referendum in any event will have to be proposed in our manifesto and implemented under a Conservative Government, whether or not other member states have ratified. If France and the Netherlands, not to mention Ireland, Denmark or Harold Wilson in 1975, can with impunity reopen negotiations and reverse decisions already taken, as we have so many other times with other treaties over the centuries, so too can the United Kingdom under a new Conservative Government. We must argue for this in the country with passion and conviction.

This treaty is a European manoeuvre. It was concocted by the Eurocrats, by Germany and by France, and by the betrayal of this country by this Government. Some 70 per cent. of those who have recently been asked said that they wanted these merged treaties renegotiated into an association of member states. As Churchill said in Zurich in September 1946:

> "We are with Europe but not of it. We are linked but not combined. We are interested and associated but not absorbed."

That is the line we should take.

I put it to the House that in Committee we must demonstrate how much we must leave out of the treaty, which merges the existing treaties, so that we can form a reasoned basis for proposing a proper renegotiation of each sphere of policy and principle contained in the existing treaties, and insist on trade and co-operation in Europe, but not European government. I am not speaking nationalism, but the national interest. Our involvement in global trade must not be determined by European government claiming falsely to speak with one voice.

Others have spoken—rightly—of foreign policy, the European presidency, the legal personality and over-regulation, as well as of the red lines and other vital matters, but I conclude with a plea for the supremacy of Parliament, upon which all other matters turn. In amendments to another Bill, whipped in both Houses recently, the Conservative party has already adopted my proposal to override the European Communities Act 1972 and therefore, above all, to require the United Kingdom judiciary to obey that latest law. The supremacy of Parliament, which, I point out to the Foreign Secretary, includes authorising a referendum—something that itself enhances parliamentary authority—must be affirmed in the text of the Bill, because the treaty seeks to infuse the European Union into our constitutional and legal framework, so as to leave little or nothing on which the voters can maintain freedom of choice in our democracy for which so many have fought and died. We must amend the Bill and erect a legislative redoubt that will ensure that the Bill and the treaty, if it were to pass into law, would guarantee the Bill of Rights and parliamentary supremacy, notwithstanding the European Communities Act 1972.

8.30 pm

Mr. Austin Mitchell (Great Grimsby) (Lab): I will not even try to follow the speech of the hon. Member for Stone (Mr. Cash)—I could not—but if this debate is a foretaste of the 20 days to come, it is a very gloomy foretaste indeed. We have heard a couple of excellent speeches, from the Opposition Benches unfortunately. The right hon. Member for Richmond, Yorks (Mr. Hague) gave a brilliant speech and although our former Prime Minister is angling to become President of the European Union, the right hon. Member for Richmond, Yorks still has prospects as president of the Oxford union—he could keep the flag flying there.

The former Chancellor, the right hon. and learned Member for Rushcliffe (Mr. Clarke), made a fascinating speech. Euro-enthusiasts on the Labour Benches were saying, "I wish I could have given that speech". It was honest and entertaining; I did not agree with much of it, but it was certainly effective.

However, most of the debate has not risen above arguing that if we pass the treaty it will advance motherhood, apple pie, animal welfare, the environment, child care, the NSPCC, bishops and the war on dandruff, and ensure the regular return of library books. Enthusiasts for the treaty say that anybody who is against it—as I am—automatically wants the destruction of Europe. I think the right hon. Member for Ross, Skye and Lochaber (Mr. Kennedy) said that, but it just ain't true. We should not trade caricatures in that way.

My position is clear. I do not want the treaty because it would advance a European superstate, which I do not like. I want a referendum on the treaty as a matter of principle, because we are being asked to abdicate from the power given to us as MPs by the people—power to take decisions on their behalf. If the people want to do a thing, we take the decision. If we can no longer do so because the power has been transferred to Europe, that is no longer democracy; we are incapable and the institution of Parliament is weakened. That is the reason both for holding a referendum and for opposing the treaty.

We have run into the nether reaches of the debate, which is when I always speak, so it is good that the Foreign Secretary is still in the Chamber listening to the arguments. The treaty takes us further towards a superstate. The Foreign Secretary told us that the treaty was not a constitution and that the seven years of travail, which I thought were about a constitution, were

in fact about institutional reform. I do not believe that. Ninety per cent. of the treaty is the constitution that emerged from the long travails in which my hon. Friend the Member for Birmingham, Edgbaston (Ms Stuart) played such an important part. The treaty has not been changed by the red lines, because they were there before.

If European leaders such as Angela Merkel and Bertie Ahern tell us that the treaty is the same as the constitution, if Giscard d'Estaing tells us that it is the same as the constitution but cleverly disguised, if it looks like a constitution, smells like a constitution and reads like a constitution, as far as I am concerned it is a constitution. We do ourselves no good by saying that it is not a constitution but a completely different document—it is not.

It is said that diplomats are honest men sent abroad to lie for their country. Well, I do not want Foreign Secretaries to be honest men kept at home to tell untruths about the European Union. That is effectively what has been happening. I do not say "lies"; I say "untruths". Perhaps I should call them Euro-truths, because that is about the same level of accuracy.

I looked pedantically at the "Shorter Oxford English Dictionary". It is a very big volume; I nearly ruptured myself getting it down from the shelves. It says:

"Constitution...3. a decree, ordinance, law or regulation...6. the mode in which a state is constituted or organised...7. the system or body of fundamental principles according to which a nation, state or body politic is constituted and governed."

Whether we call it a treaty or a reheated Euro-dog's dinner, the document has all those characteristics. It is therefore effectively a constitution.

It is no good telling us that black is white. We are already viewed with suspicion by the great mass of this country's electorate, who think that politicians lie, who automatically distrust anything that comes from a Department and disbelieve it, and who tell us that they do not believe a word that we say. So it is no use telling us that black is white, when it manifestly is not. That does not encourage any respect for Europe, for the constitution or for the institutions of Government.

So let me apply the Paxman test—nothing to do with underpants. To paraphrase the Paxman test—I would apply it to many in the European Union—why is that untruthful person of uncertain parentage telling me what I believe is not true? I can answer that test: Europe is saying that this is not a constitution but a treaty, because in its view, a treaty does not need a referendum. Our Government are telling us that the treaty does not need a referendum, because they know that they would lose. It is as simple as that, and we must be honest about it.

I found the Liberal Democrat position absolutely extraordinary. The Liberal Democrats want a referendum on something entirely different from the constitution, but that just shows that their love for Europe is greater than their love for democracy. I have always thought that that was their view anyway, so it is no great revelation.

Jo Swinson (East Dunbartonshire) (LD) *rose*—

Mr. Mitchell: It would be honest to say that we do not want a referendum because we fear that we would lose. We should admit that, because in doing so, we would be saying that the constitution and the advance of European union is a construct of the elite that must be foisted on the people, who cannot be trusted to vote on it, to have a say on it or to give their views on it, and I do not want to have to say that to the people.

Kelvin Hopkins *rose*—

Mr. Mitchell: I would rather not give way, because I am inevitably grinding slowly to a conclusion.

It is true that I do not want to build a European superstate. In that superstate, we would be like Mrs. Rochester in "Jane Eyre"—the mad person in the attic—and why would we be in that situation? Because the people do not like it; because the people do not want it; because the people feel that they are not being consulted; and because the people feel that it is being imposed on them. If we pass the treaty without a referendum, we will encourage all those feelings.

8.37 pm

Mr. David Heathcoat-Amory (Wells) (Con): The hon. Member for Great Grimsby (Mr. Mitchell) correctly identified one of the issues at the heart of the debate: whether the House is entitled to give away powers irrevocably, when those powers ultimately belong to the people whom we represent.

The other big problem is that the European Union is in something of a crisis. That was identified seven years ago, when the reform process was launched. Heads of Government, meeting at Laeken in 2001, recognised the very deep public disillusionment with the European Union and did not request but instructed the European Union to become more democratic, simpler and closer to its citizens. But as I know, because I was at the Convention on the Future of Europe, those instructions were ignored. Instead, the process fell victim to the iron determination of the European Union institutions not to give up their powers but to centralise them further at the expense of member states. I witnessed that; I predicted that it would fail, and it did, at the hands of the French and Dutch electorate. But instead of lessons being learned, the crimes were repeated.

Two reports—one from the European Scrutiny Committee and the other from the Foreign Affairs Committee—describe well how the German presidency was not told to draft a treaty last year; it was actually told to produce a report for further discussion. However, it exceeded those instructions, which were given at the previous European summit, and drew up a draft treaty, the text of which was shown to member states only on 19 June, two days before the start of the European summit that approved the treaty. Since then, no change or amendment of any sort has been possible. We had only that two-day window in which to try to influence the result and measure the text against the instructions, which were to ensure simplicity and democracy.

The Foreign and Commonwealth Office—that once-great Department—meekly assented to that compressed timetable, although it was completely unnecessary to do so, as we had a veto over the whole process. The scandal is that simultaneously, there were repeated assurances that the public would be brought alongside, consulted and engaged. The presidency conclusions of last June say:

"The European Council emphasises the crucial importance of reinforcing communication with the European citizens, providing full and comprehensive information on the European Union and involving them in a permanent dialogue."

[Mr. David Heathcoat-Amory]

How can we have permanent dialogue with the European Union when it produces a draft treaty only 48 hours before it is agreed? It is a totally two-faced procedure, and it is a scandal that the House and the Government went along with it. Of course, the reason is obvious: the Government never had the slightest intention of consulting the people. That was done in France and Holland, which said no, and the Government are not going to make that mistake.

This is the last treaty on which any public vote will be possible, because it now becomes self-amending. Never again will it be brought before the intergovernmental conference, and never again will it be put to a referendum. That is why the treaty is incomprehensible. The position is not, "The treaty's complicated, so we can't ask the people"; the treaty is complicated because the European Union knew that it had been relieved of the obligation to simplify it for our voters and our electorate. That is why it resorted to the old process of drawing up legal texts by politicians and lawyers for other politicians and lawyers.

If one reads the text of the treaty, as I had to, one can see that we are talking about an entirely unreformed European Union. It remains one of the most old-fashioned organisations in the world—centralised, harmonised, and obsessed with standardisation and over-regulation. It is completely out-manoeuvred by the rest of the world. For example, no other group of countries on earth has followed the European Union in becoming a customs union. Instead, they have all gone down the route of free trade agreements, which achieve the same circulation of goods and people, without binding member states to a trade policy about which they can do nothing, and which prevents them from helping the poorest countries on earth through bilateral agreements.

The EU is entirely an old-fashioned structure, unreformed in every respect. Another example of that is its budgetary policy. The European Union budget is a byword for waste and inefficiency. In the Convention on the Future of Europe, amendments were tabled to try to reform the budget. I tabled some, but I got no help whatever from the Government representative, the then Europe Minister, the right hon. Member for Neath (Mr. Hain), who clearly had trouble with money even in those days. Since then, and for the 13th year, the European Union accounts have been rejected by the auditors. Only last week we saw the pitiful spectacle of the Chief Secretary to the Treasury raising our contribution to £5 billion a year, net. We have no idea how that money is spent.

More policies and powers are being loaded on to the creaking edifice. Criminal justice is just one example, and it goes to the core of what Parliament does in defining penalties and punishments on behalf of the people whom we represent. The treaty marches right into that territory: the red lines that are supposed to protect it are entirely insecure, as is shown by the Select Committee report. The key point is that the treaty is irreversible: if a future Government want to try to retrieve those powers, or if they want a different policy on criminal justice, immigration, asylum and policing, that will be impossible, as we will have exported those powers irreversibly.

A change of Government will therefore mean nothing. Democracy will die, because people will not vote. Why should they vote at a general election for a party that promises to change our immigration or criminal justice policies, when it is impossible for it to do so? There is only solution—to ask the people. Ultimately, it is not our powers that we are discussing but the powers of the people we represent. We cannot give away those powers without their consent. We promised to consult them in national referendums, and the very least that Parliament can do is keep its promises.

8.45 pm

Graham Stringer (Manchester, Blackley) (Lab): The right hon. and learned Member for Kensington and Chelsea (Sir Malcolm Rifkind) defined the debate perfectly, when he said it was about not only whether we support the Lisbon treaty but whether we should have a referendum on that question. Those are the two issues before us, and the referendum is of much more importance than the Lisbon treaty, because more than 600 right hon. and hon. Members stood in the last election on manifestos promising to hold a referendum. I fully recognise that a small number of Members, such as the right hon. and learned Member for Rushcliffe (Mr. Clarke), have made their views robustly clear to the electorate. I absolve the right hon. and learned Gentleman of any commitment to vote for a referendum, because he was honest with the people who elected him. If we do not hold a referendum, however, there are more than 600 right hon. and hon. Members to whom the same does not apply.

We must remember that debate on what was then called the constitutional treaty was expunged from the 2005 general election campaign, because every party said that it would hold the debate when there was a referendum. I cannot remember a single major discussion on the television about the subject. That is the most important issue, because it is about honesty and integrity, and about democracy in the House.

In the time I am allowed, I shall quickly go through the issues. My right hon. Friend the Foreign Secretary said that this was a change treaty, but he is more or less on his own in saying so. If one met most of the Presidents and Prime Ministers of European states, the people who drafted the constitution, or Select Committee members, one would find that they all said that there was no real difference between the Lisbon treaty and the original proposals in the constitution. I would even ask the Whips, because they tried to persuade me to vote in support of Second Reading on the basis that such a measure appeared in our manifesto. The only treaty in the manifesto was the constitutional treaty, which, wearing another hat, they say has changed. The Government are confused on the issue, as are the Opposition.

Some of the analogies used to justify the measure are bizarre. The hon. Member for Kingston and Surbiton (Mr. Davey) knows as little about genetics as he does about politics. Just because there is only a 1 per cent. difference between our DNA and that of a chimpanzee or a bonobo does not mean that there is a 3 or 4 per cent. change between the constitutional treaty and the Lisbon treaty and thus a difference between the two measures. The difference is that bonobos do not write

treaties or compose music. The fact is that what is left in the Lisbon treaty does almost exactly what the original constitutional treaty would have done.

Jo Swinson: I appreciate the hon. Gentleman's generosity in giving way—unlike the hon. Member for Great Grimsby (Mr. Mitchell). Does he not accept that as far as there is debate about Europe in our constituencies—in the pubs of Britain—it is much more on the substantive issue of whether we should be in or out of Europe than on the intricacies of the Lisbon treaty?

Graham Stringer: I agree that there is dissatisfaction about Europe, and I agree with the former leader of the hon. Lady's party that some time or other there will have to be a real debate with the public, when such issues are voted on. I would be happy to vote on both the treaty and the in-or-out issue, at any time.

The second reason given is that the House does not do referendums. That was the position 30 or 40 years ago. I have not added up how many referendums there have been in this country in the past 10 years, but we are well into double figures; they are now a well recognised part of the constitution.

The third reason given for going along with the treaty is that it does not change very much, and without it the European Union would not work very well, so we need it because it will help make the EU more effective. As a member of the Transport Committee, I have looked seriously at how the EU has bulldozed through the Galileo project. It seems to me that the EU works very effectively at the moment, and that if it is looking for priorities, it should put the common agricultural policy right before dealing with the details of the Lisbon treaty.

I have listed the arguments that have been put publicly. However, my hon. Friend the Member for Great Grimsby (Mr. Mitchell) is right to say that the private discussions are along these lines: "We can't have a referendum; it would damage the Government, because they, and the Labour party, would lose it." I say to members of my own party who hold that point of view that the electorate might well reject the Lisbon treaty—but if that is true, what are we doing putting it through anyway? It is much more damaging to the integrity of politics if we promise people something at election time and do not carry it through later.

Many of my right hon. and hon. Friends agonise about why turnout is going down at local and general elections. All sorts of gimmicks are considered; they look to electronic voting and changing voting days from Thursday to Sunday, for example. The most important factor, however, is whether when we get elected we carry out the commitments we made when talking to the electorate at election time. The commitment to a referendum was given by more or less all the parties in the House, and the electorate can reasonably expect it to be carried through.

Another reason given is even more shameful: "People don't care. How many letters have you had on this issue?" I have not had many, but when I talk to people, when they stop me in supermarkets, they show that they do care about the issue. It is not at the front of their minds, as it is of ours, all the time, but they know that a commitment will not be carried through.

Another reason is whispered in the Tea Room and elsewhere. It is that people do not understand; the issue is too complicated for electors to grasp, and they are not up to it. Apparently, they are up to electing hon. Members, but not to understanding the Lisbon treaty. I ask all right hon. and hon. Members who really believe that to use their communications allowance to write to their electors to tell them that they are not up to understanding the Lisbon treaty. I believe that my electors understand what the treaty is about, and would welcome a vote both on the Lisbon treaty and on whether to stay in or leave the European Union.

Yet another reason given—sometimes publicly, sometimes privately—is that the real issue is about whether to stay in or out. That has some credence. There is an appetite for debate among the electorate as to whether we should be in or out of the EU; I would want to stay in, as it happens.

One would not get through a first-year undergraduate course in philosophy by being asked one question and then moving on to a completely different question. We promised people a vote on what was then the constitutional treaty and is now the Lisbon treaty. It is healthy in a democracy for the electorate to be sceptical about their politicians and to question and wonder about what they are doing. When that scepticism turns to cynicism because they no longer believe their politicians, there is a real danger of damage to the democracy that we all support.

Several hon. Members *rose*—

Mr. Deputy Speaker (Sir Michael Lord): Order. Before I call the next hon. Member, may I say that as an awful lot of hon. Members are still seeking to catch my eye, and some are clearly going to be disappointed, it would be helpful if Members could try to take a little less than the eight minutes that are allowed.

8.55 pm

Mr. David Curry (Skipton and Ripon) (Con): I shall vote for the Bill and the treaty tonight. It is always a difficult matter to find oneself in a very small minority on an issue that engages one's party with a great deal of passion. I suppose that if I look back on what has really animated my political life, it has been the desire to see the United Kingdom engage thoroughly with Europe. It has been a fairly stony path, and I have to say that I see no positive conclusion yet. I shall vote for the treaty very much despite the Government, not because of them—particularly given that, of the two very amusing Front-Bench speeches, at least the one by my right hon. Friend the Member for Richmond, Yorks (Mr. Hague) was intentionally so.

Too often, the treaty is treated as a religion. The European Union is not a religious issue but a political one. It is not the Book of Revelations, nor is it the Book of Job. Different Members treat it as if it is either a wonderful document with biblical certainty, or nothing but a long chapter of lamentations—but it is neither of those.

I am not very interested in the extent to which the treaty resembles the old constitution. Of course, countries that voted for the old constitution will think that it is the same thing, while those that were against it have every interest in showing that it is something

[Mr. David Curry]

different. What matters, as my right hon. and learned Friend the Member for Kensington and Chelsea (Sir Malcolm Rifkind) said, is how bankable the various red line opt-ins and opt-outs are, because what is different, if they hold, is Britain's range of obligations under the treaty. It is the same treaty, in stark terms, but Britain's obligations are not the same as they were under the original constitution.

We should judge the treaty on the very practical ground of which we have been proud in British politics: does it work? It may not be impeccable, but will it make things better, and does it contain hidden bear traps? The whole argument in this debate has really been about not whether it is intrinsically good or bad but whether there is something hidden in it that will push us inexorably towards a different sort of Europe. Since this is the 400th anniversary of Milton's birth, perhaps I can quote a line from "Paradise Lost"—

"Present fears

Are less than horrible imaginings",

which is probably the motto of the Eurosceptics.

The treaty flows from enlargement, which was a huge political victory. It is worth remembering that the enlargement of the European Union was the biggest and most dramatic peaceful shift of population and power in Europe since the decline of the western Roman empire 1,600 years ago. The changes give us a better chance of dealing with the new agendas that are pressing upon us, which have constantly been repeated in the debate—climate change, population movement, competitiveness and terrorism. They do not guarantee it—that is a question of political will—but institutionally, they make us better able to respond positively if member states can summon up the will.

Most aspects are commonsensical. The so-called permanent president of the Council is perfectly sensible; rotation is a pretty daft idea. The foreign policy high representative will certainly improve co-operation. The fact that President Putin has just signed a gas deal with Bulgaria illustrates the extent to which the European Union needs to get its act together faced with the Russian state. As for qualified majority voting, it is worth remembering that it delivered one of the greatest British triumphs in the European Union—the single market. Mrs. Thatcher would never have delivered the single market without qualified majority voting; it was the instrument that delivered that huge British success story. I simply do not believe that some covert agenda will overwhelm either Britain's ability to state her interests or, for that matter, her identity.

I would probably christen the opt-outs or red lines the "Wellington clauses", because they always remind me of the Duke of Wellington's thin red lines at Torres Vedras during the Peninsula war, where, very conveniently, the enemy was the French—an attitude that has rather endured, I have to say. When the impact of things such as population movement, which flows from climate change, hits the United Kingdom, I wonder whether we will eventually see the case for greater policy co-ordination and integration. The treaty is a pretty modest one. It does not compare with the Single European Act or Maastricht, but the consequences of failure would be huge. We are four years on from the French referendum veto and the Dutch veto. It is a huge matter for the United Kingdom, and huge for Europe.

I am not persuaded by the case for a referendum. We are rightly concerned with the decline of Parliament and its subservience to the Executive. That is the subject of almost eternal debate. Frankly, I can think of no greater way of accelerating Parliament's decline than to move to voting by plebiscite, for three reasons. First, the liberal and tolerant society in which I believe would be put at risk if we moved to government by plebiscite. Secondly, plebiscite is almost invariably an instrument against change. Thirdly, it is a lethal weapon in the hands of the Executive. As a parliamentarian, I do not believe in any of those three things. There may be once-in-a-lifetime changes—the single currency would be one—that are appropriate matters for a referendum, but not this relatively modest treaty.

We do need a pretty long respite from institutional change, but equally, there is a huge opportunity for Britain if it can overcome its habitual and, if I may say so, consensual response of baffled equivocation to any initiative that comes from Europe. That is why I said earlier that my political life had been in many ways animated by the desire to see Britain engage with Europe. Political and personal reasons lie behind that concern and preoccupation. I said that I had travelled on fairly stony ground; I hope that I may yet see, once this treaty is out of the way, the United Kingdom deciding that we should actually—in the old-fashioned Yorkshire expression—get stuck in to our relationship with Europe, because there are huge benefits to be gained from a Europe that is in many ways more sympathetic to the UK's world view than it has been for many years.

I shall vote for this treaty. I shall not, when the opportunity comes, vote for a referendum. It will be with great sadness, because of the position of my party, but with the understanding that tolerance of views that are privately, personally and passionately held has always been understood in this House, and it is in that spirit I shall vote in the way that I feel I must.

9.2 pm

Mr. Ian Davidson (Glasgow, South-West) (Lab/Co-op): Obviously, I rise with some disappointment about the fact that my amendment was not put before the House, but it is interesting that that amendment, which had so many people behind it—a rainbow coalition that united a variety of parties and individuals, far more so than the average Italian coalition—represented a widespread current of opinion that should not go unnoticed. Hopefully, that coalition will continue and build.

There are a number of sensible changes, which I support, in the treaty. I regret in many ways that we have had debates, as we usually do on Europe, that are so polarised between black and white: the question is posed as absolutely for or absolutely against. The Government have deliberately sought to paint so many European debates as being between themselves—moderate, sensible and wanting to get on with business—and those who want to withdraw, who are seen as the equivalent of flat-earthers, some of whom I saw the other day were compared with those who believe in

Nazi conspiracy theories. I do not think that that sort of political discussion is sensible or illuminating, and we should not continue with it.

Daniel Kawczynski: The person to whom the hon. Gentleman refers is the Minister for Europe, who, in interviews with the media, made rather obscure references to that posing the same danger to us as Nazi Germany, and to letters that he had received. It was scaremongering from the Minister for Europe.

Mr. Davidson: Gosh, that is an interesting point, which will now be noted in *Hansard*.

On balance, I find myself against the treaty. One of the most significant speeches, for me, was made by my hon. Friend the Member for Linlithgow and East Falkirk (Michael Connarty). His speech showed why he supported the treaty, but he said that he saw it as a tipping point. To a great extent, I see it as a tipping point, too. I object to the centralisation that it will bring into effect.

I regret that the Liberals in particular have chosen to hang themselves on the hook of saying, "Here is a question. We want to answer a completely different one." It is noticeable that hardly any of them are in the Chamber at the moment. They seem to take the view that they can simply avoid the question and hope it goes away, and that if they ask other questions, such as, "Are you for or against cracked pavements?", people will overlook the fact that they appear to have no observations on the matter. It is fair to say that only 20 per cent. of Liberals have a clear view on cracked pavements; the others regard the subject as too political and would rather discuss whether buses should run on time. Even on that, as I understand it, the party is split.

There are questions about whether we should have a referendum that have not been answered. I am not necessarily obsessed by the question of referendums in all circumstances, but we promised to hold one. It was in our manifesto. It is unequivocally clear that we promised a referendum on these questions. The sole reason that we are not having a referendum in Britain is that the European political elite have learned from the lessons of France and Holland. They have learned that if they do not want people to give them the wrong answer, they should not ask them the question. Let us not forget that the Portuguese wanted a referendum, confident that there would be a yes vote. However, they were leaned on by Britain, France and some other European leaders not to have a referendum because it would cause embarrassment to this country in particular and would enhance the pressure for a referendum. For Britain to have pressed another country not to have a referendum because it might be embarrassing somewhat undermines the case that a referendum is not necessary.

I remember when those in my party had that long conversation with themselves and refused to listen to the public, and when many of those who are now ardent Blairites were ardent Bennites. I disagreed with the same people then as I do now. We had that conversation while ignoring the electorate. We are ignoring the electorate on this matter, to our grave danger. The circumstances are significant.

Let me return to the Liberals; I always enjoy doing so in these circumstances. Does anybody remember Nick Clegg? He used to be the Liberal spokesman on foreign affairs and moved a motion at the Liberal Democrat party conference in 2005 that said:

"Any proposals which involve significant change in the relationship between the Union, the member states and its citizens should be approved in Britain through a referendum."

[Interruption.] Yes, he did say that, and the motion was carried. I sometimes wonder what happened to that Nick Clegg, because he also—

Mr. Deputy Speaker: Order. It is customary in the House to refer to hon. Gentlemen by their constituencies, not by their names.

Mr. Davidson: I am sorry, Mr. Deputy Speaker, but I was not sure whether he was the same person. I should refer to him as the hon. Member for Sheffield, Hallam (Mr. Clegg). In an article in *The Guardian*, the hon. Gentleman referred to the Government being afraid to hold a referendum. He wrote:

"The real reason, of course, why the government does not want to hold a referendum is the fear that it may lose... It is the same fear that led Peter Hain to camouflage the constitution with comic inaccuracy as nothing more than a 'tidying up exercise'... Nothing will do more damage to the pro-European movement than giving room to the suspicion that we have something to hide, that we do not have the 'cojones' to carry our argument to the people".

I understand that "cojones" is Spanish for a rude word. That demonstrates to me that the Liberal Democrats can talk balls in many languages—and, indeed, frequently do so.

Mr. Deputy Speaker: Order. I will not ask the hon. Gentleman to withdraw his remarks, but he should remember that there is a difference between accepted parliamentary language and good taste.

Mr. Davidson: I will try to pronounce the word adequately next time. I am sure that many of my colleagues do not understand the original Spanish.

The Government clearly promised a referendum. The second element of our debate is whether the constitution and the treaty are the same. At 11 o'clock this morning, we were issued with the consolidated text of the EU treaties, as amended by the treaty of Lisbon. If it looks like a constitution, smells like a constitution and has the weight of a constitution, it is a constitution. The last line of the document states:

"Printed on paper containing 75 per cent. recycled content."

In my view, a greater percentage is recycled. Government efforts to present the treaty as entirely new are akin to fitting a new set of tyres on a car and claiming that it is a new car. We all know that it is the same thing all over again. The public know that, too, and denying it undermines my party and our credibility as elected politicians.

Although I find a lot to support in the treaty—I am especially happy about multi-speed Europe, asymmetrical progression and so on—I am not convinced that the Government's red lines will hold. The Government must prove that they will hold, because I fear that they will be undermined by an activist European Court of Justice.

I end with the point that the Government have prayed in aid several organisations, many of which receive money from the European Union, and should declare an interest. Oxfam said to me:

"Oxfam has no stance on whether or not the EU treaty is adopted or whether or not there should be a referendum—these issues are outside our competence and mandate."

9.12 pm

Mr. John Redwood (Wokingham) (Con): If the motion is passed, it will be a bad day for trust in British politics and for those of us who want self-government and democracy in our country strengthened. Ministers insult the intelligence of not only the British people but Members of Parliament. It is obvious to anyone who reads the document that it is largely the old constitution. It is obvious to anyone outside the House that a Member who was elected in 2005 on a promise to hold a referendum on the proposals should vote tonight to do that.

I find it heroic to the point of being bizarre that many Labour and Liberal Democrat Members of Parliament, who were elected in 2005 on small majorities, want to be with the Government in tearing up their promise to the electors to grant them a referendum. It is especially bizarre given that the Conservative party is so much higher in the polls than it was in 2005 and their parties are lower. It is bizarre, given that local content in elections is increasing rather than decreasing. It is odd, given that most Members of Parliament, when interviewed separately, agree with me that they need to do everything possible to build trust and confidence with electors because their party is so unpopular, that many should wish tonight to take action that implies that they intend to snub their electors and make it more likely that the 1,000, 2,000 or 3,000 electors whose support they need to retain will go another way in an election.

Ministers have forgotten, if they ever knew, that only one in five of all voters voted for the Government in 2005. They have forgotten that the Labour party polled even fewer votes in England than the Conservative party did in 2005, a year in which the Conservative party polled very badly. Ministers have forgotten that twice as many people decided not to vote at all in the 2005 general election as voted for the Government, because many of them had no trust in politics already. So how on earth can Ministers argue the indefensible tonight and tell their Back Benchers that it is for the good of their cause that they must snub the electors, tear up their promise and destroy what little trust remains in the Government by saying that there must be no referendum?

Looking at the situation from a party political point of view, my party welcomes the Government's position, because it makes it more likely that we will win those seats. However, as a democrat and as someone who believes that trust in politics desperately needs to be restored, I am unhappy to see both the Lib Dems and Labour in such a strange mode.

As someone who believes that we have already lost too many powers to govern ourselves in a democratic way through Parliament and this Chamber, I am worried to see 60 vetoes on major policy areas being tossed away by the draft proposal, and to see Ministers now accepting that foreign policy and criminal justice will become part of the EU proper in a way that, under the European Court of Justice, will gradually reduce and limit powers. I am also worried to see Ministers pretending that they have protected their so-called red lines, when they have retreated at every conceivable turn.

There was an easy way of preserving our right to self-government in crucial areas such as tax and benefits, foreign affairs and criminal justice, and that was to keep the veto. It did not require great powers of oratory or persuasion, or the building of great coalitions. All that Ministers had to do on our behalf was to veto giving away the veto. It was terribly simple—they had the power, and they willingly and negligently decided to give it away. As a result, if the treaty goes through, our country cannot be sure that we will remain in charge of our own affairs even in those vital areas of foreign policy, criminal justice, and taxation and benefits or that we will be able do what the electorate wish us to do, by keeping our election promises.

The surrender of those powers will be another way in which trust in our politics will be undermined. Already people do not trust politicians in the House, because in so many cases we are unable to do what we say we will, as European laws and regulations prevent us. That will now happen on a much bigger waterfront if those powers are truly surrendered and the Bill goes through.

Daniel Kawczynski: Will my right hon. Friend give way?

Mr. Redwood: I will not, because other hon. Members wish to speak.

I urge the House tonight not to surrender those powers but to strike a blow to restore trust in politics, and to show the public that we are prepared to stand up to an over-mighty Executive, who do damage to us but give in at every conceivable opportunity in Europe. That is what is destroying politics. We need to start restoring trust.

9.17 pm

Mr. Roger Godsiff (Birmingham, Sparkbrook and Small Heath) (Lab): Like other right hon. and hon. Members, I supported the Labour party's 2005 manifesto commitment to have a referendum on the EU constitution. Some 240 clauses of the amended treaty are the same as the ones in the EU constitution. The 10 that are different relate to symbolic elements, as the Danish Prime Minister said.

I listened to what the Foreign Secretary and the Liberal Democrat spokesman said. I believe that the Foreign Secretary is an honourable man, but there are other honourable men and women who spoke on the issue after the treaty was agreed. Angela Merkel, the German Chancellor, said:

"The substance of the constitution is preserved. That is a fact."

Jose Zapatero, the Spanish Prime Minister, said:

"We have not let a single substantial point of the constitution treaty go...It is, without a doubt, much more than a treaty. This is a project of foundational character, a treaty for a new Europe."

Bertie Ahern, the Irish Prime Minister, said:

"90 per cent. of it is still there...these changes haven't made any dramatic change to the substance of what was agreed in 2004".

Mr. John Hayes (South Holland and The Deepings) (Con): Will the hon. Gentleman give way?

Mr. Godsiff: I hope the hon. Gentleman will forgive me, but time is pressing.

Astrid Thors, the Finnish Foreign Minister, said:

"There is nothing from the original institutional package that has been changed."

I have said that I believe the Foreign Secretary is an honourable man. I also believe that the four other people whom I have mentioned are honourable. However, they cannot all be right. If the amending treaty is adopted, there will be a further transfer of power from Westminster to Brussels, as the Chairman of the European Scrutiny Committee—who is not here at the moment—has made clear. This will add to the half of UK legislation on business, charities and the voluntary sector that already originates in the European Union.

Mr. Redwood: Does the hon. Gentleman accept that one of the problems is that more matters will come under the European Court of Justice? It is an activist Court that is always increasing the federal power, so many more things will be at risk, whatever Ministers might promise.

Mr. Godsiff: The right hon. Gentleman makes a good, valid point.

It has been suggested that, unless we adopt the amending treaty, the EU will be prevented from fighting climate change. However, it already has plenty of powers in areas such as environmental policy. The EU does not need a constitutional treaty to fight climate change. It simply needs to develop policies that work, and to have the political will to pursue them.

It is easy to label anyone who does not support the amending treaty as anti-European, and to say that referendums are somehow un-British. As my hon. Friend the Member for Birmingham, Edgbaston (Ms Stuart) has pointed out, however, Labour Governments have quite rightly held referendums in the past, including those on Welsh and Scottish devolution and, back in 1975, we had a referendum on whether the UK should remain a member of the Common Market. Furthermore, even staunch supporters in the media, such as *The Observer*, believe that there is justification for the people of this country giving a vote on this issue. In an editorial on 2 September last year, it said:

"The treaty is indeed a purely technical document. But it salvages the political heart of the constitution—streamlined voting, a strengthened European presidency and diplomatic service. So the symbols have been dropped, but the political charge continues apace. What legitimacy can it have without a public vote?"

Some supporters of the amending treaty try to make out that the changes in it are insignificant. On 25 June last year, in his last House of Commons comment on Europe, our former Prime Minister, Tony Blair, gave us one of his great one-line quotes. When referring to bringing together the staff of the Commission and the European Council, he said:

"Are we to have a referendum on an open-plan office?"—[*Official Report*, 25 June 2007; Vol. 462, c. 26.]

That is a great quote, but if all this is about is an open-plan office, one wonders why his friend, Mr. Sarkozy, is promoting our former Prime Minister to be its manager, and why our former Prime Minister is alleged to be seriously considering such a prospect.

The argument about the future of Europe is not, in my opinion, about whether the United Kingdom stays in or leaves; it is about the sort of European Union we want. Do we want a federation—a united states of Europe? I do not believe that that would be in the long-term interests of the people of this country or of Europe. Or do we want a confederation of independent states working for common objectives?

Mr. Hayes: The hon. Gentleman is making a persuasive case. Does he agree that the difference in this debate is not between those who believe in an intergovernmental Europe, as he and I do, and those who believe in sacrificing our freedoms to a European superstate? Rather, the difference is between those who want legitimacy expressed through the will of the people and those who are simply prepared to disregard that and, frankly, to be dishonest about the full ramifications of the treaty.

Mr. Godsiff: The hon. Gentleman makes his points powerfully and I shall make a further comment about that in a few moments.

What I want to see is a confederation, but I believe that the amending treaty as it stands is a further step towards a federation—a united states of Europe. However, let me make this point clear: if that is what the British people want, so be it. What I believe is very wrong is to deny the British people an opportunity to have their say. They were promised a referendum by all the major political parties at the last election and I regret to say that, without a commitment to that from those on the Front Bench tonight, I will not be able to support the Bill.

9.25 pm

Mr. Ian Taylor (Esher and Walton) (Con): I have only a few minutes, so I will be brief. As I have never supported the concept of referendums, I am in no confusion about that issue. The matter before us tonight is not really about whether there should be a referendum, but whether the treaty is beneficial to the United Kingdom.

I was saddened by the Foreign Secretary's opening speech. It is not that he said anything with which I particularly disagreed; what saddened me was the tone he adopted, which echoed the tone of the Government's approach, who have sought to reassure people that somehow this awfully threatening issue can be defended by a series of red lines or other qualifications that the Government have proposed. The public out there are unsurprisingly confused when it comes to understanding why the treaty is a good thing. I shall vote for the treaty tonight, because I believe that it is a good thing, but I hope that the Minister for Europe will explain to others the treaty's benefits to our country and why it will help us to influence what is about to happen in Europe and to meet some of the challenges ahead better than would be the case without it.

That brings me to the brilliant speech by my right hon. Friend the Member for Richmond, Yorks (Mr. Hague), whose eloquence almost tempted me to agree with him. But then I suddenly thought that a brilliant speech before the House does not enable us as a party to influence the very leaders of other countries whom we will need to have on our side if we want to make the changes we desire to the character of the European Union. That is the fundamental weakness of my own party's position—it wants to be in Europe, but it really does not like it and it tells others that it does not like it. We are then rather surprised that others do not want to do what we want to do in the European Union.

This treaty provides several key developments. It is a shame that the EU is not more united on foreign policy,

[Mr. Ian Taylor]

so if the treaty persists in allowing that to happen, it is all to the good. Given the problems we face in dealing with Russia at the moment, we need more rather than less unity. It is also important to address energy issues, so if the treaty enables us to do so, that, too, is a good thing. Speaking as a former Minister who did business at several Council meetings, qualified majority voting is, by and large, a good thing because it overcomes the opposition of any one member country.

Will the Minister for Europe please address some of those advantages so that the British people understand that if one wants to stay in the EU, one must make it work much more effectively? It is of no benefit to the EU that there is a weak Commission, and a weak Commission is likely to persist if, as further enlargement takes place, measures to introduce a leaner version—for example, the treaty would reduce the number of commissioners to 18—are not introduced. It is vital that we have someone in the EU who can represent the decisions that the nation states have made, so it is good to appoint a President for that purpose. It is very important to have greater consistency in foreign policy, particularly in the middle east, so if the EU nations have agreed on a policy, we need someone to represent those nations.

In my view, the British public have not even begun to understand that this treaty brings benefits to the UK and enables the UK better to express itself. What we must do now is ensure that the leaders of other countries realise that our vision of Europe, as one that is more liberal, more open and more interested in global trade and global environmental questions, is worth taking a lead on. In order to take a lead, however, we must convince those countries that we believe in the institutions created in the European Union. I will support the Government tonight, but I hope that they will subsequently be more enthusiastic about the tasks ahead.

9.29 pm

Mr. Mark Francois (Rayleigh) (Con): This has been a lively and at times passionate debate, in which we have had, I think, 22 speeches from both sides of the House, as well as a number of interventions, ranging in style from that of my right hon. Friend the Member for Wells (Mr. Heathcoat-Amory) to that of the future bishop of Rhondda, who is unfortunately no longer with us and conducting evening prayers. I am also interested to see that we have just been joined by the Prime Minister's right-hand man, Mr. Ed Cojones, who can pass back to the Prime Minister our disappointment that he is not here to vote on these matters tonight.

The greatest contrast, however, was between the two opening speeches. Without wishing to be malicious to the Foreign Secretary, anybody watching the debate from outside would most certainly have concluded that my right hon. Friend the Member for Richmond, Yorks (Mr. Hague) should be speaking for Britain on the world stage.

Tonight, the House is being asked to begin the ratification of a treaty that hands over major powers from this place to the European Union, and that is, in effect, the old European constitution under another name. To escape their solemn manifesto commitment of a referendum, the Government must subscribe to the fiction that the two documents are really different, a position described by *The Economist* as "a farce".

Mr. Hendrick: Will the hon. Gentleman give way?

Mr. Francois: In a moment.

Just in case any Members of the House have not had the opportunity to read through all 291 pages of the English version of the Lisbon treaty, let me summarise briefly how that has been achieved.

Article 1 of the Lisbon treaty carries forward large elements of the constitution and inserts them directly into the treaty of Maastricht. Article 2 of the Lisbon treaty does exactly the same for the other remaining key powers in the constitution by inserting them into a renamed treaty of Rome. The format might have been modified, but the substance is almost exactly the same. That is why the Labour-led European Scrutiny Committee, whose Chairman made a powerful contribution this evening, conducted a detailed comparison of the two texts and concluded that they are "substantially equivalent", and that to argue otherwise is "misleading".

Only this weekend, another Labour-led Committee, the Foreign Affairs Committee, which also undertook a detailed examination of the foreign policy aspects of the two documents, concluded:

> "There is no material difference between the provisions on foreign policy in the Constitutional Treaty which the Government made subject to approval in a referendum and those in the Lisbon treaty on which a referendum is being denied."

I will now give way to the hon. Member for Preston (Mr. Hendrick), who also promised electors in his constituency a referendum on the constitution.

Mr. Hendrick: I promised a referendum on a constitutional treaty, not on an amending treaty. In my contribution, I gave a long list of differences between the two treaties. As for what is substantively the same, if the hon. Gentleman means the replacement in the previous constitution of "ecu" with "euro" and "European Community" with "European Union", what is the big deal?

Mr. Francois: I shall come on to demonstrate further that the two treaties are effectively the same. I thank the hon. Gentleman for his stunning input to the debate.

Despite the two Labour-led Committees—

Mike Gapes *rose*—

Mr. Francois: I see that the Chairman of the Foreign Affairs Committee wants to intervene, but he will have to bear with me for a moment.

Despite those two Labour-led Committees concluding that the two documents are effectively the same, the Government still plough on regardless, arrogantly denying the people of this country the referendum that they solemnly promised in the first place. I now give way to the Chairman of the Foreign Affairs Committee.

Mike Gapes: The hon. Gentleman has referred to what he described as the Labour-led Foreign Affairs Committee, and has quoted part of our extensive

report published yesterday. May I also refer him to the decisions that were taken in producing that report—one by nine votes to two and the other by eight votes to three—to reject a referendum on the treaty?

Mr. Francois: I refer the hon. Gentleman to his own report, which discusses elements of the document and says that one foreign policy aspect

"is unlikely to be beneficial to the UK's position in the EU."

It then says

"We recommend that the Government should publicly acknowledge the significance of the foreign policy aspects of the Lisbon Treaty."

Those are not my words; they are the words of the hon. Gentleman's report.

The Foreign Secretary has a problem. A whole range of other European Union leaders have an inconvenient tendency to tell their own electorates just how similar the two documents are. Bertie Ahern, the Irish Prime Minister, said that they were 90 per cent. the same. The Spanish Foreign Minister said that they were 98 per cent. the same. The Spanish Prime Minister literally went one better, and said that they were 99 per cent. the same. Valery Giscard d'Estaing—back in November, before someone whispered in his ear—told the "Today" programme that when the two were compared,

"it's just another presentation and combination of presentations but the text is word to word the same one."

Even within the Labour pantheon back home, the cracks are beginning to open wider. Bob Crow—*[Laughter.]*

Mike Gapes: Bob Crow!

Mr. Francois: A trade union leader—*[Laughter.]* Hang on. A trade union leader, who is not exactly a regular dining companion of my hon. Friend the Member for Stone (Mr. Cash), said:

"The only thing that has changed is removing the word constitution and references to the flag and anthem, which will clearly remain in place anyway. If our new listening Government does not give us a vote, its credibility will be in tatters."

Lord Jones of Birmingham, in an example of typical plain speaking, revealed the truth when he said simply:

"This is a con to call this a Treaty. It's not, it's exactly the same, it is a constitution".

Even the Prime Minister, who seeks to dragoon his Back Benchers through the Lobby tonight in favour of this treaty—although, because it is Lisbon, he of course will not be here—knows full well that this is the constitution by another name. In fact he has referred to it as such on several occasions, even in the company of Bertie Ahern, who is granting the Irish people the say that the people of Britain are being denied.

Daniel Kawczynski: Will my hon. Friend give way?

Mr. Francois: Very briefly.

Daniel Kawczynski: My hon. Friend mentioned Bob Crow. He will be aware that the TUC has passed resolutions in favour of a referendum on this issue. Labour Members are betraying the TUC through their stance tonight.

Mr. Francois: My hon. Friend has pre-empted me. I will come to the trade unions in a moment.

The Government have comprehensively lost the argument that the two documents are different. Hardly anyone in the media and less than 10 per cent. of the public believe them on that point. It is, to coin a phrase, patently obvious that the emperor has no clothes, but still the Government have to maintain this desperate pretence; and, crucially, they are asking every member of the House to suspend all independent judgment and become complicit in the deception tonight.

Under pressure, the Government fall back upon their supposed red lines—which in any case are almost exactly the same as they were in 2005, when we were promised a referendum. However, the European Scrutiny Committee, in two detailed reports, examined the Government's red lines and found them wanting. The Committee's Labour Chairman, the hon. Member for Linlithgow and East Falkirk (Michael Connarty), told the BBC's "Today" programme that they would "leak like a sieve"—and that at the end of an examination that took some two months.

Not only do the red lines fail to protect our sovereignty; as clause 6 shows, the treaty carries forward from the original constitution the new so-called "simplified revision procedure". That is the "ratchet clause", which means that in future individual vetoes could be surrendered for ever after a brief debate on a simple House of Commons motion. If the Bill is passed tonight, we will table amendments in Committee to strengthen the protection, so that no veto can be given up under the auspices of the Bill itself without primary legislation being required.

The Government's reaction to all this amounts to crude scare tactics. In the weekend press, the Foreign Secretary described opposition to the treaty as an "extreme position", but the people of France and the Netherlands voted against the constitution in 2005, and no one called them "extreme" as a result. As the polls consistently show that three quarters of the British people want a referendum on this treaty, is the Foreign Secretary calling three quarters of our electorate extreme? If he is, his colleagues in marginal constituencies might not thank him for that judgment.

The trade unions, which voted overwhelmingly for a referendum on the Lisbon treaty at the TUC conference last autumn, might well not thank him either. Let me read out the words of Paul Kenny, the general secretary of the GMB, who proposed the motion. He said:

"The GMB is not an anti-European union. The GMB is not an anti-Labour union...If there is disenchantment with Europe, blame the lack of political vision of MPs but don't blame the trade unions for reminding politicians of their promises to the British people".

That motion was carried overwhelmingly.

Labour's manifesto for the 2005 general election was clear about the constitution. It said:

"We will put it to the British people in a referendum and campaign wholeheartedly for a yes vote".

The Prime Minister said just before taking office that he regarded honouring that manifesto as "a matter of trust" with the British people. Given that, how can any Labour MP who votes to give this Bill a Second Reading go back to their electorate—or, indeed, their constituency Labour party—and look people squarely

[Mr. Francois]

in the eye when they will have betrayed the manifesto on which they were originally elected to this House?

The Government's wriggling on this issue has been matched only by that of the Liberal Democrats, whose Members are present in force tonight—all three of them. Their 2005 manifesto commitment was equally clear. It stated:

"We are clear in our support for the EU constitution, which we believe is in Britain's interest—but ratification must be subject to a referendum of the British people".

Liberal Democrat support for such a referendum goes back even further than that, however. As my right hon. Friend the Member for Richmond, Yorks pointed out, when the new leader of the Liberal Democrats—whom I congratulate on his forthcoming promotion to the Privy Council—was still an MEP he wrote an article for *The Guardian* in which he argued forcefully for a referendum on the EU constitution. He said—and I hope I get the pronunciation right—that:

"Nothing will do more damage to the pro-European movement than giving room to the suspicion that we have something to hide, that we do not have the 'cojones' to carry our argument to the people."

I am afraid that the Liberal Democrat spokesman this evening was rather confused. At one point, he argued that what we needed was an in-out referendum on Europe, and then, a few minutes later, he said we could not have a referendum on the EU constitution—on the Lisbon treaty—because he claimed that that would represent, effectively, an in-out referendum on Europe. That was the argument he put to the House. I say to him and his colleagues, when the Division bell rings in a few minutes' time, let us see exactly what cojones the Liberal Democrats have and which Lobby they go through.

That brings me to one further argument against giving the Bill a Second Reading. Leaving aside all the technicalities of the treaty—the ratchet clause, the red lines, the collapse of the third pillar—every Member knows from their postbag that, despite the work we all put in every week, support for politics and politicians is diminishing. Will voting for this Bill improve that situation or make it worse? Will it bolster or weaken our authority as an institution in the eyes of an increasingly sceptical public if we surrender even more of our remaining powers without public consent and on the basis of a con that is plain for all to see? Even if the Government were somehow to force the Bill through the Commons on a three-line Whip, I believe the best they can hope for is a pyrrhic victory. They might regard that as a short-term advance, but it could turn out to be something of a strategic defeat in respect of the long-term attitude of the British people towards the European Union; and because of the way it had been done, it could only serve to undermine the credibility of the House in the eyes of the people who sent us here.

Every Member is ultimately accountable to their electors for how they cast their vote. We shall ensure that voters in every Labour and Liberal Democrat constituency are made well aware of how their Member votes on this treaty. Members on both sides of the House should consider that the Government have completely failed to convince the media and the British people that this treaty is anything other than the constitution under another name—they have also failed to convince the majority of Labour Back Benchers deep down in their heart of hearts.

We are the guardians of the people's liberties—*[Laughter.]* Labour Members may laugh, but we are. The powers vested in this House belong ultimately to the people. In a sense, they are not ours to give away—certainly not without a democratic mandate and definitely not on the basis of a false premise. Let us reject this Bill and defend the interests of the British people, unless and until they are allowed to decide the matter.

9.45 pm

The Minister for Europe (Mr. Jim Murphy): Today's proceedings have been the start of a long debate. I am looking forward to spending more time with the hon. Member for Rayleigh (Mr. Francois) than with my wife, although that enthusiasm was dimmed when he quoted Bob Crow at me. The day when this Government take policy advice from Bob Crow is the day when we are unquestionably destined for opposition. The evening when the hon. Gentleman cites Bob Crow as a policy adviser is the evening when he confirms that his party is destined to stay in opposition.

We have listened to almost two dozen speakers. We heard different views from different sides of the House. We heard contributions from the eminent Chairmen of the European Scrutiny Committee and the Select Committee on Foreign Affairs, my hon. Friends the Members for Linlithgow and East Falkirk (Michael Connarty) and for Ilford, South (Mike Gapes). Both Chairmen eloquently and in detail explained to the House yet again that both those Committees rejected the proposition that the reform treaty should be put to a referendum of this country—that is clear indeed.

The analysis underpinning so many of this evening's speeches is that the world is changing, and continues to change, at an incredible pace, and that Europe has changed for ever. Across the world the pace of economic, cultural and political globalisation is unsurpassed in our history. In Europe, we are no longer a front line in the old balance of power politics. We celebrated the collapse of the Berlin wall, whose destruction helped to build a stronger Europe.

The treaty, which we will discuss for the weeks ahead, reflects the fact that Europe's structures have not kept pace with that global and European transformation. Britain joined a European Community of six members. Europe's rules were subsequently adjusted to take account of a membership of 10, then 12 and then 17 member states, but they are inadequate for a European Union of 27 countries. This treaty makes some sensible improvements.

Mr. Redwood: The one thing that we are told is different about the treaty as opposed to the constitution is that the flag and the anthem have been dropped. Can the Minister promise us that we will no longer see the flag and hear the anthem?

Mr. Murphy: The right hon. Gentleman had his opportunity earlier this evening, when he forgot to explain to the House that he voted against a referendum on the Maastricht treaty and that he said

from those Benches that the Amsterdam treaty would abolish Britain. Britain is still with us. He was wrong then, he is wrong now and he will be wrong again.

Mr. Hands *rose—*

Mr. Murphy: I wish to make a bit of progress. The treaty makes some sensible improvements, such as bringing an end to the diplomatic merry-go-round of the rotating presidency. It is ludicrous that Europe changes its leadership in that way, whereby every 26 weeks a new leadership is appointed. No effective organisation should have such a provision built into its inherent structure. It is certainly no way to organise the largest rules-based market in human history.

On a practical basis, let us consider two of the big challenges we face internationally. There is the pressing issue of Kosovo in our continent. Since we made our international commitments to Kosovo in 1999 Europe has had no fewer than 16 rotating presidencies and we have seen momentum ebb and flow. The second example relates to the UK's relationship with Russia. One of the complications of the UK's and Europe's relationship with Russia is that every time there is a diplomatic issue and a need for a common European position—a policy celebrated on both sides of the House—Europe has a different presidency. The treaty offers a sensible, moderate improvement in the way that Europe operates its rules.

Mr. Hands: May I ask the Minister a question about the charter of fundamental rights? He may recall that Tony Blair, the previous Prime Minister, said that the charter would not apply in the UK at all, thanks to the protocol, yet when the Minister for Europe appeared before the European Scrutiny Committee he told us that the protocol is

"a statement of how the Charter provisions will apply in the UK".

Does the charter apply or not?

Mr. Murphy: The charter records existing rights; it does not create new rights. It is clear that the UK does not have an opt-out on the charter of fundamental rights, which binds European institutions and is an important, progressive move.

Mr. Baron: During the debate, it was suggested that the treaty contains provisions to allow powers to be repatriated to member states. Can the Minister tell the House which top three powers he would like repatriated to the UK and give us the timetable for achieving that, or is European integration just a one-way process?

Mr. Murphy: What is clear is that we have an opportunity this evening to vote for a Bill that gives more powers to this place. In voting for the treaty, we are giving the power to recognise the important rights of national Parliaments across the European Union. Again, that is an important, moderate improvement in the rules of the EU.

Mr. Hayes *rose—*

Mr. Murphy: I give way for the last time, but then I must make some progress in the eight minutes that are left.

Mr. Hayes: The Minister makes an holistic if unconvincing case for pan-European government. His argument so far could just as easily have been made for a constitution. Why was a referendum right for a constitution in 2005 but wrong now?

Mr. Murphy: The treaty is different in legal consequence, legal substance and legal structure. Across Europe, nine countries—nine separate sovereign countries—had committed to a referendum on the old constitution. There are no longer nine, but one; only our good friends in the Republic of Ireland, who are bound by their domestic constitutional arrangements to hold a referendum, currently plan to hold one. Eight separate Governments, in eight separate countries, of different political persuasions, have come to the independent conclusion that the old constitution has been abandoned. There will be no European constitution.

Ms Gisela Stuart: Will my hon. Friend give way?

Mr. Murphy: May I make some progress? There is only a short time available.

There are a number of sensible and important changes about the extension—[Hon. Members: "Give way."] I will give way to my hon. Friend in a moment.

Under the treaty, there are improvements and changes in the way we organise qualified majority voting. Again, they are to be welcomed in our national interest. The liberalisation of our energy markets across Europe is an important change and improvement. Millions of UK citizens have their energy supplied by French companies. By opening up the energy market through the introduction of qualified majority voting UK companies will have the opportunity to compete across European markets.

The treaty improves the position of the United Kingdom in terms of its share of the vote in the Council of Ministers. It streamlines the bureaucracy and reduces the size of the European Commission.

Ms Stuart: Could it be that the eight countries that promised a referendum on the constitution but will not hold a referendum on the treaty did so not because the document was different but because they were terrified about what happened in France and the Netherlands and did not want to risk the same thing in their country?

Mr. Murphy: That is not the case at all. The fact is that the Dutch Council of State, for example—an independent body—very clearly, precisely and legalistically came to that conclusion. In Denmark, an independent, objective opinion was reached on whether there should be a referendum. The fact is that all the countries of the European Union have declared that the constitutional approach has been abandoned.

The treaty that we are considering through the Bill marks the end of a rather circular debate about European structures. It offers improvements on environmental policy. Treaty article 2 sets out a new objective to tackle climate change that is welcomed by the major climate campaign organisations in the UK. The treaty improves

[Mr. Jim Murphy]

the development situation. A new treaty article and a new commitment to the eradication of poverty in the developing world is again welcomed by campaigning organisations across the UK, including Oxfam. The treaty also recognises children's rights for the first time in a European treaty. Part of the ludicrous nature of European debates in the past has been the recognition of animal rights, but no treaty has ever recognised children's rights. The Bill will also empower Parliament in a much more adventurous and ambitious way, by introducing clauses 5 and 6.

Debates about Europe's future are too often seen through the prism of Britain's past and the sense that the European Union is in some way a vast conspiracy against the UK. Without Europe, the UK would be poorer, less influential in the world and less safe. It would be poorer, because as a trading nation, we rely on a single market of 480 million citizens, with 3 million jobs in the UK reliant on our relationship with the EU. We would be less influential in the world as a medium-sized country. Of course, with a successful economy and exceptional armed forces, we would still have influence, but we would be throwing away the added clout of the opportunity to speak with one voice across the EU. We would also be less safe. The EU's work in fighting international crime and terrorism makes Britain's citizens safer. Safety standards in our workplaces, on our roads and for imported goods are also important innovations and reforms that strengthen the UK.

It is also clear that today's Conservative party in most parts is captured by an isolationist tendency. The Conservative view, already expressed by the shadow Foreign Secretary in the past, is that Britain is already a foreign land. Every Government in the EU and every main opposition party in Europe supports the treaty. The shadow Minister for Europe was given the opportunity again this evening to name just one European Government who oppose the treaty in the way that he does vociferously. Again, I give him the opportunity to name one Government, or even just one major Conservative party, who share their obsession about Europe and opposition to the treaty—just one. *[Interruption.]* There we have the answer: the hon. Member for Rayleigh (Mr. Francois) is part of a coalition that involves the Dutch Animals party, Sinn Fein of Ireland and a rag-bag of Communist parties from across Europe. Is it not remarkable that the Conservatives cannot find one European Conservative party that supports their policy, when we consider, for example, that Italy has 10 Conservative parties of its own? The truth is that the Conservative party of today is in large part more obsessed and isolated than ever before.

The hon. Member for Stone (Mr. Cash) made a similar speech to those that he has made for the past two or three decades. His views used to be on the periphery of the Conservative party's European position. Now, he finds himself increasingly in the mainstream—the hon. Gentleman nods about that—with the emergence of an organisation called Better Off Out. An ever-increasing number of Conservative Members are members of Better Off Out. *[Interruption.]* The hon. Member for Macclesfield (Sir Nicholas Winterton) is a member of Better Off Out. Better Off Out is so hard-line and simplistic on Europe that the hon. Member for Stone would not even join the organisation. I endorse the Bill.

Question put, That the Bill be now read a Second time:—

The House divided: Ayes 362, Noes 224.

Division No. 50] **[10 pm**

AYES

Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, Danny
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Baker, Norman
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barrett, John
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Beith, rh Mr. Alan
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brake, Tom
Breed, Mr. Colin
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Browne, Mr. Jeremy
Bruce, rh Malcolm
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Burstow, Mr. Paul
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Cable, Dr. Vincent
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, rh Sir Menzies
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chaytor, Mr. David
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Kenneth
Clarke, rh Mr. Tom
Clegg, Mr. Nick
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cunningham, Mr. Jim
Cunningham, Tony
Curry, rh Mr. David
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
Davey, Mr. Edward
David, Mr. Wayne
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Featherstone, Lynne
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Follett, Barbara
Foster, Mr. Don
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
George, Andrew
George, rh Mr. Bruce

Gerrard, Mr. Neil
Gibson, Dr. Ian
Gidley, Sandra
Gilroy, Linda
Goggins, Paul
Goldsworthy, Julia
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Dr. Evan
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Holmes, Paul
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Horwood, Martin
Howarth, David
Howarth, rh Mr. George
Howells, Dr. Kim
Hughes, rh Beverley
Hughes, Simon
Huhne, Chris
Humble, Mrs. Joan
Hunter, Mark
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Keetch, Mr. Paul
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Mr. Charles
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, Jim
Kramer, Susan
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Lammy, Mr. David
Laws, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Leech, Mr. John
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moore, Mr. Michael
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mulholland, Greg
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Öpik, Lembit
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Rennie, Willie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rogerson, Dan
Rooney, Mr. Terry
Ruane, Chris
Ruddock, Joan
Russell, Bob
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sanders, Mr. Adrian
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Short, rh Clare
Simon, Mr. Siôn
Singh, Mr. Marsha
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stunell, Andrew
Sutcliffe, Mr. Gerry
Swinson, Jo
Tami, Mark
Taylor, Ms Dari
Taylor, Mr. Ian
Taylor, Matthew
Teather, Sarah
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaz, rh Keith
Walley, Joan
Waltho, Lynda
Ward, Claire
Watts, Mr. Dave
Webb, Steve
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Tom Watson and Mr. Frank Roy

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Butterfill, Sir John
Cameron, rh Mr. David
Campbell, Mr. Gregory
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clapham, Mr. Michael

Clappison, Mr. James
Clark, Greg
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Corbyn, Jeremy
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Cummings, John
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David *(Haltemprice and Howden)*
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Drew, Mr. David
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Dunwoody, Mrs. Gwyneth
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Field, rh Mr. Frank
Field, Mr. Mark
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Godsiff, Mr. Roger
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hoey, Kate
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Hopkins, Kelvin
Horam, Mr. John
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, Mr. Gerald
Hoyle, Mr. Lindsay
Hunt, Mr. Jeremy
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Marshall, Mr. David
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McCrea, Dr. William
McDonnell, John
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Mitchell, Mr. Austin
Moss, Mr. Malcolm
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paisley, rh Rev. Ian
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Redwood, rh Mr. John
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, Mrs. Iris
Robinson, rh Mr. Peter
Rosindell, Andrew
Ruffley, Mr. David
Salmond, rh Mr. Alex
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Skinner, Mr. Dennis
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stringer, Graham
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, David
Taylor, Dr. Richard
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Wareing, Mr. Robert N.
Waterson, Mr. Nigel
Watkinson, Angela
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Wilshire, Mr. David
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wood, Mike
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Noes:
Mr. John Baron and Mr. Nick Hurd

Question accordingly agreed to.

Bill read a Second time.

Ordered,

That the Bill be committed to a Committee of the whole House.—*[Steve McCabe.]*

Committee tomorrow.

DEFENCE

Ordered,

That Willie Rennie be discharged from the Defence Committee and Richard Younger-Ross be added.—*[Rosemary McKenna, on behalf of the Committee of Selection.]*

FOREIGN AFFAIRS

Ordered,

That Richard Younger-Ross be discharged from the Foreign Affairs Committee and Sir Menzies Campbell be added.—*[Rosemary McKenna, on behalf of the Committee of Selection.]*

PETITIONS

European Treaty Referendum

10.17 pm

Mr. Roger Gale (North Thanet) (Con): The petition that I wish to present may interest Labour and Liberal Members with marginal seats. It will not surprise you, Mr. Speaker, to learn that it has my fullest possible support.

The petition of residents of Kent,

Declares that the proposed draft European Reform Treaty is similar in all but insignificant detail to the withdrawn European Constitution; and notes that this fact has been confirmed in the 35th report of Session 2006-2007 of the House of Commons

European Scrutiny Committee; and notes that the Committee has found that the timetable for the adoption of the Reform Treaty now proposed

"having regard to the sitting terms of national parliaments could not have been better designed to marginalise their role".

The Petitioners therefore request that the House of Commons calls upon the Government of the United Kingdom to put the proposals, in coherent form, for consideration by the British electorate in a binding referendum before ratifying any further proposed Reform Treaty or constitution by another name.

And the Petitioners remain, etc.

[P000107]

Post Office Closures

10.19 pm

Miss Anne McIntosh (Vale of York) (Con): It gives me great pleasure to present a petition on behalf of petitioners of Huby, Sutton-on-the-Forest and Crayke, and the surrounding villages and their residents, in favour of the continuation of the rural post office network across North Yorkshire. While the post office in Huby is not currently set to close, the petitioners wish to combine the village store with the existing post offices in Huby to secure a vibrant future to serve the village, and those of Sutton-on-the-Forest, Crayke and the surrounding area. Some 350 signatures have been acquired from those two or three villages.

The petition states:

The Humble Petition of Joan Holder, Huby Post Office, York and others of like disposition,

Sheweth

That they fear the proposed Post Office Network review will result in unacceptable numbers of Post Office closures. They wish to see their access to Post Offices across North Yorkshire remain as wide as is currently the case and that there be no further cuts in postal services. They recognise that their Post Offices provide a vital service in a rural community to the most vulnerable, the elderly, the less mobile and those with young families.

Wherefore your Petitioners pray that your Honourable House urges the Government to reverse the Post Office's proposed Network Change Programme.

And your Petitioners, as in duty bound, will ever pray, &c.

[P000109]

Post Office Closures (Northamptonshire)

10.21 pm

Mr. Peter Bone (Wellingborough) (Con): It is a great pleasure to present a petition organised by Great Doddington parish council, with more than 600 names.

The petition states:

The Humble Petition of residents of Great Doddington and surrounding areas,

Sheweth

That we oppose the closure of our Post Office in Great Doddington. Such a closure would cause an immense amount of hardship, especially for elderly, disabled and other vulnerable groups. It would require the numerous customers of Great Doddington Post Office to travel more than two miles along a major and busy road to the nearest Post Office

Wherefore your Petitioners pray that your Honourable House urges the Secretary of State for Business, Enterprise and Regulatory Reform to halt the closure of Great Doddington Post Office.

And your Petitioners, as in duty bound, will ever pray, &c.

[P000111]

0844 Telephone Numbers

Motion made, and Question proposed, That this House do now adjourn.—*[Steve McCabe.]*

10.21 pm

Mr. Graham Stuart (Beverley and Holderness) (Con): I am sure that it is on behalf of the whole House that I say that we send out our sympathy to families suffering from flooding during the past few days. I know that my constituents in Burstwick and the surrounding area are concerned tonight that the Burstwick drain may overflow and cause flooding there.

I am grateful for the opportunity to speak about an issue of great importance to my constituents and an increasing number of people throughout the country: the use of 0844 telephone numbers in GP surgeries. This matter first came to my attention last year when I was contacted by several constituents. They were upset and angry that almost a dozen GP surgeries in the East Riding of Yorkshire had switched to automated phone systems using 0844 numbers, which are significantly more expensive to use than local calls. After looking into the issue in closer detail, it quickly became obvious that this was causing alarm in other parts of the country too.

According to the service provider Network Europe Group, more than 1,200 GP surgeries—about a fifth of the total number of practices in England—are now using these numbers, and it is believed that more than 300 others have had 0844 or 0845 numbers installed by other companies. In November, I tabled a motion in the House calling for an end to this use of 0844 numbers. Almost 60 MPs, from all over the House, have signed it. The Department of Health has also admitted that it has received more than 100 letters of complaint on the subject since January 2007. This issue has united politicians, residents and patients groups alike—people who can spot an unfair practice when they see one, and who do not like it when the chronically ill, the old, the disabled and those on low incomes are taken advantage of. That is what I believe is currently happening, under the present system, under the present Government.

I would like to talk a little about these numbers in more detail, and then discuss how they came into existence in the first place, before giving my reasons why they should cease to be used in this way. Such numbers are part of a revenue-sharing telephone system. I have corresponded on this subject with various people, including the British Medical Association, which suggests that no one has benefited from it. However, in case anyone is any doubt, I looked on the internet this evening, and I can tell the House that Call Sure business telephone numbers will provide basic 0844 special rate G6 telephone numbers and that they have

"Other revenue generating opportunities available".

If someone installs an 0844 number, the company will ensure that the business concerned earns up to 1.45p per minute. I believe that on the scale that GPs operate, that could be up to 2p per minute—albeit that, I am sure, the money is recycled for the benefit of patients.

The money generated from each individual call is shared between the phone operator and the GP practice in question. Although they are not officially classed as premium-rate numbers, the new numbers are up to 4p per minute more expensive to call from a standard BT line and can cost up to 40p a minute from a mobile phone. As I said, 2p of that can be contributed to the GP's practice.

Mr. Adam Holloway (Gravesham) (Con): Is my hon. Friend saying that in the NHS, which was set up to be free at the point of delivery, people are now having to pay—on top of the basic cost of their call—to get through to their GP? If so, I find that quite extraordinary. I did not know that before I came to the Chamber just now.

Mr. Stuart: It is a shocking fact that after 10 years of this Labour Government—the principle behind the NHS being that it should be free at the point of delivery—my constituents, as they travel to shift work in Hull from rural Holderness, can find themselves, as they drive along, unsure about whether they will secure an appointment that day, whether they will be at work or whether they will have to ask their boss to allow them to go back and see the doctor, and when the systems open at 8 o'clock, they are on their mobile phones—

Rob Marris (Wolverhampton, South-West) (Lab): Hands-free.

Mr. Stuart: Yes, using a hands-free kit. They may be being driven by a colleague, in a car-share—I am sure that the green inhabitants of my constituency would be doing that. They call up, and when they are put in a queue, it can cost 40p a minute. Whom will it affect most? The chronically ill. Among the chronically ill, on whom will it impact hardest? Those with the lowest incomes. I cannot believe or accept that the Government and the Minister—who I know is a hard-working campaigner for all the people in our system, and takes a great interest in social care and other matters—are comfortable with that ongoing scandal.

Rob Marris: May I suggest to the hon. Gentleman that things are worse than that? If his constituents decide to phone NHS Direct, they use an 0845 number. If they lose their jobs, they might be faced with an 0845 number when claiming jobseeker's allowance through the Department for Work and Pensions. If they get tax credits, they might have to call an 0845 number. Even worse, if they are fed up with all that and complain to the parliamentary ombudsman, they still have to call an 0845 number.

Mr. Stuart: The hon. Gentleman makes a powerful point. I am sure that the House welcomes his intervention.

The system directs patients to services and clinics at their local practice. Network Europe Group claims that it benefits patients because it allows them to be placed in a queue, rather than having to put up with a constant engaged tone. Previously, it says, 92 out of every 100 people who called their local GP surgery were greeted with an engaged tone. Patients groups, and many of my constituents, however, have complained that people are queuing for much longer under the new system, and consequently being left out of pocket. Katherine Murphy, of the Patients Association, said:

"It's a scandal and it's blighting the vulnerable and the elderly. You ring up and you're confronted with a long menu of options. And all the time it's costing, costing, costing an absolute fortune."

This is not the first time that the issue of high call charges to GP practices has been brought to the attention of the wider public. In April 2005, the Department of Health issued guidance over complaints that GPs were using premium-rate 0870 numbers, which are even more expensive than 0844 numbers. A memo sent to all primary care trust chief executives on 11 April of that year advised that the Department was

"stopping GP Practices adopting high cost telephone numbers. A ban on...0870, 0871 and 09 numbers comes into force on 14th April."

It went on to say:

"Ofcom recently consulted on proposals to change the regulatory regime that supports Number Translation Services (including the 0870, 0844, 0845 and 09 number ranges)...This could mean that revenue sharing on 0844 numbers is not possible."

The memo warned GPs that they should

"bear this in mind if they are considering a move to non-geographical numbers, such as 0844, particularly until Ofcom have published the outcome of the review and the implications are understood."

The thinking was that Ofcom would come to the rescue and rule out that practice. It tells us that, in addition to the abolition of 0870 numbers, which then cost around 10p per minute from a landline, the Department had recognised that the use of 0844 numbers within the public sector was unacceptable. That was reinforced in 2006, when Ofcom, as a result of the consultation, decided to create a new countrywide number range, "03", which would be charged to the consumer at the same rate as calling a geographical number and could be included in any inclusive or low-cost call packages offered by landline or mobile phone companies.

In my area, Kingston Communications provides most of the telephone supply, and my constituents could call 03 numbers free of charge within that package. However, the 0844 system means that they are charged a premium rate. The 03 number was to be an attractive alternative for GP surgeries and other public sector bodies. Unfortunately, however, its take-up was not made mandatory. A Department of Health memo, sent to all PCT chief executives in December 2006, stated:

"The '03' number range is due to be introduced in early 2007. There has been no explicit requirement made by Ofcom for practices to adopt a '03' telephone number but this clearly had its attractions."

What has happened since is entirely predictable. Once the 0870 numbers were abolished, GP surgeries moved quickly to install the 0844 numbers. That practice has continued unabated. As I said, 1,200 practices across the country are now using the new system, and the Network Europe Group are thought to be installing the lines in up to 40 surgeries every month, while the Under-Secretary simply sits on the Bench.

The Department of Health has failed to take responsibility for the problem. Its December 2006 memo stated that it is for

"individual practices to decide what is in their customers' best interests, taking account of the COI guidance on Cost to the Citizen. Normally this will mean the lowest cost per call to the patient (local geographic number or adopting a '03' number)."

It went on to say that individual PCTs should ensure that

"patients telephoning practices do not pay more than they would if they called a local geographic number."

That aspiration, which the Government stated, has not been realised. We are here tonight in the hope that the Under-Secretary will tell us that the Government have recognised where they have gone wrong, and will take steps to remedy the problem.

The message was reinforced in October 2007 when the Minister of State, Department of Health, the hon. Member for Exeter (Mr. Bradshaw), stated in a letter to the chair of the East Riding of Yorkshire patient and public involvement forum:

"we do not want to see people charged excessively for contacting their GP...We believe that NHS organisations, as providers of public services, have a duty to ensure that they provide the best service possible for those whom they serve."

The Government have subsequently said that although they do not expect GPs to break existing contracts with suppliers, they should not enter into new ones that would mean patients being charged more than for a local call. Clearly, with up to 40 surgeries a month choosing to install the new system, that guidance is not being followed.

While the Department has continued to shirk responsibility for the situation, patients have been suffering. One constituent wrote to me, saying:

"I am a district nurse in Hull and one of my GP surgeries has installed this type of phone system! The patients are commenting frequently about the cost and length of time that the surgery takes to answer. I have one patient who says he was on hold for 45 minutes. There are many who initially complained when the system was installed but the system remains. I regularly have to phone them using the community trust mobile which no doubt costs a fortune, however I find it quicker to leave the office and drive to the surgery."

Another constituent wrote:

"I pay £5 per month and all 01 calls are free, any time, any day, anywhere but I have to pay for 0844, 0845 numbers and mobiles. I have to see the doctor four times a year for check-ups, but I don't phone in for opps any more—I have to go to the surgery. I'm 84 years old and don't see why I should have to do this."

For many people, calling their local GP surgery can be stressful and worrying. That is especially true for the poor, the elderly and the disabled. They should not have to put up with high call charges, too. The Department agrees with that assessment. It has said that patients should not pay more than they normally would for a geographical number. Ofcom also agrees. In a written memo sent to me last week, it stated:

"Ofcom does understand the particular concerns about public sector use of 084 and 087 numbers and has sought to raise awareness of this issue in the public sector. Ofcom has also made clear its view that it is inappropriate for public bodies to use chargeable 08 numbers (without also publishing a geographic number) when dealing with those of limited means and other vulnerable groups."

Most of us would agree that there are few more vulnerable groups than the sick and the elderly, yet those phone charges disproportionately affect those two groups of people.

Ofcom has made great progress, in issuing more than 13 million 03 numbers, including to the Ministry of Defence and the Royal Society for the Prevention of

[Mr. Graham Stuart]

Cruelty to Animals. However, the problem will be resolved only when the usage of 0844 numbers in GP surgeries is outlawed.

Grant Shapps (Welwyn Hatfield) (Con): Will my hon. Friend confirm that one of the difficulties with the current system is that it is so unclear about what charges are made for which numbers? How much it will cost a patient to call his or her surgery is often a mystery, because it is not clearly advertised on the link to the phone number for that surgery.

Mr. Stuart: My hon. Friend is right: the costs are not transparent. Some of the 0845 numbers have a different tariff from the 0844 numbers, but what they have in common is that they are typically not included in the standard call charges covered by a telephone package.

As I was saying, the problem will be resolved only when the use of 0844 numbers in GP surgeries is outlawed. Neither Ofcom nor the local PCTs have the power to dictate which telephone lines are used by GPs. That can be a matter for only one person—the Secretary of State. I urge the Minister to look again at the issue and put an end to this rip-off practice, which is hurting the poor and the vulnerable, and causing a great deal of distress to thousands of people throughout the country.

10.36 pm

The Parliamentary Under-Secretary of State for Health (Mr. Ivan Lewis): I congratulate the hon. Member for Beverley and Holderness (Mr. Stuart) on securing this Adjournment debate on an important subject. He has raised the issue in a number of ways over a period of time. He is right to maintain the focus and the pressure on an issue that should concern all hon. Members and that does concern many patients and families in different communities up and down the country.

May I also associate myself with the hon. Gentleman's remarks about people facing concerns connected with flooding? I would say to him that, as in the past, this Government—a Government of a state that is on people's side when they have difficulties—will intervene to support those communities that are most affected by flooding.

I do not think that the hon. Gentleman sought to make a major part of his contribution a party political speech, but I should also tell him, very gently, that people in this country were not that long ago not simply waiting for a few minutes in a queue to have their calls answered, but waiting years to have major operations for serious, life-threatening conditions. Let me say one more gentle thing to the hon. Gentleman—

Mr. Graham Stuart: This is not gentle!

Mr. Lewis: I will be even more gentle. One of the inconsistencies that presents itself in the Chamber, day in and day out, is when Opposition parties demand a command-and-control approach to public service intervention, but when in their manifestos and public pronouncements about everything that is wrong with public services they say that they would trust the people and devolve power into the hands of front-line professionals and, on occasions, managers. That is one of the great tensions—when Opposition Members, on populist issues or an issue of direct concern to their constituents, demand ministerial intervention at every opportunity. I would therefore say to the hon. Gentleman—again, very gently—that there must be some consistency and integrity in the arguments that hon. Members use about the appropriate responsibilities and accountabilities in our public services.

Mr. Stuart: The Minister is absolutely right: consistency is an important quality. However, after the then Secretary of State for Health said in 2005 that

> "Sick people and their families should not be asked to pay over the odds to contact local NHS services",

changes were made to deal with 0870 numbers. There is already a system established. From 1 April 2005, NHS organisations providing local services could not adopt those numbers. The measures, the techniques and the interventions are established. There is a contract—the money is voted for by the House—and it is entirely appropriate in this case that guidelines should be laid down by Ministers. We have existing guidelines to do that, so the Minister just needs to stop making party political points and agree that something should be done.

Mr. Lewis: May I say gently to the hon. Gentleman that of course the Government believe that, on occasion, it is appropriate for Ministers to intervene to make clear what is acceptable in regard to the decisions made about our public services? That has been the hallmark of this Government over the past 10 years. The difficulty we have is that the Opposition parties constantly question that way of governance and decision making in public services.

I want to address this point seriously and to comment on the substantive contribution that the hon. Gentleman has made. It is entirely unacceptable for any professional working under the banner of the national health service to rip patients off by charging them more than the standard local call rate for contacting their surgeries. That is the Government's position. Difficulties arise, however, when individuals are tied into existing contracts. That involves a commercial arrangement. The hon. Gentleman will be aware that GPs are self-employed; they are not employees of the state. I am not sure whether he is proposing to change that arrangement.

We need to consider the best way to achieve our common goal of preventing the exploitation of patients and stopping this practice being regarded as acceptable. It is regrettable, and almost disappointing, that politicians have to make this point to the national health service.

Grant Shapps: Does the Minister think that the problems that people have getting through to their GPs' surgeries are a significant contributory factor, particularly in regard to the premium rate numbers that charge more than the local call rate, when people sometimes have to wait upwards of 20 minutes to get through? Does he think that that contributes still further to the problems relating to charging?

Mr. Lewis: I am now being asked to get even further into micro-management by analysing the demand on a telephone system and the reason why people might have to wait for a specific period of time. Hon. Members

will be familiar, from their own household experiences of trying to contact utility companies, with the often inordinate length of time that they have to wait before their call is taken. It is impossible for me to make a sweeping, generalised statement about whether people are having to wait an unduly long time because GPs and other professionals are choosing inappropriate telephone systems with inappropriate cost levels, or whether they have to wait a significant length of time because of the demand and pressures that any phone system would experience.

Surely the question here is one of transparency, as the hon. Member for Beverley and Holderness said. The charging implications should be absolutely clear to patients and, indeed, to other professionals telephoning GP practices in these circumstances. Transparency is incredibly important, as is fairness. The hon. Gentleman was also right to talk about people on low incomes, isolated older people and people with chronic conditions. We do not want to see such people being ripped off or exploited in any way.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP) *rose—*

Rob Marris *rose—*

Mr. Lewis: I will give way to the hon. Member for Na h-Eileanan an Iar (Mr. MacNeil), and then to my hon. Friend.

Mr. MacNeil: If calls are being charged for in this way, there must surely be an incentive for those who err on the side of the unscrupulous to keep their patients waiting even longer, so that they can get even more money. On the Minister's point about transparency, perhaps the last thing people who are in ill health need to know is that it is going to cost them 50p a minute to be kept waiting for 10 minutes. That might put them off waiting, and the GP practice would have spoiled the ship for a hap'orth of tar.

Mr. Lewis: There may be one or two candidates in the Chamber for interpreters of the hon. Gentleman's contribution, but he makes a valid point. There are incentives within GP contracts—response times, including telephone response times, for example—and they are usually measured through patient satisfaction surveys. The system of contractual relationships with GPs thus provides some incentive for them to respond as quickly as possible.

I would also say to the hon. Member for Beverley and Holderness that it is important to be measured. The vast majority of GPs would not dream of deliberately seeking to exploit patients by keeping them hanging on the end of a telephone simply to generate income. It would be extremely unfair and unfortunate if any Member were to give the impression that significant numbers of GPs would engage in such practices. I do not believe that they would.

Rob Marris: My hon. Friend has characterised these numbers as unfair, particularly for the sick and the elderly, and I quite agree with him. He also made a valid point about how much command and control can be exercised from Whitehall, and he referred to GPs who already have contracts in place. Will he assure the Chamber that when the contract next comes up for NHS Direct, which is under the control of Whitehall, it will not be renewed at an 0845/46/47 or similar higher-rate telephone charge?

Mr. Lewis: I can give my hon. Friend a cast-iron guarantee that that will not be allowed to continue when the NHS Direct contract comes to an end. That provides a very important example of the Government leading by example in this area.

The hon. Member for Beverley and Holderness and I have a shared objective and belief in transparency and fairness. The question is how we achieve our objective. I think that, as a precursor to further guidance or diktat from Westminster or Whitehall, we need to gather some hard evidence in the period ahead, so that we can be absolutely clear about the nature and extent of this problem and the range of potential solutions. For example, it is important to establish what proportion of GP practices—and it applies to other professionals in similar circumstances—are tied into long-term contracts on this basis, which would render hollow any Government promises issued from the Dispatch Box about patient experiences.

What I will commit to tonight is ensuring that the Department begins a serious and substantive gathering of evidence. I invite hon. Members to submit their evidence to that process so that, having established the facts, we can look into the case either for guidance or for going beyond it. I believe that it is an all-party view that no patient or user of the national health service in this country should be ripped off or exploited in this context.

Mr. Stuart: I am grateful for what the Minister has just said and I believe anyone listening to the debate will also be grateful. I put it to him that in addition to having extensive and proper research into the issues, he should look further into dealing with the surgeries that have not yet signed a contract. If the Minister could try to influence the Government as soon after tonight as possible so that guidance could be issued to stop any more practices signing contracts that will doubtless have to be honoured in some way, that would represent at least some steps forward. We could then see the way forward to the future.

Mr. Lewis: I am happy to send a strong signal to any practices currently contemplating decisions on the issue. I urge them to reflect on the fact that many of their patients will be on low incomes and particularly vulnerable. In those circumstances, they should consider whether it is consistent with best professional practice to go down the road of charging patients above the local rate. I am happy to make that clear from this Dispatch Box.

I also caution such practices that as the Government are consistently focusing on the issue and will begin a serious evidence-gathering process, that might lead in the not-too-distant future to even stronger guidance on what will be expected of GPs and associated professionals. GP and primary care practices were cited in the debate, but it is unclear, and we must establish, whether other organisations—my hon. Friend the Member for Wolverhampton, South-West (Rob Marris) referred to

[Mr. Ivan Lewis]

a range of public services in which this is an issue—such as NHS provider organisations, are engaged in the activity.

The issue is an important one, and the Government are determined to get to grips with it. Our common duty is to ensure that patients are not exploited and not ripped off, and that we create a system that is both fair and transparent.

Question put and agreed to.

Adjourned accordingly at nine minutes to Eleven o'clock.

House of Commons

Tuesday 22 January 2008

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

PRIVATE BUSINESS

BOURNEMOUTH BOROUGH COUNCIL BILL *[LORDS]*
(BY ORDER)

MANCHESTER CITY COUNCIL BILL *[LORDS]*
(BY ORDER)

Orders for Second Reading read.

To be read a Second time on Tuesday 29 January.

Oral Answers to Questions

TRANSPORT

The Secretary of State was asked—

Concessionary Travel

1. **Mr. Alan Beith** (Berwick-upon-Tweed) (LD): What discussions she has had with the Scottish Executive on the reciprocity of national pensioners' bus schemes in England and Scotland. [180535]

The Minister of State, Department for Transport (Ms Rosie Winterton): In 2006, discussions were held with the Scottish Executive about reciprocal arrangements for concessionary travel. These identified technical and financial implications that would need to be resolved before there could be further extensions to national schemes. However, that does not prevent local authorities from making arrangements for cross-border travel, should they wish to do so.

Mr. Beith: The Minister has just conceded that these difficulties have been known about since 2006. There has therefore been ample time to resolve them before the national bus pass is introduced in April this year. Why should pensioners in border areas, who are now seeing notices on their buses saying that they will not be able to use their national bus passes across the border, not be able to benefit from this scheme, which is intended to enable pensioners to go to the doctor or the hospital, or to see their relations? Why do the Government not just get on with it?

Ms Winterton: Perhaps I can explain how the system would work if there were fully reciprocal arrangements. It would mean that anyone in England could use their pass to go anywhere in Scotland, and anyone in Scotland could do the same in England. Obviously, there would be financial implications, which the Scottish Executive and this Parliament would wish to address. There are particular arrangements in Berwick-upon-Tweed, however. I think that one small concession has been offered to enable people to get to the Borders general hospital. If local authorities wish to make cross-border arrangements, they may certainly do so, but they would need to do that as part of their local decision-making processes. There is nothing to prevent them from doing that if they want to.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): The Minister has correctly described how such a scheme would work, and most of us—except perhaps the nationalists—do not see anything wrong with the scheme being applied so that pensioners could benefit in England and in Scotland. At the moment, pensioners from my constituency can travel free on the bus in Orkney but not in Carlisle, and pensioners from Newcastle can travel free in Penzance but not in Edinburgh. The Minister should treat this matter with more urgency, and I hope that we shall soon be able to establish a truly UK-wide scheme that will benefit all pensioners.

Ms Winterton: I certainly take on board my hon. Friend's point. As I have said, there are obviously financial implications. At the moment, we are spending about £1 billion a year on concessionary travel for pensioners. This year, for example, in the constituency of the right hon. Member for Berwick-upon-Tweed (Mr. Beith), there will be an increase in spending of 126 per cent. compared with the last financial year. The local authority might wish to put some of that towards cross-border travel. However, to make the scheme entirely nationwide between Scotland and England would have severe financial implications, on top of the extra £212 million that we have allocated this year for the concessionary fares scheme.

David Lepper (Brighton, Pavilion) (Lab/Co-op): In relation to the scheme in England, I welcome the recognition that the funding has given to areas such as Brighton and Hove, which have done much to increase bus use and the take-up of passes over the past 12 years. Will the Minister liaise with colleagues in the Department for Communities and Local Government, however, to consider the representations that my local authority—Brighton and Hove city council—continues to make on the issue of funding?

Ms Winterton: Of course I will continue to liaise with the Department for Communities and Local Government on this issue. I should also point out, however, that my hon. Friend's local council will see an increase of 33 per cent. in the amount allocated for the concessionary fares scheme, compared with the last financial year. The extra £350 million that was allocated in 2006 and the extra £212 million that is going in this year constitute a generous settlement as we try to make this extremely popular policy a success.

Sir Patrick Cormack (South Staffordshire) (Con): Is the Minister not aware that some of us believe that England and Scotland—and Wales and Northern Ireland, for that matter—are constituent parts of one United Kingdom, and that what the citizens of one country enjoy should be enjoyed by all?

Ms Winterton: I have said that we have opened discussions with the devolved Administrations about whether to extend the scheme further. Again, however, the hon. Gentleman might like to ask his own Front Benchers whether they would be prepared to make further financial commitments. What we are doing is concentrating on implementing the current scheme. In Staffordshire, this year's increase over the previous financial year will be 30 per cent.—a massive increase in the amount devoted to the concessionary fares scheme, which, as the hon. Gentleman says, is extremely popular and widely welcomed by older people. It is important to fulfil the commitment in our manifesto to introduce the scheme as we have, but we can continue to discuss the financial and technical implications of extending it further.

Rail Timetables

3. **Mr. Stewart Jackson** (Peterborough) (Con): What plans she has to hold discussions on the frequency of weekend train services on the east coast main line with National Express East Coast. [180537]

The Parliamentary Under-Secretary of State for Transport (Mr. Tom Harris): The responsibility for the setting of timetables rests not with the Department for Transport but with Network Rail, which is responsible for the national rail timetable. Individual train operating companies can agree changes to their timetables in co-operation with Network Rail.

Mr. Jackson: If we are to encourage people, including my constituents, who want to travel to London away from congested roads such as the A14 and the M11, we need a rail service that is safe, clean and affordable but, above all, convenient. Notwithstanding the Minister's answer, will he use his charm to persuade National Express East Coast to look again at providing a more comprehensive service on Saturdays, particularly Saturday evenings, because at the moment the last fast train from King's Cross to Peterborough leaves at 8.30 pm?

Mr. Harris: Unfortunately, the rail industry has no alternative but to close some routes to enable time for maintenance of the infrastructure, which is what happens on Saturday evenings and Sunday mornings on the east coast main line. I understand that that is frustrating for the hon. Gentleman and his constituents. However, First Capital Connect runs a service from London King's Cross to Peterborough at 10 minutes to midnight on a Saturday evening. If it is the hon. Gentleman's view that this particular franchise was underspecified, I am sure that his Front-Bench colleagues would be interested to hear about it.

Dr. Phyllis Starkey (Milton Keynes, South-West) (Lab): There are frequency and capacity problems with commuter services from Milton Keynes to London on the west coast main line as well. Will the Minister speak to Network Rail and ask it to look again at the 2008 timetable to see if it could make a bit more room to cope with those commuter services and make them faster?

Mr. Harris: Of course, the £8 billion that the Government are spending on upgrading the west coast main line will have major beneficial effects for all communities along that particular line. It is understandable that communities that believe they should be benefiting more from the new timetable to December 2008 feel that they might be losing out, but I have to tell my hon. Friend that the vast majority of stations and services along the west coast main line will benefit from a markedly improved service, which will justify the Government's record investment in this project.

Mr. Patrick McLoughlin (West Derbyshire) (Con): But bearing in mind the fact that passengers who use the trains at weekends are treated in an appalling fashion, why do people end up having to pay the same amount at weekends as they have to pay for mid-week services? If trains are scheduled for long delays, should it not be taken into account in the fares that passengers are charged?

Mr. Harris: I am not sure how often the right hon. Gentleman actually uses the train service.

Mr. McLoughlin: Every week.

Mr. Harris: Then he will know that at weekends, wholly off-peak services are run so many fares are cheaper. I hope he will understand that it is simply impossible to maintain the safety of the infrastructure unless we close large sections of the railway to allow it to happen. Of course I understand the right hon. Gentleman's frustration and that of many Members on both sides of the House, but I hope that people will understand that if we are to have a safe and efficient railway service there must be maintenance, which cannot be done while trains are running on the lines.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): I am not going to embarrass the Minister by referring again to his charm, but I want to reinforce the point made by my right hon. Friend the Member for West Derbyshire (Mr. McLoughlin) and by my hon. Friend the Member for Peterborough (Mr. Jackson). Weekend services are always late, journeys are unduly protracted and the carriages are always overcrowded. That is bad news and the Minister should do something about it.

Mr. Harris: If you will forgive me Mr. Speaker, I will not refer to the right hon. and learned Gentleman's charm either.

The right hon. and learned Gentleman suggested that all weekend services were late. That is clearly not the case. Of course there are more challenges at weekends than during the week, because it is at weekends, particularly on Sundays, that maintenance takes place. As I told the hon. Member for Peterborough (Mr. Jackson), services depend on a safe and efficient railway, and that can be achieved only if we allow maintenance to be carried out. Yes, we must ensure that it does not overrun, as happened in Rugby over the new year, but it is a crucial part of running the railways.

I am afraid the right hon. and learned Gentleman will simply have to accept that safety must come before all other considerations. If he is seriously asking me to intervene and micromanage the railways, I have to tell him "No".

New Roads and Rail

4. **Martin Horwood** (Cheltenham) (LD): How many miles of new (a) roads and (b) railway have been opened since 2001. [180538]

The Secretary of State for Transport (Ruth Kelly): Between 2001 and December 2007, the Highways Agency built approximately 227 miles of motorway and trunk road. The Department does not retain a central record of the mileage of new roads constructed on the local highway network.

In England and Wales, 70 miles of new heavy rail route were opened between 2003 and 2007 on the channel tunnel rail link. There have also been examples of the reopening of disused heavy rail lines, and lines formerly used only by freight traffic.

Martin Horwood: I fail to discern from that answer exactly how much new passenger, as opposed to heavy rail, network has been introduced, but it appears to be a pathetically small amount given the total of some 15,000 km of passenger railway track. Given that domestic transport is responsible for 21 per cent. of United Kingdom carbon emissions, is it not about time to reverse the historic shift from rail to roads initiated by Dr. Beeching? When lines such as those in Gloucestershire can be brought back into use, should that not happen?

Ruth Kelly: The hon. Gentleman has made an important point. It is time that more people had the opportunity to use the railway service, which is one reason why I am delighted that there are 40 per cent. more passengers on the railway than there were in 1997. At the same time, we are making the biggest investment in capacity for a generation. Far from managing the decline of Britain's railways, as has been done in the past, we find that our problem now is managing growth.

Lynda Waltho (Stourbridge) (Lab): The midlands, like every other area, deserves a transport network that is fit for the future. My right hon. Friend the Secretary of State for Communities and Local Government has just approved the black country study and the designation of Brierley Hill as a strategic centre. The missing part of the jigsaw is the extension to the midland metro. Will my right hon. Friend the Secretary of State for Transport undertake to visit the black country to see not only what has already been achieved but what can be achieved once approval is gained, in terms of job creation, regeneration and congestion busting?

Ruth Kelly: I know that my hon. Friend has raised this issue with my right hon. Friend the Minister of State, who has agreed to visit the black country to view the proposed projects. I understand that this could be a priority for a regional allocation. I think it right for us to devolve money to the regions, so that they can choose between the various competing priorities and invest in those that best meet the needs of local people. However, I shall take a close interest in my right hon. Friend's visit, and look forward to hearing what she has to say.

Mr. Greg Knight (East Yorkshire) (Con): Is the Secretary of State aware that only 6 per cent. of passenger journeys are undertaken by rail, and that 84 per cent. are undertaken by road? The Government are currently spending £6.5 billion on rail subsidies, almost as much as the total roads budget. Is it not time to redress that ridiculous imbalance, and should the Secretary of State not start by building more roads?

Ruth Kelly: It is useful, once in a while, to hear the opposite case being put by a Conservative Member. I know that the right hon. Gentleman's party is not keen on rail subsidy, and would like fare payers to pay more. I look forward to the response of the hon. Member for Chipping Barnet (Mrs. Villiers) in due course, but the fact is that it is not a choice between rail and road. We must have a good road network and we must also invest in rail services, so that people have a real choice in relation to how they travel.

Lord Eddington, who reported to my Department last year, examined the issue and suggested that we consider not just building new roads but investing in rail capacity. I am pleased to be able to tell the House that that is precisely what we are doing.

Norman Baker (Lewes) (LD): Leaving aside the Conservatives' new green policy, may I say that the Secretary of State is right to refer to the problem of growth? She has said that she wants the industry to produce 22.5 per cent. more capacity by 2014, but a parliamentary answer that I received earlier this month indicated that the Government expected a 54 per cent. increase in the number of railway passengers by 2020. Is the Secretary of State going to allow more of the overcrowding that we are seeing now, is she going to allow people to be priced off the railway, which is also now happening, or is she going to grasp the nettle and expand the network? It cannot wait until 2014 for an assessment.

Ruth Kelly: We are of course expanding the network, which is why the cross-channel rail link was such an important project. It is also why we have committed to look in future at whether disused rail lines such as the one between Birmingham and London might be brought back into use. The fact is that we have set out real money—the biggest investment in rail capacity for a generation—to take us up to 2014. Beyond that, we are planning for a doubling of rail capacity over the next 30 years. What we want to do is not, as it were, look into a crystal ball and predict how many people might be using the rail network in 2020 or 2030, but make the decisions at the right point in time. If more investment is needed, more will be forthcoming over the following years.

Andrew Gwynne (Denton and Reddish) (Lab): The Government have undoubtedly invested in the rail network in recent years, but is my right hon. Friend aware of the congestion problems in the Manchester rail hub, which is causing particular problems for services going through Manchester Piccadilly, especially from the south of the city where we need to increase capacity? This is a major hindrance to the future growth of the rail network in and around not only Greater Manchester but the north of England.

Ruth Kelly: I agree with my hon. Friend, which is why before Christmas I asked Network Rail whether it might carry out a full feasibility study to find out whether a radical project around Manchester would enhance rail services. I know that the Northern Way has looked at that and specifically singled it out as its utmost priority in the plan for the region. I think that in the future a sensibly costed plan for Manchester, perhaps including linking Manchester Victoria and Piccadilly, could lead to far more commuters being able to travel in greater comfort in and out of Manchester every day.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): The Secretary of State will know that Network Rail has been carrying out feasibility studies into two dual-tracking schemes—those between Swindon and Kemble and between Oxford and Worcester. Last week, there were disturbing rumours that those schemes had been postponed, so I e-mailed the chief executive of Network Rail and received a reply from his PA saying he would give me a substantive reply in the near future. Can the Secretary of State update me on those schemes this afternoon? If not, will she write to me to do so?

Ruth Kelly: I will of course do that, but the fact of the matter is that these issues are for Network Rail to deal with. We have committed the funding for a five-year period up to 2014. Network Rail has put forward a business plan which is now being scrutinised by the Office of Rail Regulation, and which involves investment in 1,300 new carriages, platform lengthening and increasing capacity by, as the hon. Member for Lewes (Norman Baker) said, more than 20 per cent. over that period. However, I will certainly ask the chief executive to let me, and hence the hon. Member for Cotswold (Mr. Clifton-Brown), know of his specific intentions for those lines.

Rail Freight

5. **Dr. Alan Whitehead** (Southampton, Test) (Lab): What plans she has to encourage the transport of freight by rail; and if she will make a statement. [180539]

The Secretary of State for Transport (Ruth Kelly): We provide grants to encourage the transfer of freight from road to rail, and more than £44 million has been awarded for the next three years. In addition, we are providing more than £150 million from the transport innovation fund for rail infrastructure improvements that particularly benefit rail freight by improving services to and from the major ports, and a further £200 million for the development of a strategic freight network to provide a core network of trunk freight routes.

Dr. Whitehead: I thank my right hon. Friend for that encouraging answer. She will be aware of the impending upgrading of the railway track between Southampton and the midlands, which will enable Southampton to develop much greater freight services from the port, but is she also aware that freight services on rail, upgraded or not, generally stop at weekends? Might she seek to talk to the freight transport companies and Network Rail to find out whether methods could be employed that would enable seven-day working, subject to the maintenance of the railway track?

Ruth Kelly: My hon. Friend makes an important point. It is important for the region and the nation's economy that we have rail services that can work for freight not only during the week but at weekends, but it is also important for passengers that freight services can be accommodated outside the ordinary working day. That is why the strategic freight network is so important. We have allocated £200 million to unlock pinch points for freight services, some of which will help to alleviate the specific problem to which my hon. Friend refers. It is extremely important that over time we try to encourage freight services at weekends as well as during the week.

Mr. John Redwood (Wokingham) (Con): Why did the nationalised Post Office transfer so much of its activity from rail freight to the roads? Does the Secretary of State have any plans that might encourage the railways to win that business back?

Ruth Kelly: The answer is a very simple one: it was a commercial decision for the Post Office. The fact of the matter is that rail freight is growing incredibly quickly; it has increased by about 49.5 per cent. over the past 10 years. We can do more—I would like more goods to be shifted by rail freight over the coming years—but ultimately these are decisions that commercial companies have to take for themselves.

Ms Angela C. Smith (Sheffield, Hillsborough) (Lab): I am glad to hear that my right hon. Friend is committed to developing the use of rail for freight. She will be aware that many Members of this House share the ambition of the Northern Way to reopen the Woodhead line, not least because doing so would offer us the opportunity to carry more freight by rail in the north. Will she therefore commit to ensuring that the National Grid Company does not use the 1953 Woodhead tunnel for its recabling work, because doing so would dash completely any hope that we have of reopening that line for freight?

Ruth Kelly: My hon. Friend makes her point in her own way, but it is important that we keep as many options open as possible. I have had contact with the National Grid Company about this, and I think that two points are true. First, it owns the tunnel and can invest in its own cabling in the tunnel. Secondly, it has assured us that even if it did that, it would not preclude reopening the tunnel for freight traffic were the growth of freight traffic to warrant it. I am committed to ensuring that we work with the National Grid Company to keep all options on the table.

Anne Main (St. Albans) (Con): The east of England had accepted the need for one strategic rail freight interchange. Since that decision was taken, the Bexley and Shellhaven developments—two in the east of England—have been approved. Will the Secretary of State bear that in mind when the Planning Inspectorate's decision comes before her in respect of granting or not granting such a development in Radlett in my constituency? We do not need it accessed from our busy roads. We have more than sufficient capacity, given the two decisions that have been made since the application was made.

Ruth Kelly: The hon. Lady is one of the few Members in this House who speaks out against the desirability of increasing rail freight in the future. Rail freight has much potential—it is good for the environment and the economy. It is important that we invest in such a way as to unlock potential pinch points on the network and enable more goods to be delivered by freight. Clearly the Planning Inspectorate needs to examine some issues, and if her claims are right the matter will come before me in due course. It would not be right for me to comment on any possible outcome of that process.

Mr. Brian Jenkins (Tamworth) (Lab): My right hon. Friend realises that an important part of the development of the rail freight system is the four-tracking of the west coast main line north of Tamworth, and her Department is aware that a bridge across a road in Tamworth, which was due for completion in July 2007, is yet to be completed. Without greater control over these projects, does she have plans for the development or merely hopes?

Ruth Kelly: My hon. Friend will know that this is Network Rail's responsibility, so I urge him to take the matter up with Network Rail and encourage it to make faster progress on that part of the route. I will of course mention the issue when I next meet Network Rail.

Mr. Julian Brazier (Canterbury) (Con): The Secretary of State will know that one of the conditions for approving Felixstowe docks' plans for expansion was that they invest some £50 million in improvements to the rail network, some of the locations being as much as 100 miles away from the docks. Will she explain why it is impossible for Railtrack to give them any long-term guarantees of access for rail freight for their purposes? How does that square with joined-up government?

Ruth Kelly: It is clearly important that any commitments are fulfilled. In future, we intend to look right across modes to ensure that when we think about investment in ports we think about the need to carry goods by rail as well as by road, where it makes sense to do so. That is why we commissioned the Eddington study, which will allow us to look right across the network to see what can be delivered in different ways. I shall examine the specific points that the hon. Gentleman raised and get back to him.

Inter-city Express Programme

6. **Dr. Nick Palmer** (Broxtowe) (Lab): Whether the next generation of inter-city express rolling stock will be available for services on the midland main line from St. Pancras to Nottingham; and if she will make a statement. [180540]

The Parliamentary Under-Secretary of State for Transport (Mr. Tom Harris): Trains for the new inter-city express programme have been developed to be capable of operating on all of the UK's main inter-city routes, including, potentially, the midland main line.

Dr. Palmer: I am grateful to the Minister for that response. There is concern in my constituency that the midland main line area was excluded in the tender for applications for the current tranche of inter-city rolling stock. While I appreciate the need to look for a sensible business case in every tender, it is important that we also have a fair and equitable distribution across the regions. In the same way as we find ourselves at the back of the queue for electrification, we are concerned that we will find ourselves at the back of the queue for rolling stock for the inter-city express programme.

Mr. Harris: The Department is leading the programme to specify and procure the next generation of inter-city trains, providing greater capacity, performance, flexibility, environmental credentials, passenger facilities and value for money. My hon. Friend will be interested to know that the Department has been working on a business case for the use of the new trains on the midland main line. That could not happen during their first phase of deployment owing to the infrastructure changes that would be necessary, and it would be subject to securing best value for the taxpayer. I can reassure him, however, that his case will be treated with absolute fairness.

Paul Rowen (Rochdale) (LD): Does the Minister accept that, given the rise in energy prices, it makes sense to consider ensuring that the midland main line, along with other lines, is electrified? The cost of the capital investment will be more than recouped by the savings in energy costs.

Mr. Harris: The prospect of further electrification has to be considered on a case-by-case basis. It is naive to assume that electrification of the whole network is a good thing, while not to electrify it is a bad thing. In our statement of July last year, we made it clear we had decided that our priority would be to increase capacity. In the next control period, between 2009 and 2014, £10 billion will be spent on increasing capacity. I understand and accept that there will occasionally be strong cases for the electrification of certain lines and of certain segments of lines. However, to claim that money should be diverted from the creation of capacity to electrification would be a mistake.

Mr. Clive Betts (Sheffield, Attercliffe) (Lab): May I put the question slightly differently? My hon. Friend the Minister will be aware of Network Rail's view that £80 million needs to be spent on the midland main line to try to bring about some time savings in the future. In the longer term, Network Rail says that the only way to improve the service, because of the complications posed by the track, is to bring in the new generation of light-weight electrified trains. Obviously, that is a longer-term decision, but will my hon. Friend keep open the possibility that his officials will sit down with Network Rail and consider the potential for electrification to try to bring about the long-term significant improvements that the line needs?

Mr. Harris: My hon. Friend makes some valid points, but I remind him that the inter-city express programme will result in trains that are run by electric energy or by diesel. They will be flexible enough to run throughout the rail network, whether it is electrified or not. The use of the new IEP trains will not depend on whether a line has been electrified.

Stephen Hammond (Wimbledon) (Con): We have heard a little about green credentials this afternoon. Of course, we know that the Department for Transport's main green initiative is recycling announcements.

When the Government announced the provision of 1,300 new carriages in July, most commentators assumed that they were part of the IEP. For the sake of clarity, will the Minister confirm whether they were delivered? When and where will we see the IEP finally introduced?

Mr. Harris: I know that the announcement about those 1,300 carriages led to quite a lot of confusion on the Conservative Front Bench, but there is no confusion on this side of the House that those 1,300 carriages represented a commitment and that they will be delivered to the rail network during the next control period. As for the allocation of the IEP, those trains will be employed, as a priority, on the great western and the east coast main lines.

Mrs. Gwyneth Dunwoody (Crewe and Nantwich) (Lab): The allocation of rolling stock is very important. The expansion and the move forward into a new era is to be welcomed, but the distribution of carriages in some parts of the rail system needs to be looked at. I hope that the Minister will bear in mind the fact that the congested areas in the south are not the only ones that need more carriages.

Mr. Harris: My hon. Friend makes an absolutely valid point. It is for the industry, and not the Department, to identify the areas where the new carriages will be best used. I know she accepts that 70 per cent. of all train journeys begin and end in London and the south-east, but she is right to say that a significant number of the carriages will go to routes and companies operating outside the capital.

Investment

7. **Graham Stringer** (Manchester, Blackley) (Lab): If she will take steps to reduce the gap between the per capita spend on transport in London and the rest of the English regions. [180541]

The Minister of State, Department for Transport (Ms Rosie Winterton): Transport spending per person for the English regions outside London increased by 78 per cent. between 2001-02 and 2006-07. Spending for London is higher per resident but that is because it is generally more expensive to provide services in London, and millions of people throughout the country benefit from investment in projects such as the new St. Pancras station.

Graham Stringer: Five years ago, spending in London was 80 per cent. higher than in the English regions, but that gap has widened to 150 per cent. How can England's great regional cities compete and contribute to the UK economy if they are relatively starved of investment?

Ms Winterton: Funding for local transport in the north-west has increased from £95 million in 2001 to £213 million in 2007. I would not call that starvation. Moreover, the Department has plans for 36 major road and transport schemes by 2015-16, at a total cost of £1.27 billion. My right hon. Friend the Secretary of State mentioned the feasibility study that has been commissioned on increasing rail capacity in the wider Manchester area, and more than £8 billion has been invested in the west coast main line between London and the north-west in the past eight years. I do not call that starving the north-west of funds; it is good investment that is leading to real improvements for the north-west.

Mr. Simon Burns (West Chelmsford) (Con): Will the Minister accept that the per capita investment in London's rail network must ensure value for money for passengers? Will she look at the disgraceful muck-up that happened the day after new year's day, when Liverpool Street station failed to open despite the commitments that had been given? That caused massive disruption for constituents of mine who were trying to get to work in the capital.

Ms Winterton: I understand the point that the hon. Gentleman makes, and I appreciate how incredibly irritating the problem must have been for people trying to use the station and the lines into it. The matter is being investigated by the rail regulator, and the Under-Secretary of State for Transport, my hon. Friend the Member for Glasgow, South (Mr. Harris), will take note of the findings and report back to the House.

Tony Lloyd (Manchester, Central) (Lab): I appreciate that per capita spending is not the only measure of what is going on, but serious problems of overcrowding on the rail system into Manchester affects the whole of the Greater Manchester region, and the economy of the entire north-west. It is therefore imperative that parts of the country other than London get their fair share when the new rolling stock becomes available. May I take it that the answer that my right hon. Friend gave earlier was a green light on this matter, and that there will be equity in how the rolling stock is distributed?

Ms Winterton: I understand the point that my hon. Friend makes. Further announcements about the allocation of rolling stock will be made later this year, and I am sure that what he has said will be taken into account.

Mr. Robert Goodwill (Scarborough and Whitby) (Con): Some £3 million was wasted when the Government binned the Leeds super tram. The *Yorkshire Post*'s "Road to Ruin" campaign has highlighted the chaos that is this Government's regional transport policy. What meetings has the Minister had with the new regional Ministers to discuss infrastructure issues—or have they been too busy in marginal seats to engage with that important matter?

Ms Winterton: The Under-Secretary, my hon. Friend the Member for Glasgow, South, recently met the regional Ministers to discuss rail issues. The hon. Gentleman needs to take on board the fact that we believe a lot of these schemes can help but, obviously, not at any price. It is vital that we get value for money. When the prices of such schemes escalate, there sometimes comes a point at which a decision must be

made on whether they are still the best thing for the people in the local area. If he does not understand that point, he will find it difficult to say what he thinks the priorities for his region are.

Mr. David Clelland (Tyne Bridge) (Lab): When the north-east remains cut off from the nation's motorway system; when it is more than 22 years since the last major improvement to the Gateshead western bypass, which is our region's most congested road; and when the Department continues to pour cold water on the idea of a high-speed rail link, does the Minister understand why there is more than just a raising of eyebrows when we see billions of pounds being invested in transport infrastructure in London?

Ms Winterton: I am well aware of the strength of feeling in the north-east. When I met my hon. Friend and colleagues up there, they put their points very well. However, I think my hon. Friend also recognises that the system for deciding priorities in the region through the regional funding allocations, which have been vastly increased in recent years, is the right way to go. Overall, departmental spending in the north-east has increased by more than 80 per cent. in the past six years. Some £457 million has been provisionally allocated to fund major schemes in the north-east. We recently announced £245 million of funding over the next three years for local authorities throughout the north-east region. We are illustrating a commitment to the people of the north-east through increased investment and modernisation.

Mr. David Heath (Somerton and Frome) (LD): Is the Minister aware of the absurd revisions that were recently published to the so-called regional spatial strategy for the south-west? They remove entirely any reference to what we have known as the second strategic route, which most people refer to as the A303, in favour of amorphous improvements in city areas. If the south-west had the same sort of investment as the London area, would we have at least some improvements to our infrastructure?

Ms Winterton: The hon. Gentleman will be meeting my hon. Friend the Under-Secretary fairly shortly to discuss that specific issue. Through things such as the spatial strategy, it is important that regions themselves decide how they want to plan for the future and what schemes they wish to include in it. Spending on road and rail in the south-west has more than doubled over the past six years. Some 35 major road and public transport schemes are planned to be funded, and £951 million has been provisionally allocated to the region from 2005 to 2015. I hope that the hon. Gentleman will recognise that there has been massive investment in the area.

Infrastructure (Lancashire)

8. **Mr. David S. Borrow** (South Ribble) (Lab): What assistance her Department will provide to enable the transport infrastructure in central Lancashire to cope with the impact of local housing growth. [180542]

The Minister of State, Department for Transport (Ms Rosie Winterton): The Department for Transport encourages local authorities, through their local transport plans, to plan for housing growth and the accompanying transport needs. It provides funding through each authority's annual LTP allocations to assist them in delivering their plans.

Mr. Borrow: I thank my right hon. Friend for that answer. Central Lancashire is one of the most buoyant parts of the north-west. It has the potential for considerable economic and housing growth, but that can take place only if the transport infrastructure south of Preston is dealt with properly. Will she ensure that Lancashire county council gives that adequate consideration? When the regional priorities for the north-west are drawn up, will she ensure that proper care and consideration are given to the needs of central Lancashire?

Ms Winterton: I certainly expect that the regional transport board will take my hon. Friend's points into account. He raises issues specific to his area which he thinks give rise to particular problems. I would be more than happy to meet him to discuss some of them and to ensure that the board is aware of his comments.

Severn Crossings

9. **Jessica Morden** (Newport, East) (Lab): What recent discussions her Department has had with the operator of the M48 Severn bridge and the second Severn crossing. [180543]

The Minister of State, Department for Transport (Ms Rosie Winterton): The Highways Agency has regular contact with the operator of the Severn crossings. The most recent quarterly meeting was held on 21 November 2007. Other meetings are held to discuss ongoing issues.

Jessica Morden: Tolls on the Severn bridges increased again in the new year. It is now £5.30 for a car, which is a large burden for many of my constituents, particularly commuters. Added to that is the problem of not being able to pay by any modern electronic payment method; people can pay only by cash or cheque. Will the Minister meet me to discuss reviewing the charges with the operator, so that we can offer better discounts for those who live locally, and to discuss the ongoing issue of the method of payment of the tolls?

Ms Winterton: I would be more than happy to meet my hon. Friend, who I know is extremely concerned about the issue. The Severn Bridges Act 1992 set the tolls for the two bridges, and set out the process for increases. The Act requires the tolls to be increased by inflation and rounded to the nearest 10p. That increase is applied every December. I certainly take on board the point about the use of methods such as credit cards to make payment easier. A working group has been set up to consider the financial and technical barriers to that. When we meet, I shall be more than happy to update her on the progress that is being made.

Adam Price (Carmarthen, East and Dinefwr) (PC): The Minister may have seen media reports suggesting that the suspension wires on the old Severn bridge are fracturing at a precipitous rate as a result of corrosion. Have the Government made any assessment of the implications for the durability of the bridge and for public safety?

Ms Winterton: I was not aware of those media reports. I am certainly prepared to look into the issue and write to the hon. Gentleman about the assessment made.

Topical Questions

T1. [180525] **David Taylor** (North-West Leicestershire) (Lab/Co-op): If she will make a statement on her departmental responsibilities.

The Secretary of State for Transport (Ruth Kelly): Yesterday I announced a £140 million investment to support cycling. Helping people to make low-carbon choices is an important element of my Department's wider sustainable transport strategy. In addition, my Department has been working closely with the investigators of the incident at Heathrow. An initial report on the incident was released last week. In the same week, Network Rail announced the initial results of its investigation into the engineering overruns during the Christmas period. The chairman of Network Rail briefed me on the initial findings on their release, and I look forward to seeing the conclusions. Later this week, my Department will launch a consultation on a range of proposals for modernising the blue badge scheme.

David Taylor: The recent Government publication on noise contours around the busiest English airports showed vividly the impact of night flights at East Midlands airport on communities in North-West Leicestershire, South Derbyshire and Rushcliffe in south Nottinghamshire. When will the Government impose on regional airports with high noise levels the same limits on air traffic movements that they impose on London airports, requiring them all to deliver on the requirements of the stringent environmental framework promised by the 2003 aviation White Paper 1,500 long, sleep-interrupted nights ago?

Ruth Kelly: My hon. Friend is absolutely right to say that the air transport White Paper imposed stringent local environmental conditions on the extension at Heathrow and on other places. He is right, too, to have concerns on behalf of local residents about the impact of any changes on the environment, particularly as regards noise. However, it is not right to suggest that there is a one-size-fits-all solution on airport expansion. For instance, the impact of noise will vary enormously depending on how close the airport is to local residents, and on the type and number of flights. That is why we think that a local response is the right way forward. I understand that East Midlands airport will publish its local plan to manage noise later this year. I urge my hon. Friend to get involved in that consultation on behalf of his local community, and to make his views known.

T2. [180526] **Jo Swinson** (East Dunbartonshire) (LD): The Organisation for Economic Co-operation and Development, the United Nations, the Royal Society, the chief scientist at the Department for Environment, Food and Rural Affairs, the Chancellor's adviser—Professor King—and the Environmental Audit Committee are all urging caution about the environmental and social impacts of biofuels, so will the Government think again about whether a £500-million biofuels subsidy is the wisest, most cost-effective way to cut transport emissions?

The Parliamentary Under-Secretary of State for Transport (Jim Fitzpatrick): As a result of the renewable transport fuel obligation, which we passed only a few months ago, biofuels are expected to save 2.6 million to 3 million tonnes of carbon dioxide per annum. The UK pioneered a world-leading reporting strategy to determine the accuracy of carbon reductions and sustainability considerations. We are trying to press the European Commission to make sure that that is mirrored at European level. We recognise the concerns, but science is moving forward, and we are convinced that that is the right way to proceed.

Harry Cohen (Leyton and Wanstead) (Lab): An arcane rule prevents us from ascertaining how much Metronet owes in taxes. Likewise, Transport Ministers are secretive about deals done and the cost to taxpayers, council tax payers and fare payers. They are secretive, too, about the lack of maintenance that will result from Metronet going into administration. Will Ministers now come clean and provide that information?

Ruth Kelly: I assure my hon. Friend that there is no intention to conceal any information. It is, however, difficult to know what the impact of Metronet's failure will be on the taxpayer, although I do not doubt there will be such an impact, particularly in the short term. When Metronet leaves administration in, I hope, the not-too-distant future and its detailed financial accounts are published, that information will be put into the public domain. However, I will update the House if there are developments that I can report.

T3. [180527] **Mr. John Whittingdale** (Maldon and East Chelmsford) (Con): Is the Secretary of State aware of the huge increase in the cost of the statutory bus concessionary travel scheme, which has far outstripped the additional grant given to local authorities and has caused serious difficulty for many councils, including Maldon district council? Will she meet a delegation from affected local authorities in Essex to see what can be done to help?

The Minister of State, Department for Transport (Ms Rosie Winterton): I do not know whether the hon. Gentleman was present for our wide-ranging discussion on Question 1 about the national concessionary fares scheme. We spend about £1 billion a year on the scheme, and most regions received an increase of about 30 per cent. over the last financial year. His area is treated exactly the same. That is a generous settlement, and if local authorities wish to build on it with their own local concessions, that is up to them. However, the £212 million that has been allocated over and above the amount that local authorities already receive is adequate to cover the increased costs.

T5. [180529] **Martin Horwood** (Cheltenham) (LD): In 1997, the former Deputy Prime Minister, the right hon. Member for Kingston upon Hull, East (Mr. Prescott), said that he would "have failed" if there were not far fewer journeys by car after five years. After 10 years, my hon. Friend the Member for Lewes (Norman

Baker) revealed that traffic has increased across England by 12 per cent. and in Gloucestershire by 17 per cent., increasing public risk, congestion and carbon emissions. Will the Government now admit that they have failed?

Ruth Kelly: Well, it is certainly true that as countries become wealthier and more people want to buy cars, congestion is an issue faced by all developed nations. The fact of the matter is that here in the United Kingdom we are leading the fight against congestion through sustained investment in public transport. Indeed, our investment in the railways, as I have just discussed with the hon. Member for Somerton and Frome (Mr. Heath), is the biggest investment in capacity for a generation. In addition, for the first time, we have broken the link between economic growth and increased traffic. I call that success, even though I recognise that there is a lot more to do.

T4. [180528] **Andrew George** (St. Ives) (LD): The Under-Secretary of State for Transport, the hon. Member for Glasgow, South (Mr. Harris), wrote to hon. Members on 31 October last year, acknowledging that "for some time" First Great Western services had been "unsatisfactory". He said he would

"continue to keep a close interest in performance...to ensure"

that First Great Western lived up to its promises. Passengers have had to endure continued overcrowding, poor services and unreliability, only to be rewarded for their loyalty with an above-inflation price hike. Can the Under-Secretary not do anything to step in and hold back those ticket price rises until quality thresholds are met, and what will he do to put those matters right?

The Parliamentary Under-Secretary of State for Transport (Mr. Tom Harris): The hon. Gentleman is certainly correct, in that the performance of First Great Western has been a concern to me and to the Department for some time. There is little good news, although there is some. The December 2007 timetable has proved to be more robust and more workable than had been predicted. However, he is correct to say that performance is still a major cause of concern. I continue to meet representatives of First Great Western on a regular basis, but I would not try to mislead the House by pretending that it does not give me very serious cause for concern about its future performance.

Judy Mallaber (Amber Valley) (Lab): Four-year-old Finlay Martin was tragically killed last July when he was hit by a trailer that broke free from a car while he was walking in the village of Heage with his mother. The deputy coroner at the inquest just held said that she would write to the Department for Transport to ensure that lessons were learned. Will my hon. Friend investigate seriously the introduction of an annual mandatory test of road worthiness and an MOT for trailers that are pulled by road vehicles, and for such vehicles to have mandatory brake systems, which did not happen in this case? That has been requested by Finlay's grandparents and many of my constituents.

Jim Fitzpatrick: We are aware of this tragic accident, which occurred last summer. We extend our deepest sympathies to the parents and family of Finlay, who lost his life as a result of what happened. We want to make sure that when we introduce new regulations, they can be applied and they are appropriate. Introducing MOT-style tests for such trailers is a possibility that we have considered before, and it is a matter that we keep under review. There have been several such accidents in recent months, and I will certainly consider the matter with officials in the Department to see whether we need to move on that.

Mrs. Theresa Villiers (Chipping Barnet) (Con): The UN believes that palm oil production could destroy 90 per cent. of Indonesia's rain forest within the next 12 years. When will binding rules be introduced into the Government's renewable transport fuel obligation to ensure that the biofuels that it promotes come from sustainable sources and not from ripping up the rain forest?

Jim Fitzpatrick: The hon. Member for East Dunbartonshire (Jo Swinson) raised the matter a moment ago, and I could refer the hon. Member for Chipping Barnet (Mrs. Villiers) to the answer that I gave a few moments ago. However, that would be wholly inappropriate as this is a serious subject. When we discussed the RTFO in Committee and the setting up of the Renewable Fuels Agency, that was keenly tested by hon. Friends as well as by Opposition Members. We are setting up, as I outlined, the most robust reporting mechanism we can, which starts in April 2008. We are trying to impress on the European Commission that we need to do the same thing Europe-wide, because sustainability and carbon reduction appear achievable through biofuels, and we are determined to make sure that that works.

Mrs. Villiers: We are pleased to hear that the Government are starting to take the issue much more seriously, but we are still worried that that date is not soon enough. Valuable habitats and carbon sinks are under threat right now. Friends of the Earth has said:

"The Government's dash for biofuels is ill thought out . . . and could be creating more problems than it solves".

As a matter of urgency, will the Government suspend the operation of the RTFO until guaranteed safeguards are in place to remove the very real risk that the unintended effect of their policy could be to encourage people to use biofuels that are produced in ways that are unsustainable and could actively damage the environment?

Mr. Julian Brazier (Canterbury) (Con): Hear, hear.

Jim Fitzpatrick: The hon. Gentleman is obviously a keen supporter of that line. We are clear that we recognise the genuine sustainability questions that are at stake, and we are determined to ensure that biofuels are not brought forward at the expense of the planet and at a cost of additional climate change. I refer the hon. Lady to a comment from the right hon. Member for Witney (Mr. Cameron), who said:

"Five per cent. of all fuel sold in the UK to come from biofuels is a start, but it is a minimum step: we will need to go further in the future."

There is clearly potential for carbon reduction, but it must not be at the price of sustainability and of exposing developing countries to further exploitation. We intend to get the balance right. We hope the Opposition parties will support us.

John McDonnell (Hayes and Harlington) (Lab): Will the Secretary of State join me in paying tribute to the crew of BA flight 38 last Thursday who, along with the emergency services, ensured that, with the crash-landing of the aeroplane, a catastrophe was avoided? I call upon her to instigate an immediate risk assessment of the safety of the doubling the size of Heathrow airport, which would be the effect of building a third runway and a sixth terminal there.

Ruth Kelly: I certainly join my hon. Friend in paying tribute to the emergency services that dealt so well with the incident, and to the crew for the professional and calm way in which they dealt with it and their evident care and concern for the passengers. I am relieved that there were so few injuries.

My hon. Friend raised the issue of safety and the expansion proposals for Heathrow airport. I assure him that the Civil Aviation Authority has examined the White Paper proposals for additional airport capacity and believes that the necessary airspace capacity can be provided safely through the redesign of airspace and the introduction of enhanced air traffic techniques and systems. However, safety must always be our foremost priority.

T6. [180530] **Mr. Desmond Swayne** (New Forest, West) (Con): Is the Secretary of State aware that 40 per cent. of bikers are evading vehicle licensing duty? What is she going to do about it?

Jim Fitzpatrick: The Driver and Vehicle Licensing Agency successfully collects £5 billion—or 95 per cent.—of vehicle excise duty annually. As the hon. Gentleman has highlighted, motorcycles are an enforcement challenge because of their size, the position of their number plates and their manoeuvrability. However, we have developed a dedicated enforcement strategy targeting motorcyclists. We have run focused, hard-hitting awareness campaigns and invested in improved automatic number plate recognition systems. We are coming forward with additional material and initiatives to make sure that motorcyclists, who have increasingly been evading, will no longer be able to do so.

T7. [180531] **Mr. John Redwood** (Wokingham) (Con): When will Network Rail, a publicly owned company, get to grips with problems such as a very tatty and run down station in Wokingham that could be rebuilt from the proceeds of planning gain on its very valuable site?

Mr. Harris: The right hon. Gentleman has been misinformed. Network Rail is a private company over whose operations I have no direct control. He takes a close interest in these matters, so he will know that in the White Paper published in July we announced £150 million to act as leverage money for the 150 medium-sized stations. We expect major improvements to be carried out by Network Rail and its partners during the next control period between 2009 and 2014.

T8. [180532] **Mr. Philip Hollobone** (Kettering) (Con): Will the Minister kindly agree to meet a delegation from the Kettering Rail Users group and Kettering borough council to discuss the severe train cuts to and from Kettering coming this December and how completely incompatible the proposals are with the Government-backed housing expansion plans? We are set to see an increase of one third in the number of homes in Kettering borough by 2021.

Mr. Harris: I am always happy to meet colleagues and delegations from rail user groups. No doubt the issue will be discussed at the relevant time. However, I disagree with the hon. Gentleman's fundamental assertion that there have been major service cuts at Kettering.

Point of Order

3.32 pm

Mr. Brooks Newmark (Braintree) (Con): On a point of order, Mr. Speaker. I recently attended a meeting with a Minister in the Department for Transport on the proposed upgrade of the A120 in my constituency. The departmental minutes of that meeting were subsequently leaked before I had seen or corrected them. Unfortunately, as the Minister is aware, they misrepresented the position that I have always taken on the issue: to oppose the preferred southern route. Indeed, the minutes implied that locally there was a broad consensus in support of the route, although the opposite is true.

Can you, Mr. Speaker, advise me on how I can hold the Department to account for that misrepresentation, given that my views on the scheme, and those of local people likely to be affected by it, have been a matter of parliamentary record since I raised them in an Adjournment debate on 20 January 2006?

The Parliamentary Under-Secretary of State for Transport (Mr. Tom Harris): Further to that point of order, Mr. Speaker. The hon. Gentleman has raised an entirely legitimate concern. He has not been well served by the internal processes at the Department for Transport and at the Highways Agency. As the Minister to whom the agency is accountable, I offer him a full apology. I accept full responsibility for what has happened. I assure him that the record to which he has referred will be corrected as a matter of urgency.

Mr. Speaker: The Minister has been kind enough to clarify the matter. I hope that all future meetings between hon. Members and Ministers will be kept confidential; only with the consent of both parties should anything about such meetings be made public].

BILLS PRESENTED

Football Spectators and Sports Grounds

Mr. Russell Brown, supported by Alan Keen, John McFall, Mr. John Leech, Bob Russell, Joan Walley, Mr. Iain Duncan Smith, Mr. John Greenway, Christine Russell and Jim Sheridan, presented a Bill to amend the law relating to football banning orders and their enforcement; to confer further powers on the Football Licensing Authority and to amend its name; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Friday 22 February, and to be printed. [Bill 59].

Climate Change (Sectoral Targets)

Colin Challen, supported by Mr. Tim Yeo, Mr. Michael Meacher, Andrew Stunell, Joan Walley, Peter Bottomley, David Howarth, John Battle, Paddy Tipping, Chris Huhne, Dr. Desmond Turner and Dr. Doug Naysmith, presented a Bill to set sectoral targets relating to energy generation and consumption; to make provision for the sectoral targets to be met; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Friday 22 February, and to be printed. [Bill 62].

Online Purchasing of Goods and Services (Age Verification)

3.35 pm

Margaret Moran (Luton, South) (Lab): I beg to move,

That leave be given to bring in a Bill to make it a requirement for the providers of goods and services and the providers of specified facilities enabling the purchase of such goods and services to take reasonable steps, in certain circumstances, to establish the age of customers making such purchases remotely; and for connected purposes.

In simple terms, my Bill would require online retailers and those who facilitate the sale of goods and services online to abide by the laws of the land in respect of age-restricted goods and services.

In days of old, when knights were bold and I was young, and the internet had not been invented, retailers had a comparatively easy job when it came to the sale of age-restricted goods and services such as alcohol, tobacco, gambling, solvents and so on. If there was any doubt about a person's age, they could ask for identification and, if necessary, decline to sell the goods or services. The consequences of getting it wrong could be dire. A bookie or a landlord could be fined, lose their licence or worse; a cinema or nightclub could be closed down.

The growth of the internet and e-commerce, however, has meant that the same goods and services can now be bought online, and we are increasingly a nation of online buyers. With that has come a loophole that urgently needs to be addressed—namely, that there are most often no checks online, thus enabling children to buy age-restricted goods. This is at a time when we are all rightly concerned about the increasing availability of knives and alcohol to under-age youngsters. The Bill would require online retailers and those who facilitate such purchases—for instance, via pre-payment cards—to take positive steps to ensure age compliance. We cannot have a wild west scenario whereby anything is sold to anyone and no one takes responsibility. Children can now get hold of some very disturbing items—things that they would never be able to buy if they walked into a shop. That has to stop.

It is clear that very few online retailers have procedures or software in place to prevent the sale of age-restricted goods to children. Sadly, self-regulation is not working. I believe that online retailers caught selling alcohol, knives or pornography to under-age children should face a hefty fine or even imprisonment if they fail to put in place procedures to check the age of their customers. No one is seeking to hold back the tide of e-commerce, even if we could, or to place more onerous requirements on online retailers, or to prevent people from using pre-payment cards, but an increasing number of cases have exposed the ease with which children under 18 can buy alcohol, watch pornographic films, or worse.

Only a small number of goods and services are subject to any kind of age restriction, but they are in sensitive areas where society and the law have said some limits need to be applied. They are there for a reason, but there is a real risk that the internet could make them redundant. Many online retailers simply ask customers to confirm their age by ticking a box and take no other measures to verify whether the person

[Margaret Moran]

meets the age criteria. "Of course", cry the online retailers, "retailing on the internet relies on systems that are very highly automated and work at very high speeds with little direct human intervention." They are right to say that the life of the vendor is so much harder online nowadays because banks routinely provide legal minors, in some cases children as young as 11, with the sort of plastic cards—for example, Solo or Visa Electron cards—that can be used to make payments on the internet and are widely accepted on every kind of website. Many members of the public associate the logos of these cards with credit cards, and everybody thinks that credit cards are available only to legal adults, not least because contracts cannot be enforced against legal minors, other than for "necessities", which very few online sales are.

These brands are becoming associated with a range of other financial products, particularly pre-paid, or stored value cards, which can be bought as gifts and given to people of any age, or even bought over the counter for cash. One company in particular sells cards that use these logos and it advertises them as being available for use by persons of any age. The cards are accepted anywhere the logos appear, which includes millions of websites. I understand that the financial services industry sees the development of these stored value cards as a major new market that will grow exponentially over the next few years. However, such cards can allow children to get to places on the internet or buy goods and services online that they would never be able to access in real life.

We all know that children like to push the boundaries and, indeed, one online company survey found that of 300 18 to 30-year-olds, 57 per cent. admitted lying about their age to gain access to, or buy, age-restricted goods before their 18th birthday. Nobody compels anyone to sell age-restricted goods or services over the internet; they choose to do so. Therefore, unless companies can be sure they are selling goods legally, they should stop selling them online altogether.

The evidence that children are obtaining age-restricted goods and services online is becoming compelling. For example, last summer *The People* newspaper worked with a 14-year-old called Zach. He got a pre-paid card at a local store; he paid cash and walked out the door with it. The card retailers say that their cards can be sold only to people over the age of 18, but Zach had no trouble getting his—there was no check whatsoever—and since there is no law that says it is illegal to sell the cards to persons under the age of 18, one is bound to wonder how carefully many retailers monitor it. Using the card, Zach was able to order XXX porn videos from Amazon, and knives from Tesco that were delivered to his home where he signed for them personally. Oddbins delivered some Vodka to his house, and apparently William Hill let him bet £10 on a football match. Some other children in Glasgow were also able to get alcohol delivered to their door, to join online bingo sites and to get X-rated horror movies sent to them.

Asking people simply to tick a box to confirm that they are a certain age is not acceptable in the internet age. The Gambling Act 2006, which came into force last September, specifically requires online gambling companies to implement an age verification service that is in no way dependent on the method of payment being used. In relation to gambling, the House has said it is not acceptable simply to ask people to confirm their age. We require companies to verify that their customers are over 18, for themselves, separately. We did that specifically and solely to protect children.

There are technological solutions, and companies are providing online age and ID check solutions in order to screen minors One who contacted me is currently working with online gaming vendors. It says that it supports the introduction of an age verification mandate to online retailers selling age-restricted goods, and adds that

"the online gaming industry has already proved that they can enable an instant customer age verification during the online transaction without incurring significant additional costs and without harming the customers experience".

What is illegal in the real world is illegal in the virtual world. The evidence is clear that the laws restricting access to a limited number of goods and services on the basis of age are being circumvented online. That is a risk to our children and the community as a whole. The Bill would enable us to get rid of this loophole and provide the protection to our children that we intended to be there for them.

I commend the Bill to the House.

Question put and agreed to.

Bill ordered to be brought in by Margaret Moran, Ms Sally Keeble, Kali Mountford, Judy Mallaber, Barbara Keeley, Fiona Mactaggart, Ian Stewart, Martin Salter, Lynda Waltho and Linda Gilroy.

Online purchasing of goods and services (age verification)

Margaret Moran accordingly presented a Bill to make it a requirement for the providers of goods and services and the providers of specified facilities enabling the purchase of such goods and services to take reasonable steps, in certain circumstances, to establish the age of customers making such purchases remotely; and for connected purposes. And the same was read the First time; and ordered to be read a Second time on Friday 16 May, and to be printed [Bill 57].

Orders of the Day

Energy Bill

Order for Second Reading read.

3.45 pm

The Secretary of State for Business, Enterprise and Regulatory Reform (Mr. John Hutton): I beg to move, That the Bill be now read a Second time.

I believe that the Energy Bill, with the measures on planning and climate change, has an important role to play in implementing our strategy for tackling climate change and ensuring secure energy supplies. We are all aware of the scale of the energy challenges that the UK and other countries face.

First, we need to take decisive and effective action to tackle climate change. The Climate Change Bill will establish legally binding targets for cutting UK emissions.

Mr. Stephen Crabb (Preseli Pembrokeshire) (Con): I am grateful to the Secretary of State for giving way so early in his speech. On decisive action, will he confirm that there have been at least 22 Green Papers, five White Papers and more than 100 consultations on individual energy issues since 1997?

Mr. Hutton: I am not sure what point the hon. Gentleman is trying to make. I do not regard his comments as criticism of the Government—in a modern democracy, it is good to consult. Consultation has strengthened, not undermined, the Government's energy policies. It is not true that the Government have been inactive in introducing policies to tackle climate change and deal with the problems of energy security.

The hon. Gentleman said that he had interrupted my speech—I do not think that, technically, I had started to make it. Let me carry on from where I had reached—a little after the second line.

Changing the way in which we produce and use energy will have an important role to play in meeting targets that we have set ourselves. We must ensure that we have the widest possible range of cleaner, low-carbon energy sources and technologies. The Bill will help with that.

Secondly, we must maintain the security of our energy supplies as the UK makes the transition from being a net exporter to a net importer of energy. The transition requires new forms of energy infrastructure in the UK. For example, the UK requires more gas storage by 2020. We need to increase our gas import capacity by between 15 and 30 per cent. and we must ensure that we support investment in such important infrastructure projects. Again, the Bill will make a positive contribution.

Thirdly, beyond import and storage infrastructure, the UK needs investment in new generating capacity of between 30 GW to 35 GW in the next 12 years or so. We must create the right environment to encourage investment, which will not only maintain the UK's diverse energy mix, but—most important—make it increasingly low carbon. Again, the Bill tackles those concerns. A key part of delivering the new investment is giving the private sector confidence in our planning system. That is why we have introduced the Planning Bill, which will deliver a timelier and more efficient decision-making process for consenting to large-scale energy projects.

The policies that we introduce now will determine over the long term the investment decisions that the energy markets make and the new technologies that they develop. They will also enable our successful transition to a truly low-carbon economy, while helping to ensure continued energy security. There is no single answer to the multi-faceted problems that we face. No single technology is capable of solving all our problems. However, the solutions to the challenges go hand in hand with each other.

John Robertson (Glasgow, North-West) (Lab): I thank my right hon. Friend for giving way. It is not like me to interrupt him so early in his speech, but will he explain to the people of this country exactly why we need a balanced energy mix, as he has just outlined?

Mr. Hutton: Yes, I intend to make that point, which my hon. Friend is anxious for me to make, in a few moments. However, may I now thank him personally for the support that he has given Ministers as we have set about finding some of the answers to the highly complicated questions that we face?

It is for all the reasons that I have set out that the Energy Bill incorporates wide-ranging but complementary measures for cutting carbon emissions and improving security of supply. It will therefore help us to meet the energy challenges that we face.

Mr. David Heathcoat-Amory (Wells) (Con): I am grateful to the Secretary of State for giving way. He may know that an application for a wind farm in my constituency has just been turned down on appeal, to great local rejoicing. Now that the Government have finally found the courage to restart the civil nuclear programme, will he abandon the pretence that inefficient, expensive and ugly wind farms are any part of the solution in what is, after all, supposed to be an environmental policy?

Mr. Hutton: I am grateful to the right hon. Gentleman for making that intervention. I have a strong feeling, however, that his comments would have been better addressed to his Front Benchers than to ours. I strongly believe that we need a balanced energy policy, which will include onshore and offshore wind as an essential component of dealing with the challenge of climate change and energy security. I am afraid that I will not jump on the bandwagon that the right hon. Gentleman has laid before me—

Mr. Henry Bellingham (North-West Norfolk) (Con): Will the Secretary of State give way?

Mr. Hutton: I will, Henry—*[Laughter.]* I meant Hooray Henry, of course.

Mr. Bellingham: I am grateful to the Secretary of State for giving way—he is obviously in a benign and helpful mood. Is he aware, however, that at least 500 wind turbines either are under construction or have permission for sites in the Wash or off the Norfolk

[Mr. Bellingham]

coast? Bearing that in mind, does he agree that there is now no justification for small clusters of onshore wind farms, which do great damage to the environment and are highly unpopular? Surely they should now all be offshore.

Mr. Hutton: I think that there will be an increasing move towards offshore wind generation, which would be a good thing. However, it would be quite wrong for me to prejudge individual planning applications, because that is not my role in the system. It does not help to create the balanced energy policy that the majority of people in the country want that every time a wind turbine application is shoved in, everyone opposes it but at the same time demands cleaner energy. Fundamentally, such nimbyism is not terribly constructive.

Tony Lloyd (Manchester, Central) (Lab): The previous two interventions illustrate exactly the problem that my right hon. Friend faces: everybody is against any alternative. What we need, however, is that balanced energy mix, which will give us security of supply. In cold winters, the old people in my constituency, for instance, will not be worried about the fine tuning; rather, they will want to know that they can turn the electricity on and that it will work.

Mr. Hutton: I have a great deal of sympathy for my hon. Friend's point. On the issue of nuclear, which I shall come to shortly, one of the important points that we all need to address is not just how to face the low-carbon and energy security challenges, but how to ensure that we satisfy the base load energy challenge. Fundamentally, none of our constituents will thank us if, when the temperature drops and it gets dark, adequate and affordable power is not in place at the right time to heat their homes and enable them to go about their daily lives.

If we are to meet any of the challenges that I have outlined, change will be required—and that means change in some of our constituencies. I have wind farms in my constituency, for instance, and there is a multiplicity of views about such matters, as the hon. Member for North-West Norfolk (Mr. Bellingham) will know. What does not help is the idea either that there is one technology—the right hon. Member for Wells (Mr. Heathcoat-Amory) has made that argument in relation to nuclear power—or that we can successfully continue trying to delay, obstruct and, in the hon. Gentleman's words, hopefully reject proposals for renewable sources onshore. I am afraid that there are no easy choices, as my hon. Friend the Member for Manchester, Central (Tony Lloyd) pointed out, but making no choice at all is not one of them.

Mr. Elliot Morley (Scunthorpe) (Lab): I certainly agree with my right hon. Friend that we must look at the whole range of alternative and renewable technologies. In that respect, will he give me an assurance that the Bill will provide encouragement for the expansion of new technologies such as micro-power, and for incentives such as feed-in tariffs? I know the arguments that he is rightly putting forward, but will the Bill provide for the introduction of a new sector such as micro-power, if that were considered acceptable?

Mr. Hutton: We have announced proposals, of which my right hon. Friend will be aware, on microgeneration and on providing additional renewable obligation certificates—ROCs—for micro. We will need to come back to the whole issue of distributed energy and microgeneration as we respond to the proposals that are due tomorrow from the European Commission on how EU member states are to meet the new obligations that the Heads of Government agreed at the spring Council for a greater proportion of the EU's energy to come from renewable sources. I am trying to reassure not only my right hon. Friend but Members on both sides of the House who want a balanced energy approach and reassurance that there is no belief on the part of Ministers in a single technological solution to our energy problems. I am giving my right hon. Friend that assurance. I believe strongly that, as he studies the Bill's provisions—and, perhaps, serves on the Committee—he will see exactly the kind of balanced approach that eschews the false choice of a single technology and instead pursues the realistic choice of different technologies.

Mr. Michael Jack (Fylde) (Con): The Secretary of State referred to the challenge of the announcement tomorrow from the European Union about renewable energy in the round. Will he tell the House why the Bill does not contain a commitment to a renewable heat obligation?

Mr. Hutton: These are matters that we are currently looking at very carefully. The Office of Climate Change is looking at these matters, and we are going to have to consider the issue of renewable heat sources as we respond to the challenge of the new European Union requirements. The Prime Minister has set out the broad timetable that we shall be following, and once we have the details of the Commission's proposals tomorrow, there will be a consultation. The hon. Member for Shipley (Philip Davies) will probably be disappointed by that, but I believe strongly that that is the way to proceed. There will be a consultation in the spring, and we will announce further, more detailed measures that I hope will cover the issue that the right hon. Member for Fylde (Mr. Jack) has raised.

Colin Challen (Morley and Rothwell) (Lab): My right hon. Friend might have seen the National Audit Office report on energy consumption on the Government estate, which shows how difficult it is to reduce such consumption. That must be a common experience. In the light of that report, will he tell the House to what extent the Bill predicts and provides for a growth in energy consumption? Should we not perhaps pay more attention to the demand side?

Mr. Hutton: There are no provisions in the Bill about the issue that my hon. Friend has raised. If he is asking me whether the Government could do more to promote energy efficiency on the Government estate, the answer is obviously yes. I am glad to say that my Department has quite a good record in that regard, and we will continue to try to improve on it.

Alan Simpson (Nottingham, South) (Lab): The Secretary of State will know that the Prime Minister has committed the UK to meeting the EU target of obtaining 20 per

cent. of our energy needs from renewable sources by 2020. Will he specify which parts of the Bill will deliver that 20 per cent. by 2020?

Mr. Hutton: There are parts of the Bill that address that concern, but I simply have not been able yet to reach them in my speech. The parts that will make the greatest difference will be the provisions relating to the reforms to the renewables obligation, and in particular to banding, which will allow us to encourage and bring to fruition those technologies that, at the moment, are slightly further away from making a contribution than they should be. I am thinking of sources such as offshore wind and tidal power. In the UK, we should be considering utilising our natural resources more efficiently and intelligently. I shall say more in a minute that I hope my hon. Friend will find reassuring.

Several hon. Members *rose*

Mr. Hutton: I should like to make a bit more progress with my speech before I give way again. I hope that the House will allow me to do that.

Measures in the Bill to reform the renewables obligation will increase the amount of electricity that we get from renewable sources. Other measures will help to support the deployment of new nuclear power and to enable investment in carbon capture and storage and in offshore gas infrastructure. All of those will help cut carbon emissions, increase the diversity of our energy mix and improve our energy security—important goals that I hope will gain the support of Members of all parties.

The Bill also implements key parts of our energy White Paper strategy. It will update the legislative framework to achieve three particular things: first, to reflect the availability of new low-carbon technologies; secondly, to meet our changing requirements for security of supply infrastructure; and, finally, to ensure suitable protection for the environment and the taxpayer as our energy markets change.

The Bill is divided into six parts. Part 1 relates to offshore gas importation and storage. As the UK increasingly relies on international energy markets, our strategy for ensuring secure energy supplies must also evolve. Competition for energy supplies is increasing. The International Energy Agency forecasts that inter-regional trade in gas will more than double by 2030. The UK currently imports about 20 per cent. of its gas requirements, but as many hon. Members will know, that is projected to increase to well above 50 per cent. by 2020 as supplies from the UK continental shelf decline. Part of our response to that challenge must be to ensure that companies have a clear regulatory framework for investing in the new offshore storage and import infrastructure that our country requires.

Current offshore legislation was designed principally for oil and gas production or extraction. As a result, there is no single piece of legislation that covers the new kind of offshore gas infrastructure that we in the UK need. The current regulatory process is therefore complex and fragmented. It must be improved and streamlined if new investment is to take place in the time scale that we are discussing.

Through clauses 1 to 15, the Bill creates a new regulatory and licensing framework specifically designed for offshore gas storage and offshore LNG—liquefied natural gas—unloading projects. That will simplify the regulatory process and will, I hope, create greater clarity and certainty for investors. The Planning Bill, which I have already mentioned, will streamline the consenting processes for onshore gas projects. The Energy Bill will create a fit-for-purpose regime for offshore gas projects.

This part of the Bill also creates a new regulatory framework for offshore carbon dioxide storage projects. Fossil fuels will continue to be part of the UK's diverse energy mix for decades to come. On present policies, global energy demand could be more than 50 per cent. higher in 2030 than it is today. With a significant percentage of that being met by fossil fuels, energy-related greenhouse gas emissions could be around 55 per cent. higher than today. Finding a way to reduce the emissions from fossil fuel generation is therefore absolutely essential if we are to meet the challenge of climate change. That is why the Government are supporting a competition for the demonstration of carbon capture and storage. Clauses 16 to 34 will establish a licensing framework that allows storage of carbon dioxide under the sea bed. Without the new legislation, I do not believe that that demonstration project could proceed.

In addition to making provision on licensing, the Bill will also assert the UK's rights to store carbon dioxide beneath the UK sea bed and extend relevant existing offshore legislation—on the decommissioning of offshore gas installations, for example—to future facilities that might be used for carbon dioxide storage. That is a key part of enabling the long-term development of carbon capture and storage. Once constructed, the demonstration project, which we hope will be operational by 2014, will be one of the world's first commercial scale power stations with carbon capture and storage. Our aim is to drive forward the development of a technology that has the potential to reduce carbon emissions from fossil fuel power stations by as much as 90 per cent.

Stewart Hosie (Dundee, East) (SNP): On the issue of carbon capture and storage and the much vaunted competition, first announced in 2005, has not the Government's dithering been so bad that not only has BP pulled out of the project to use Miller field, which was due to be decommissioned, but it was announced yesterday that the project is to go to Abu Dhabi rather than Peterhead? Referring to 2014 sounds great and the competition sounds wonderful, but has not the dithering lost BP's investment and the opportunity to use the Miller field?

Mr. Hutton: I consider that a thoroughly miserable intervention from a member of a party that has absolutely diddly-squat to say about the United Kingdom's energy requirements. We will not take any lectures from the hon. Gentleman and his hon. Friends about how we meet the UK's energy requirements, given the stance that he has taken. We are not interested in that kind of niggardly comment. The hon. Gentleman has a vested interest in talking down the United Kingdom. What we must recognise is that the UK is one of the world's leading countries in the development of carbon capture and storage technology, although we would not have understood that from listening to the hon. Gentleman's whingeing and sarcastic remarks.

Martin Horwood (Cheltenham) (LD): The Secretary of State's rather dismissive reply to the hon. Member for Dundee, East (Stewart Hosie) ignored the fact that the BP project at Peterhead might well have been on line by 2010, thus possibly beating the competing project's time scale. Is there not a serious point to be made, namely that the Government's single-minded and rather ham-fisted approach to carbon capture and storage has damaged the prospects of UK industry?

Mr. Hutton: I do not accept that either. The whole point of what we are doing is organising proper competition. If we had proceeded with the time scale of the project that the hon. Gentleman has mentioned, other equally promising technologies and solutions would have been automatically ruled out, and instead of hearing from him, we would have heard from many of my hon. Friends and other Members about why their particular projects had not been allowed to proceed. To be honest, I do not think we want to hear any more from the hon. Gentleman about these subjects. *[Interruption.]* The debate has taken rather a sour turn, has it not? I shall endeavour to be more cheerful on the subject of part 2.

Mr. Adam Ingram (East Kilbride, Strathaven and Lesmahagow) (Lab): Let me try to help my right hon. Friend in raising a key issue for Scotland. Under the levy requirements applying to the Scottish renewables obligation, there is a fund of £100 million waiting to be spent which has not been called on by the Scottish Executive. Will my right hon. Friend ask the Executive why they will not spend the money on renewables in Scotland?

Mr. Hutton: I will gladly raise that question with Scottish Ministers, and I am sure that I will have my right hon. Friend's support in doing so.

We all have reasons to be cheerful now, because we have reached part 2, which focuses on renewable electricity. The Government are committed to an increasing role for renewables in the UK's energy mix, and part 2 makes a number of important changes to the renewables obligation.

First and foremost, it must be said that the renewables obligation has been highly successful. Since its introduction in 2002, renewable electricity has more than doubled, from about 2 per cent. to more than 4 per cent. of electricity generated in the United Kingdom. By 2020, alongside exemptions from the climate change levy, the renewables obligation will be worth about £1 billion a year in support of the renewables industry.

The changes in the renewables obligation include the introduction of a power to band the obligation to allow different levels of support for different technologies, and will help to promote a more rapid deployment of a wider range of renewable technologies. That will include more support for microgeneration—mentioned by my right hon. Friend the Member for Scunthorpe (Mr. Morley)—and renewable combined heat and power, helping the UK's electricity from distributed generation sources to grow over the long term.

I know that some people, in the House and outside, believe that the renewables obligation should be replaced. They cite the success of feed-in tariffs, particularly in Germany, as proof that they constitute a more effective means of developing renewables. I think that we should be clear about the economics. Whatever the merits of feed-in tariffs in the context of other countries' energy systems, we need to consider what will work best here in the United Kingdom. Germany has benefited from a consistently supportive policy for renewables since the early 1990s, and it is paying dividends. That clarity and consistency of approach has been a big part of Germany's success, which we celebrate with our German colleagues.

UK renewables investors have highlighted certainty and consistency as two of the factors that will be crucial to continued and rapid growth and development of renewables in the UK. That is why our measures will build on and strengthen the renewables obligation. Our reforms are the result of more than 18 months of working closely with renewables investors and others to ensure that we got them right.

Steve Webb (Northavon) (LD): The Secretary of State has rightly praised Government clarity and consistency as a way of raising renewables. Is that why the UK is so low on European league tables because this Government have not provided clarity and consistency?

Mr. Hutton: Oh dear, oh dear. I think we have returned to the mood created by the hon. Member for Dundee, East (Stewart Hosie). That is simply not the case. As I said a moment ago, the renewables obligation has allowed renewable electricity generation to double in the UK. The hon. Gentleman's proposals would create a lack of the clarity, uniformity and confidence that investors want to see in the UK.

Our reforms will make the renewables obligation more efficient for renewables deployment from 2009 to 2015. As a result of our reforms, we expect the electricity generated by renewables obligation-eligible renewable sources to treble by 2015, and that will be only the first instalment of a major expansion in renewables over the years to 2020 and beyond.

Tomorrow we expect to hear the Commission's proposals on how the new EU target will be implemented and shared among member states. We have made it clear that other measures will be required once the detail of the EU target has been finalised. As I have said, I plan a public consultation in the summer leading to the publication of our renewable energy strategy in the spring of next year, once the EU directive has been finalised. In the meantime, I am convinced that the right next step forward is through the clauses in this Bill to strengthen the renewables obligation, maximise its effectiveness and help drive greater deployment of renewable electricity in the UK. I strongly believe, as does the industry, that the principal barriers to renewables deployment in the UK are not financial, but are to do with the planning and the grid connection regimes. That is why the Government are taking steps to address those issues in the Bill.

Colin Challen: Stories are circulating that the EU might announce tomorrow that there will be a renewables trading option, so that, for example, if we have a renewables target of 15 per cent. we may deliver less if we pay credits to over-achieving countries. Will my right hon. Friend set his face against such an

arrangement? At present, our proportion of total renewable energy stands at 1.75 per cent. as against the EU average of 7 per cent. and we ought to have a better bottom line.

Mr. Hutton: The principal focus is on getting to the point where the EU sources 20 per cent. of its energy from renewable sources. That is the whole thrust behind the Commission's proposals and the decisions taken at the spring Council. I will not speculate today on the detail of the Commission's proposals, because that would not serve any helpful purpose as none of us has seen those details. Our focus should be on the position in the EU and here in the UK.

Kali Mountford (Colne Valley) (Lab): I know that my right hon. Friend is aware that communities in my constituency are keen for changes to be made so that they can have energy from renewable sources; they want to have a sustainable community and then to sell energy back to the national grid. However, they feel that they are stymied by current regulations. What comfort can they be given that those obstacles can be removed and they can get on with being a sustainable community?

Mr. Hutton: The banding proposals that I mentioned for microgeneration will help, and the reforms of the renewables obligation process will encourage and stimulate that. We are looking carefully—as we will certainly need to do—at microgeneration as part of our response to tomorrow's proposals from the European Commission. Personally, I want us to see what more we can do on microgeneration, because I believe that it is an untapped resource and that we can do more to encourage it. We look forward to working with my hon. Friend and others to make sure that we do that.

I have referred on several occasions to the Planning Bill. The Energy Bill will help improve grid connection for offshore renewables by supplementing the current offshore transmission regime. The UK is now the world's No. 1 location for investment in offshore wind, and I want to ensure it remains so. At the end of last year, I announced proposals for a potential major expansion of UK offshore wind, with a draft plan that could allow companies to develop up to a further 25 GW of offshore wind by 2020. Ensuring that we have the infrastructure in place to transmit offshore renewable electricity effectively to the onshore grid is therefore crucial.

To help enable that, it is important that we establish a cost-effective regulatory regime for offshore transmission. That will involve a wide range of activities over the longer term. In the shorter term, the Energy Bill will add to existing powers so that Ofgem can run cost-effective and efficient competitive tendering exercises for offshore transmission licences. Introducing competition in that area will help avoid unnecessary delays and costs to the development of offshore renewable projects, ultimately reducing risks and therefore supporting investment. We have estimated that the new approach could save between £230 million and £400 million in the overall cost of delivering this crucial new infrastructure.

Dr. Stephen Ladyman (South Thanet) (Lab): Before my right hon. Friend leaves the subject of offshore wind power, may I ask him something? He will know that the biggest of the planned wind farms—the London Array—will be located not far from my constituency and that we hope it will be constructed from the port of Ramsgate. If that comes to pass, east Kent, which is an area of high unemployment, could well become the leading centre of expertise in the construction of offshore wind projects. Will he undertake to do everything in his power to ensure that that wind farm is constructed from Ramsgate?

Mr. Hutton: I shall certainly do that, and I am happy to work with my hon. Friend to bring that about. All the analysis and the discussion so far today has been about the energy implications of the things that we are talking about—security, climate change and so on—but we should not overlook the prospect that renewable technology and renewable energy sources hold out a good chance of bringing about the birth of a new generation of green-collar jobs in British manufacturing. We should focus on that, possibly not in this debate, but in the months and years ahead. I shall do all I can to work with him and hon. Members on both sides of the House to ensure that the UK extracts the maximum potential benefit from all such technology for our manufacturing base. We can, should and will do more.

I hope that this opportunity to restate the Government's ambitions for renewables is also timely for another reason. Today, I am publishing the terms of reference for the Severn tidal power feasibility study, which I announced in September. The Severn estuary has the potential to generate up to 5 per cent. of the UK's electricity, and the feasibility study is a hugely important project in ensuring that we understand all the environmental, social and economic impacts of a project of such size and scale. It is potentially another important strand of our efforts to increase renewables deployment. Earlier today, I laid a written statement before the House setting out the full details of the terms of reference, and we estimate that the study will cost about £9 million.

Mr. Ian Liddell-Grainger (Bridgwater) (Con) *rose—*

Mr. Heathcoat-Amory *rose—*

Mr. Hutton: I shall give way first to the hon. Gentleman and then to the right hon. Gentleman.

Mr. Liddell-Grainger: The reason why we stood up is that my right hon. Friend represents Wells and I represent Bridgwater, and the project will affect our constituencies enormously. I cannot find reference in either the Planning Bill or the Energy Bill to the following point. This massive infrastructure project will cost billions, but have the Government given themselves enough leeway, through the Planning Bill or the Energy Bill, to help force it through to achieve their aims?

Mr. Hutton: I certainly think that the Planning Bill will help. We must improve on the length of time it takes us to approve crucial national infrastructure projects, such as the Severn barrage—potentially. We simply cannot afford years and years of the sort of planning inquiries that we have endured recently. The science of climate change is changing rapidly and policy makers must respond to that. May I assure the hon. Gentleman, the right hon. Gentleman and other hon. Members

[Mr. Hutton]

whose constituencies could be affected if the project were given the go-ahead that it is important—this comes back to what the hon. Member for Shipley said—that the fullest possible consultation takes place? With the support of the hon. Member for Bridgwater (Mr. Liddell-Grainger) and others affected by the project, I intend to convene a group of affected Members of Parliament, local authorities and others to ensure that the proper exchange of information takes place, so that we all know exactly what is happening and what progress is being made on the project.

Mr. Heathcoat-Amory: The Secretary of State knows that if the Severn barrage goes ahead, it will start in my constituency. Will he therefore assure me that the study will assess the effects in the Severn estuary on not only the wildlife but the other species affected—homo sapiens, particularly those in the coastal area represented by my hon. Friend the Member for Bridgwater (Mr. Liddell-Grainger) and me? It will be the biggest civil engineering project ever attempted in this country and it will have enormous effects on our constituencies. Will the study assess those impacts in detail, and not simply address the environment of the estuary and the marine environment?

Mr. Hutton: I can reassure the right hon. Gentleman that a decision has not yet been made about where the project will kick off or where precisely in the Severn estuary it will be located. Such decisions will be made later, so he does not need to worry so much about that right now. The whole point of doing the piece of work that I mentioned is to examine all the implications of such a project; it will include all the things to which he has referred.

I should apologise to the hon. Member for Preseli Pembrokeshire (Mr. Crabb) for confusing him with the hon. Member for Shipley. I am sorry for that, but he looks and sounds very much like the hon. Member for Shipley.

Roger Berry (Kingswood) (Lab): My right hon. Friend has given me a reason to be cheerful, as progress will be made on appraising the possibilities of Severn tidal power. Many local Members of Parliament—including me—Greenpeace, the Severn tidal power group and others will welcome the announcement. On two occasions, my right hon. Friend has referred to a Severn barrage. Will he reassure the House that all feasible technologies for using tidal power will be appraised? I suggest that there is no disagreement among sensible people that tidal power is critical, but the technologies need to be appraised.

Mr. Hutton: I apologise to my hon. Friend and to other hon. Members for not making that point clear. The appraisal will consider, for example, the potential power that we can generate from lagoons. I know that many hon. Members have an interest in that.

Mr. David Heath (Somerton and Frome) (LD): Will the Secretary of State give way?

Mr. Hutton: If I do, I hope that it will be the last time that I shall be asked to give way. I know that many hon. Members want to speak in the debate, and I am taking too much time.

Mr. Heath: I am grateful to the Secretary of State. I have some form on this matter, as 20 years ago I was on the feasibility group that considered the Severn barrage. I still believe that it must be the right sort of thing to do. Can I take it from the Secretary of State's comments that the precise location of the development—whether it will be in the upper or lower Severn estuary—and the technology to be employed are still to be decided? Can I take it that the feasibility study will consider not only the environmental and energy benefits and disbenefits but the possibility of providing some protection against flooding in the Somerset levels area through a barrage, or at least some form of barrier, in the lower Severn estuary?

Mr. Hutton: I reassure the hon. Gentleman that no such decisions have yet been made. There would be no point in commissioning such a study if we had already made up our mind about all those issues. No decisions have been made and we need to consider all the issues that have been referred to. The study will be wide enough to consider the potential of other barrage schemes and other forms of tidal power around the UK, including in the Mersey and, closer to my constituency, in Morecombe bay. We should not rule out anything at this point. Our job is to maximise the potential contribution of renewable sources, from wherever they come.

Part 3 of the Bill covers the decommissioning of energy installations.

Mr. David Chaytor (Bury, North) (Lab): Will my right hon. Friend give way?

Mr. Hutton: This really will be the last time.

Mr. Chaytor: There could be reasons to be cheerful in part 3 if the Government can guarantee that the nuclear generators will take on the full costs of decommissioning and waste management. The nuclear White Paper, of course, honestly explains that in extreme circumstances the taxpayer will have to pay the bills for decommissioning and waste management. Will my right hon. Friend say whether the Bill defines those extreme circumstances? If not, will he give us an example of them?

Mr. Hutton: I want to come on to that topic in a second. All Governments have a wider responsibility for public health and safety. If any threat to public health and safety should arise from storage or decommissioning it would be front and centre the responsibility of the Government to commit the resources of the emergency services, for example, to protect the public. I want to say something about how we will run the exercise and determine the costs of waste disposal and decommissioning. That is an important point. In such circumstances, Governments would have to intervene and commit public resources to safeguard public health and safety. We know of the toxicity of the materials that we are discussing and the overriding obligation must be on the Government to protect the public. It is our obligation under international law and treaty, anyway.

As I recently confirmed to the House, it is our view that new nuclear power has a role to play in the UK's energy mix. New nuclear power will contribute to the

diversity of our energy supplies and help to reduce carbon emissions. It will also reduce the costs of meeting our energy goals. In a world of carbon prices and high fossil fuel prices, we believe that it makes commercial sense. Ultimately, of course, companies will decide whether they wish to invest in new nuclear power, not Ministers.

We have listened to the concerns about new nuclear power, including those about the costs of decommissioning and waste. We have made it clear that the developers and operators, not the Government, will have to fund, build and operate new nuclear power stations. That includes meeting the full costs of decommissioning and each individual operator's full share of waste management and disposal costs.

Mr. Gordon Prentice (Pendle) (Lab): Will my right hon. Friend give way on that point?

Mr. Hutton: No, as I must make progress.

The new legislative framework in clauses 41 to 63 in part 3 will ensure that all operators have in place a robust financing arrangement, in the form of a funded decommissioning programme, before operation of a power station commences. The Bill will require every operator to have a fully costed technical plan for each new nuclear power station that sets out in detail how the station's nuclear waste will be dealt with safely, and how the station will eventually be decommissioned. The Bill will also require all operators to have a financial plan that describes how they will provide the necessary funds to meet those costs. Both plans will form a funded decommissioning programme that will be subject to approval by the Secretary of State.

Richard Ottaway (Croydon, South) (Con): Will the Secretary of State give way?

Mr. Hutton: I shall make a little more progress and then give way to the hon. Gentleman and to my hon. Friend the Member for Pendle (Mr. Prentice).

There will be powers to enforce compliance with the funded programme. The Bill will make it a criminal offence to operate new nuclear power stations without having an approved programme in place. Failure to comply with the programme will also be a criminal offence.

As a provision outside the clauses in the Bill, the Government will ensure investor confidence by establishing a fixed price for disposing of new nuclear waste. That will be based on expected costs, with a significant risk premium built in to safeguard the public purse. Further details of how the system will work will be available later this month, but it is wrong to suggest, as some have, that a system based on fixed costs will mean a taxpayer subsidy for new nuclear power. It will mean no such thing: as I have said, we will build a significant contingency into pricing proposals to guard against public subsidies, in a wide range of possible circumstances. The Bill will also ensure that, in a number of situations, including insolvency, the Government will have the power to seek additional funding from parent and other associated companies. In that way, we will be able to ensure that operators meet their financial obligations.

The regulatory structure that the Bill puts in place, combined with the work to determine waste and decommissioning costs and the other facilitating measures announced in the nuclear White Paper earlier this month, constitute an important package of measures. Those measures will ensure that nuclear power is available as an investment option to companies, alongside other low-carbon technologies. At the same time, however, they will, as I have said, ensure that the Government are free to act to discharge their international responsibilities.

This part of the Bill also strengthens the decommissioning regime for offshore renewables and for oil and gas installations. Developers already have an obligation to ensure that redundant offshore installations are decommissioned properly, to protect the marine environment and to ensure the safety of other industries, such as shipping. New provisions in the Bill will strengthen the regime and put in place suitable protections for the public purse and the environment. They will also ensure that funds put aside for decommissioning are expressly protected for that purpose, even in the event of insolvency.

Richard Ottaway: I am genuinely grateful to the right hon. Gentleman for giving way. I hesitate to intervene on the good relations between the Government and the Scottish National party, but what will happen if the Scottish Executive block proposals to build a nuclear power station in Scotland?

Mr. Hutton: What will happen is that there will be no new nuclear power stations in Scotland. As the hon. Gentleman knows, planning is a devolved matter for Scottish Ministers to determine. I think that the Scottish Executive are making a huge mistake. As I have said before, I think that they are playing politics with the situation, and that is regrettable. In the UK context, it is really important that the various devolved Administrations work together constructively. I am happy to say that that is what happens with Wales and Northern Ireland; sadly, Scottish Ministers have not engaged with the matter sensibly or intelligently.

Several hon. Members *rose—*

Mr. Hutton: I will give way, for the final time, to my hon. Friend the Member for Pendle.

Mr. Prentice: Only one nuclear power station in the world—at Three Mile Island in the US—has been decommissioned and also dismantled. What is the additional cost of dismantling a nuclear power station, as opposed to merely decommissioning it? Is a decommissioned nuclear power station hazardous in any way?

Mr. Hutton: We set out in the White Paper a lot of the detailed arithmetic and economics in connection with decommissioning and waste disposal, and I am happy to refer my hon. Friend to that. If there is to be a renaissance for nuclear power in this country—and I very much hope that there will be—it is important that we establish new ground rules that comply with the existing energy market principles on which this country operates. That is why the provisions in this part of the Bill have been brought forward. This is a new and different era. The Central Electricity Generating Board is no more. We need a regime that is fit for an energy

[Mr. Hutton]

market that operates effectively in the United Kingdom, and that is why, if we are to go ahead with new nuclear, the clauses are essential.

Mr. Chaytor: Will the Secretary of State give way?

Mr. Hutton: I will not.

Given the concerns of my hon. Friend the Member for Pendle about new nuclear, I would hope that he would engage constructively with at least this part of the Bill, which is designed to protect the public from any covert—or, indeed, overt—subsidy for new nuclear. I am sure that he and I share that aim.

Part 4 covers several issues relating to the oil and gas industry. A strong market-based approach to domestic energy production will help to ensure that we have diverse energy supplies. The UK still meets about two thirds of its energy needs from the UK continental shelf, but clearly our ability to continue to maximise domestic production economically will depend on the way in which we manage the regulatory framework to incentivise production. By working together with, for example, PILOT—the high-level oil and gas forum for Government and industry—we have successfully sustained interest in investment in the UK continental shelf through several initiatives, such as the fallow exercise and the promote licence. Last year, total expenditure on the UK continental shelf was more than £10 billion. We continue to work together on a range of projects, including that to examine the potential west of the Shetland isles.

The Bill will make minor amendments to the oil and gas regulatory framework to reflect the evolving commercial environment, including the growing number of smaller players on the UK continental shelf. The measures in the Bill—I am glad to say that they are supported by the industry—will help to ensure that we can continue to manage the UK continental shelf efficiently and effectively, and will remove some of the potential risks that are inherent in the existing system. To that end, we are making minor changes to the oil and gas licensing regime, including by taking the power to revoke a licence partially in the event of, for example, the insolvency of one but not all of the parties to that licence. That will be an important new flexibiiity in the regulation, and it will benefit consortiums of smaller companies when one party defaults but the others are perfectly able to continue. In addition, to enable fair access by all parties, we are extending the coverage of the upstream oil and gas infrastructure third party access regime.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): The Secretary of State mentioned the west of Shetland. Does he believe that anything in the Bill will help to take forward the taskforce for the west of Shetland? How optimistic is he that we will unlock the gas and oil to the west of Shetland, given that the best thing for our security is to maximise the use of what we have in our own waters?

Mr. Hutton: No legislation is inhibiting the development of west of Shetland resources in any way, so we do not need provisions in the Bill to tackle that problem. The hon. Gentleman will be aware of the detailed discussions that are taking place. I have met the operators and the oil and gas companies in Aberdeen to discuss their concerns. I have also been offshore to see many of the people who will be critical in making the project come alive. I hope that a way forward can be found, but it is the economics, rather than legislation, that must be addressed. I do not believe that anything in legislation prevents the development of those resources.

Part 5 deals with several more minor aspects of legislation, including rationalising energy policy reporting requirements and aligning them with the new requirements that are being introduced through the Climate Change Bill.

The Bill updates the regulatory framework for nuclear security to ensure that we have stronger sanctions to prosecute people who attempt to steal the most sensitive information from specific designated sites. The recent restructuring of the industry means that sensitive information relating to uranium enrichment may be stored away from licensed sites, such as research facilities. The provisions in the Bill will mean that no matter where such sensitive information is held, it will be protected through the availability of appropriate sanctions.

We must all face another reality: as global energy demand increases and the competition for supplies intensifies, worldwide energy prices are likely to continue to be high. Of course, we cannot isolate ourselves from such global market trends, but we can adopt the right measures to ensure that the UK is as energy-independent as possible. The Bill will help us to ensure that that objective can be better realised. Of course recent price rises are a concern for all of us, but our competitive market works. For more than a decade, our market has consistently delivered prices to UK domestic consumers that are lower than those in the vast majority of other countries. A growing number of consumers are also actively using the market to their advantage, switching suppliers and saving money.

We have introduced a number of important measures to help people meet the costs of keeping their homes warm in winter, including the winter fuel allowance, and there has been growing support for home insulation. The energy companies are working closely with my Department to address the energy needs of consumers on low and fixed incomes. We will meet the companies again soon to discuss their continued commitment to assisting their customers through a range of activities.

Mr. Tom Clarke (Coatbridge, Chryston and Bellshill) (Lab): Many people are interested in the issue of energy prices, which my right hon. Friend just mentioned. May I draw his attention to research by Cornwall Energy Associates suggesting that some companies, such as British Gas, are much more committed than others to making social tariffs work? Will he address that issue, and does he accept that when he deals with that matter, and with the scandal of energy prices, he will get a lot of support?

Mr. Hutton: I am grateful to my right hon. Friend for making that point. I hope that it is some comfort to him that we will continue to monitor closely the situation that he describes. We do not rule out the need for legislation on social tariffs at some point in future, but legislation should be a last resort and must not act

to restrict the innovative practices that some energy companies have been developing, including on help with arrears, which could help consumers even more directly.

Taken together, the measures in the Bill will play an essential part in ensuring that our country has access to safe, secure and sustainable energy in the years ahead. I hope that the wide range of measures will ensure that our legislation plays an effective role as we work through the tensions and complexities of the challenges that we face. The Bill deserves the support of Members of all parties, and that is why I commend it to the House.

4.36 pm

Alan Duncan (Rutland and Melton) (Con): I am grateful to the Secretary of State for his introduction to the Bill, but what he outlined is not so much a complete energy policy as a set of technical amendments to existing rules and laws. Many of them are important measures, but the House will view it as a missed opportunity to tackle the full range of energy challenges that the country faces. Legislatively, there are elements on emissions relating to the Department for Environment, Food and Rural Affairs, a Planning Bill that sets out a framework for infrastructure decisions, the Energy Bill that we are considering, which addresses a hotch-potch of issues such as gas storage, carbon capture, the renewables obligation and decommissioning, and a so-far elusive Bill on handling nuclear waste.

In addition, tomorrow the European Union will publish a package of measures designed to reduce carbon emissions and increase energy efficiency across the region. It includes a commitment to establishing an ambitious renewables target of about 15 per cent., not just for electricity but for all energy. The Government's attempts to disguise their incoherence on renewables with targets set far ahead in a fantasy future are now unravelling.

Even today, in an answer to a written question asked by my hon. Friend the Member for Wealden (Charles Hendry), the Minister for Energy has watered down the Government's target of obtaining 10 per cent. of our electricity from renewables by 2010. He now says that the figure might be as low as 8 per cent. Now that the arithmetic is clear, we see that we have an almost insurmountable rock to climb. Given the way in which the Government have delayed for the past five years, the UK is not likely to meet the target by cleaning up; we will meet it only by buying our right to be dirty. That is like someone bribing a doctor for a sick note when they are too lazy to go to work.

The challenges that confront the United Kingdom are twofold. First, for our own environmental integrity, and to secure even a hint of global leadership on the issue of tackling climate change, we must cut our carbon emissions. Secondly, we must ensure that while we move to a low-carbon economy, we do not compromise our security of supply.

We must produce approximately 40 GW of power a year. We are likely to need more energy in future as our economy and population grow, yet over a third of our generating capacity will go out of service over the next 20 years. We therefore face two unpalatable options: a dash for foreign gas, tying us into the always unpredictable and often combustible state of international politics or, worse, an energy shortfall that will simply blow Britain's fuse. Our response must be immediate, radical and realistic. Non-carbon-emitting technologies may well be the most effective and efficient way of powering domestic households, but in the management of peaks and troughs in the intensive use of a chemicals factory, for instance, renewables may not provide sufficient consistency and horsepower. This is a serious "get real!" moment for the Government.

Underpinning all the policies in the Bill is the need for an effective carbon regime, which is the basic instrument with which to stimulate investment in the green market. The EU emissions trading scheme is not an effective system. We have seen wild fluctuations in the carbon price, from €30 to virtually nothing, and up again to €25. Under phase 1 of the EU ETS, which ends this year, only 5 per cent. of the initial allowance was auctioned. We face an almost obscene paradox: because oil prices are high, the most carbon-emitting companies have enjoyed a £9 billion windfall. We are rewarding the dirtiest, not the cleanest, producers. For phase 2, ending in 2012, the number of auctionable permits has increased to only 10 per cent. Very little is known about phase 3.

The system is in disarray yet, paradoxically, the Government want a proper carbon regime to underpin their carbon capture, renewables and nuclear policies. There are no measures in the Bill, however, to strengthen such a regime. We want the EU ETS to operate as effectively as possible, but we believe, too, that investors in green technologies do not have time to wait for reforms to the ETS, so we urge the Government to look into our proposal to underpin the system with a carbon tax.

Colin Challen: The hon. Gentleman's analysis is very interesting. The Environmental Audit Committee has looked at the EU ETS, and I agree that billions have been made in windfalls for electricity generators. Given the immediacy of the problem that we face, does he agree that a windfall tax on those generators is an ideal way of raising money, which could then be hypothecated for renewable generation?

Alan Duncan: That could destroy the investment climate for future energy investment. I do not want to make any precipitate comments about such taxation decisions, except to say that if we are to have a sensible energy policy, a constant climate for investment is required. One of the worst things that we can do is chop and change, and pounce on people who do well. We need a regime that does not have perverse outcomes, and I shall come on to that issue in a few minutes.

The challenges that we face are immense, and we have to set aside party political biffing. We must work together whenever we can to work towards an era of safe, clean, reliable energy.

Mr. Michael Clapham (Barnsley, West and Penistone) (Lab) *rose—*

Alan Duncan: Here is the coal man.

Mr. Clapham: The hon. Gentleman will know of two decisions made by the Conservative Government in 1992 and 1994 that created the crisis that we now face.

[Mr. Clapham]

In 1992, his Government decided to close the world-leading clean coal technology centre at Grimethorpe colliery, and in 1994, after butchering the coal industry, they privatised what was left, when it had gone beyond its critical mass, so its demise was built in. Had those two decisions not been made, security of supply in this country would be sound.

Alan Duncan: There may, for the hon. Gentleman, be a delicious historic point. In 1987 I was the Conservative candidate for Barnsley, West and Penistone, and I gloriously increased a 10,000 Labour majority to a 14,000 Labour majority and still made it look like a success. The real lesson, I would say to the hon. Gentleman and some of his parliamentary colleagues who sit on the same Bench, is that we must look forward and stop looking back. We cannot just look back and say what was. We have to look forward and work out what we can do for the good of the country in the future.

We recognise that companies are being asked to make investments that will last for a generation or more, and they need to know that their politicians are taking the issues seriously and, I would say again to the hon. Gentleman, are working together. We should acknowledge the great interest that the subject has generated outside the House, and we should thank those who have sent all of us the submissions that we need to study today in order to reach our conclusions on the Bill and on the issue as a whole.

Greenpeace, for instance, says that nuclear is a distraction from focusing our real energies on renewables. I do not entirely agree, but it is a legitimate view. WWF says that we should not build any more fossil fuel installations without carbon capture technology. Friends of the Earth champions our support of feed-in tariffs. Energywatch says that we need to ensure that energy companies offer social tariffs for those trapped in fuel poverty. The Energy Saving Trust and the Energy Retail Association both support our call for mandating smart meters to improve energy efficiency. The Renewable Energy Association makes a range of submissions to strengthen the Bill's incentives for renewables, including developing a sustainability remit for Ofgem. No doubt all those will be debated in Committee in a sensible and open-minded way.

The Bill first addresses the storage of gas. The recent shift in the UK's status from producer to net importer of gas means that our need for storage facilities has become a very high priority. Because gas is piped and not shipped, it is either on or off. Ships can be redirected, but pipelines cannot. Being exposed to this on/off decision leaves us vulnerable. If we can store gas, that represents a significant antidote to energy vulnerability. If the proposals enable energy companies to buy in the summer and sell in the winter, and pass on to consumers the financial advantages of doing so, it is a no-brainer.

Given that some people have a perfectly rational fear about the security of long-term import dependency, the Government should be committing themselves to developing more capacity for strategic reserves, ready to be called upon in a national or international emergency.

The Bill also establishes the regulatory framework to explore the potential of carbon capture and storage. We strongly welcome the fact that the Government are finally beginning to take real action on CCS in the UK. We are already seeing the exciting results of such experiments in Norway and the United States. With our large offshore oil and gas presence, the UK is uniquely equipped to take the lead with this technology and cut our own emissions while providing an industrial base for CCS manufacturing and design.

Regrettably, as the hon. Member for Dundee, East (Stewart Hosie) said, the dithering over the past three years has set back our ability to deploy CCS in the UK by up to even a decade, I would argue. We were warning the Government for months that the lack of an adequate regulatory and financial framework risked derailing BP and Scottish and Southern's joint venture at Peterhead. Only an hour after the 2007 White Paper was published, as we predicted, the project collapsed. Had CCS qualified for the renewables obligation, the plant would undoubtedly have been able to go ahead, but as the former Secretary of State for Trade and Industry, now the Chancellor, informed me after the publication of that White Paper, CCS is not included in the renewables obligation because it is not renewable. Perhaps not, but it does capture carbon, which fulfils the same objective.

We still have concerns. If, for instance, 90 per cent. of carbon is captured, will the emissions count as zero or is there a proper formula for making a calculation? Perhaps the Secretary of State or the Minister can point me towards a proper explanation, amid the Government's various tranches of energy policy statements, of what would happen to the economics of the operating company if CCS were successful.

Mr. Hutton: The hon. Gentleman has just made a point about whether carbon capture and storage should benefit from the renewables obligation. Of course CCS is low-carbon technology, but so is nuclear power. Does the hon. Gentleman propose that the renewables obligation should extend to nuclear technology as well?

Alan Duncan: There was a crucial moment when the development of CCS technology was very important to this country, and the Government goofed—big time. We were ahead and now we are behind; we were way ahead of the pack on CCS and now we are not. That brings me to my next point, which is about the climate change levy. As the Secretary of State has just said, nuclear power is not carbon-emitting—so why is it subject to the climate change levy, which is effectively a tax on carbon? That illogical taxation structure has to change if the Government are to give a proper structure to their energy policy.

In a press release that accompanied the Government's competition on CCS, we were informed that the winner would be chosen by the end of June 2009. However, it is clear from the small print that the Government have already pretty well picked the winner by supporting one small post-combustion project rather than opening the competition to all the other CCS technologies. At the time, the Secretary of State noted that post-combustion was the most relevant technology, considering that, as he may well have seen

for himself in the past week, China opens an average of one coal-fired plant every four days. However, that misses the point: a number of companies, including Centrica and Scottish and Southern Energy, have proposals for more advanced—and arguably, cleaner—pre-combustion CCS projects, which have now been put in jeopardy.

With so much of our current capacity due to be decommissioned, the UK should not be confined within the mindset of only retrofitting. China, India and other heavy coal addicts will look for retrofit CCS, but the real future and potential for CCS is in making it integral to the original power plant design. We must ensure that we can also use the technology at home to minimise the carbon impact of any new fossil fuel capacity planned for the future. Given that tomorrow the European Union will publish its proposals for expanding CCS technology in Europe, we have concerns that the Bill merely sets out a framework for its own CCS competition rather than attempting to stimulate wider investment across the market.

Moreover, it is not clear whether the Bill establishes provision for liabilities. The permanence and safety of the CO_2 stored in geological reservoirs need to be independently monitored and verified by a competent third party to check for leakage. We have anxieties that such safeguards are not in the Bill. Like many of the Government's proposals, the Bill leaves a lot to secondary legislation.

CCS is all well and good, but it is not a limitless solution—it is only as good as the capacity of the hole in the ground to take the CO_2. We must turn to the renewables industry to find a safe, clean and reliable energy source.

Alan Simpson: Does the hon. Gentleman accept that concerns are being expressed about the nature of the competition to see who will have monopoly ownership of the rights to put carbon dioxide in the ground? At this stage, the competition would include only those companies that have previously enjoyed monopoly ownership of the oil beneath the ground. British universities are working on carbon reclamation. Does the hon. Gentleman believe that it would be appropriate for the competition to consider all possible uses of carbon dioxide, including the prospect of separation so that oxygen and carbon were released to be reused?

Alan Duncan: That is an interesting comment. I am not so concerned by the ownership of the CCS technology as by the scope that the Government are giving for all such possible technologies to flourish. It is natural that a company that extracts oil and gas happens to own the porous rock into which the CO_2 can then be put. I am worried that the Government have narrowed the options for CCS when they should have been widened to the maximum.

As the hon. Member for Nottingham, South (Alan Simpson) realised, I was turning to renewables. Let me first welcome the feasibility study on the Severn barrage, which we have been calling for. We might as well know the facts, know them properly and have a serious study of what the options are, given that the Severn barrage is potentially such an enormous contributor to our generated electricity. The issue of renewables is covered in part 2. Our understanding is that the Bill aims to improve the effectiveness of the renewables obligation by banding the technologies depending on the level of investment that each technology requires. At the moment, the RO requires electricity suppliers to source a specific and annually increasing percentage of the electricity that they supply from renewable sources. Generators can claim one renewables obligation certificate for every 1 MW per hour of renewable electricity generated. Suppliers present their certificates, pay into the central fund, or both.

The scheme has had some success—since it was introduced, there has been a definite upsurge in renewables development—but it also has some serious flaws. Over 50 per cent. of renewables electricity sourced under the RO has been from biofuels, while almost 30 per cent. has been from onshore wind. The RO would have had a much greater impact on UK renewables capacity if it did better in supporting technologies for which a great deal of public resistance did not exist and for systems with fewer perverse outcomes. We welcome the Government's introduction of banding technologies, which we hope will remove that undue bias. We also acknowledge, given the recent report on biofuels by the Environmental Audit Committee, that the Bill appears to include proposals to ensure that the Government will keep a close eye on biomass operators to ensure that their activities are sustainable.

However, there is a central problem with this part of the Bill. Tomorrow's announcement from Brussels is expected to set a renewables target for the UK of at least 15 per cent. by 2020. As we heard earlier, the current approach will not get us there. We will certainly not reach 15 per cent. even with the Government's shiny new Bill. The whole country is looking for a step change, and on that step the Government have stumbled. We have consistently spoken in favour of feed-in tariffs—"familiar arguments", the Secretary of State said when we last met him at the Dispatch Box and basically repeated today. It is familiar because we think that it is the right policy and that now is the right time to implement it. It was particularly promoted by the Prime Minister's own climate change policy guru, Sir Nicholas Stern, in his report published in 2006, which stated:

> "Comparisons between deployment support through tradable quotas and feed-in tariff price support suggest that feed-in mechanisms achieve larger deployment at lower costs."

The economics of feed-in tariffs is proven; the ethics of feed-in tariffs is certain. We must begin to make that move towards decentralised energy and microgeneration, not only to help to address our energy challenges but to stoke people's imaginations and to increase their awareness of energy consumption and generation. The current policy is not ambitious enough. The renewables obligation excludes microgeneration technologies and, crucially, excludes heat; it also excludes any reward of energy efficiency in the home. Feed-in tariffs provide a potent response to those challenges, so we will fight for their inclusion in the final version of the Bill.

On 10 January, we heard the Secretary of State's statement to the House on nuclear power, which formally gave the Government's approval for a third generation of reactors to be built in the UK. We welcomed that, but with the provisions that there should be absolutely no subsidies for the nuclear industry and that there must be a clear statement from the Government on radioactive waste. Responding to our concerns, the

[Alan Duncan]

Secretary of State said that he thought the policy was clear—that energy companies must set aside funds to cover the full costs of decommissioning and their full share of waste management and disposal costs. He added that the economic modelling of new build had proceeded on a "prudent, conservative basis".

I have looked through the Bill, the explanatory notes and the new White Paper, and I am disappointed to observe that there is still no clear statement on waste disposal. Such an approach is irresponsible. It risks jeopardising future investment and, just as importantly, it risks jeopardising public confidence.

Mr. Gregory Campbell (East Londonderry) (DUP): The hon. Gentleman alludes to waste disposal. Many hon. Members and the population as a whole are looking at the wider issue, but also at the crucial matter of waste disposal. Is not that the matter that needs the most attention from the Government? It needs to be resolved in order to allow us all to come to a conclusion about the Energy Bill.

Alan Duncan: I say "Hear, hear" to that. We are doing our best to help to facilitate investment in nuclear, but I am afraid it is becoming clear that we cannot yet trust the Government to resolve the problem of waste disposal.

We all understand the distinction between legacy waste and new waste. There is a process to manage the former, overseen by the Nuclear Decommissioning Authority, but what concerns us is the Government's approach to the latter. In late 2006, the Government decided to re-establish the Committee on Radioactive Waste Management, commonly known as CoRWM, with new terms of reference, as a permanent independent body to provide advice and scrutiny on the Government's Managing Radioactive Waste Safely programme. The first meeting of this new body took place on 28 to 29 November last year. That is very strange because, as the House of Lords Science and Technology Committee points out, DEFRA's MRWS consultation, called "A Framework for implementing Geological Disposal", closed for submissions on 2 November 2007. How can the consultation on managing radioactive waste close before the Committee in charge of scrutinising the management of radioactive waste has even had a single meeting? Moreover, the Government are committed to respond to the consultation in a White Paper, which we have been promised this year. That makes me wonder why we are debating a Bill that claims to

"make provision about the management and disposal of waste"

when the Government are planning future legislation to deal with the disposal of waste.

It is our understanding that the Bill demands that each energy company wishing to invest in nuclear power will have to submit a funded decommissioning programme to the Secretary of State for approval, laying out how hazardous material will be treated, sorted, transported and disposed of, crucially,

"during the operation of a nuclear installation".

That clause oddly appears to neglect to provide a strategy for waste after the plant is operational. The White Paper makes it clear that the Government intend to consult on what guidance such funded decommissioning programmes should contain. Again, the terms of the Bill are completely dependent on future consultations and actions. Moreover, given that the Government have still made little or no progress on establishing a lasting waste regime, it seems extraordinary to demand a thorough financial assessment from industry when a giant radioactive question mark continues to loom over the back-end costs. How can the Government invite companies to invest in nuclear power stations without giving them such certainty?

Mr. Jack: I concur with my hon. Friend's observations about the lengthy process through which the Government have gone to determine a long-term solution to the question of nuclear waste storage, but does he agree that in new generation nuclear power stations it is feasible for waste materials to be dry-stored on site for a reasonable length of time while long-term problems are ultimately resolved?

Alan Duncan: My right hon. Friend is absolutely right to say that it is feasible, but if nuclear power companies are to guarantee knowingly that they will cover all the costs up front, they will not know what the costs of long-term disposal will be. My right hon. Friend is suggesting that that interim position is somehow okay for investment decisions, but the full picture needs to be known if investment decisions are to be made honestly. My concern is that all the documentation contains hidden suggestions that the interim status that my right hon. Friend identifies could last as long as 50 or 60 years. I do not believe that it is right to pass on to not only the next generation but perhaps the second or third generation responsibility for taking the ultimate decision. We are knowingly foisting that on them in the decisions that we make today.

Martin Horwood: I am confused by the hon. Gentleman's position. He rightly argues that there are enormous problems with disposing of nuclear waste and that disposal of the previous generation has not yet been resolved. However, is it the Conservative party's position that, if the economics can be made to work, it is prepared to support nuclear power? If so, where will it put the waste?

Alan Duncan: If the economics is totally known, the answer is yes. In that sense, our policy is similar to the Government's: all the economics should be known; all the building blocks should be in place; and, within that regime, companies are entitled to build new nuclear power stations.

Several hon. Members *rose—*

Alan Duncan: Let us have a free-for-all. The hon. Member for Copeland (Mr. Reed) has a special interest in the matter, so I shall instinctively go from right to left in taking hon. Members' interventions.

Mr. Jamie Reed (Copeland) (Lab): Surely the right hon. Member for Fylde (Mr. Jack) is right. The costs of interim storage and disposal of radioactive waste are well understood by the sector, the Government and those who wish to invest in a new generation of nuclear power stations.

Alan Duncan: I take it for the moment that the hon. Gentleman agrees with me, but I did not quite understand his intervention. *[Interruption.]* The answer is yes.

John Robertson: I, too, have some reservations about what we do with waste. It is important to specify where it will be put, but that does not get away from the problem of energy security in future. Does the hon. Gentleman agree that we should perhaps take the reprocessing route and introduce MOX power stations, whereby we can get rid of 90 per cent. of the waste and spread it through the system? Reprocessing would tackle many of the problems that he envisages with the long life of high-level waste.

Several hon. Members *rose—*

Alan Duncan: It is a bit like Question Time—it could be good practice.

To reply to the hon. Member for Glasgow, North-West (John Robertson), the option that he outlines exists, among others. Given that we are on the cusp of a scientific revolution in all options—fossil fuels, renewables and nuclear—nothing should be ruled out.

Mr. Chaytor: The country would be further ahead with waste disposal if the previous Conservative Government had not pulled the plug on their plan on the day that the 1997 general election was declared. However, is not the real question whether the generators, in paying their full share, pay the appropriate share of the capital cost of the repository, not only the cost related to building an extension to a repository to house their waste? What is the Conservative party's view on that?

Alan Duncan: There is bound to be deliberate and wilful confusion between repositories that house old and new waste. The division of economics between those categories is important. However, I can fairly put that question to the Secretary of State and say that we are seeking exactly that sort of clarity on the economics of waste. When we get it, he can honestly and fairly say that investing companies have all the facts that they need to make a total, honest and complete assessment of their costs and the subsequent investment decision.

Dr. Alan Whitehead (Southampton, Test) (Lab): The hon. Gentleman has made the case that, without much greater certainty about the disposal of nuclear waste, it would be invidious to encourage nuclear generators to go ahead with building a new generation of nuclear power stations. Does he accept that a decision to replace any nuclear power stations that are going out of commission by 2025 has to be made by 2010 at the latest? Does he therefore rule out new nuclear power stations for the next 20 years or so or until his policies on waste are implemented? If so, does he suggest that the next generation of power replacement should be wholly renewable?

Alan Duncan: The irresponsibility—if that is what it is—does not lie with me, in being asked whether I rule something out; it lies with the Government, who are in office, in not taking a decision that should be taken now and that would give the complete picture now, rather than dumping the problem on future generations.

Mr. Hutton: I am intervening reluctantly, but my hon. Friend the Member for Southampton, Test (Dr. Whitehead) has asked exactly the right question, which the hon. Gentleman must be able to answer today; otherwise, I am afraid that his pro-nuclear policy will be open to substantial criticism. Is the hon. Gentleman saying that he would not approve a new nuclear power station until or unless a geological repository was established and open? He must answer that question today, because if he does not, the nuclear industry will understand that he is changing his position.

Alan Duncan: I am calling on the Secretary of State to honour his stated policy, which is to ensure that investment decisions can be taken without subsidy, with honest economics and with the factors being known. Quietly and by stealth, the Secretary of State is banishing one of those ingredients from his calculations, in the hope that nobody will notice. It is for him to come clean about what the total picture for a nuclear regime would be.

Sir Robert Smith: When the Secretary of State talked about having a fixed price for disposal in his opening speech, did he not say, in effect, that the public sector would be taking on a risk from the private sector? The very fact that the public sector is offering a fixed price to the investors means that there is a transfer of risk from the investor to the public sector.

Alan Duncan: Our policy calls for honesty and certainty. What we have learned today is that a massive air of mystery surrounds the regime that will govern nuclear waste. All generations over the past 40 years have had concerns about the nuclear industry not being able to handle waste. Of course, the situation in the '40s was different from the situation today. However, now that we know and understand more, and are potentially on the edge of embarking on new investment for a new generation of nuclear power stations, we need to know the whole truth and nothing but the truth. That is our policy, and it is purportedly the Government's policy, too.

Peter Luff (Mid-Worcestershire) (Con) *rose—*

Mr. Jamie Reed *rose—*

Alan Duncan: I shall give way to the Chairman of the Select Committee on Business, Enterprise and Regulatory Reform first.

Peter Luff: I shall try to re-establish the consensus that I thought was ruling in the Chamber, but which both sides appear to be wobbling over at the moment. The Government's White Paper is reasonably clear, actually. It talks about the energy companies being prepared to pay a substantial risk premium, over and above any realistic estimate of the cost of disposal. That is good, but there is one worrying sentence in the White Paper:

"These costs will include a proportion of the fixed costs of building a geological disposal facility."

That is the issue that the Government must resolve. My hon. Friend is right to tease away at this one, because the crucial question of what proportion of the costs industry will have to bear is not clear. I hope that the

[Peter Luff]

Government will make that clear when—I hope shortly—they produce their further proposals. I encourage my hon. Friend to continue teasing on this one.

Alan Duncan: I am grateful for my hon. Friend's intervention—I am very good at teasing. I have no doubt that his Committee will want to inquire further into the matter, because it is the missing—

Mr. Hutton *rose—*

Alan Duncan: Of course I shall give way to the Secretary of State, but I seek some assurance from him that that missing piece of the jigsaw will be put in place quickly, so that investors can make decisions knowing the whole picture.

Mr. Hutton: I do not want to torture this analysis to death, but the hon. Gentleman has dug himself into a big hole today and I invite him to get out of it. He needs to do so; otherwise, there will be a big question mark over his position. Will he answer the question that I asked him a few minutes ago about whether it is now his policy not to give consent until a repository has been constructed? That is the import of his remarks. May I also reassure him that during the Public Bill Committee we shall publish more detailed proposals on the costing mechanisms, which will address the point raised by the Chairman of the Select Committee? However, in order to maintain the consensus, I invite the hon. Member for Rutland and Melton (Alan Duncan) to answer the question that I have put to him clearly and unambiguously.

Alan Duncan: The question that really matters, as the right hon. Gentleman is in the Government, is the obverse of that one. Is he prepared to go ahead with a new fleet of nuclear power stations without a regime for nuclear waste being in place? That is the question, but he is casting doubt over it in all his contributions today.

Mr. Jamie Reed: Will the hon. Gentleman give way?

Alan Duncan: I shall move on, if I may. I have spoken for long enough, and I know that many other Members wish to speak.

Alongside feed-in tariffs and an adequate waste regime, the Bill also lacks a third key element: energy efficiency. Last year, the Minister for Energy himself said that the era of cheap energy was over. The price rises of recent weeks have seen that prophecy come true. In that context, it is shocking that the Government should introduce an Energy Bill that offers no comfort to the 4 million people who are now in fuel poverty.

Mr. Tom Clarke: Will the hon. Gentleman give way?

Alan Duncan: I shall move on, if I may. I am sure that the right hon. Gentleman will be called to speak, as he is a great expert on this subject.

Despite considerable clamour from energy companies and the independent regulator, there is no mandate in the Bill for smart meters. Smart meters would not only make people more aware of the levels of energy that they consume; they would also give much better information to suppliers, to enable them to manage the peaks and troughs. The Energy Saving Trust has estimated that each household could make savings of up to 5 per cent. of their consumption through using such a meter.

Alan Simpson: Does the hon. Gentleman agree that smart meters must empower the citizen, and not just the companies? That empowerment has to involve the ability to read energy that is fed in by the consumer as well as that used by the consumer, and to read gas inputs as well as electricity inputs.

Alan Duncan: I agree with the hon. Gentleman. The whole point of smart meters is that they represent the first step towards giving people more power to generate their own electricity and to get paid for it. That is why I believe that they are of great value.

The Energy Bill does not yet contain all the crucial components of a coherent energy policy. There is a fundamental question at the heart of the Bill. It is simply unacceptable that the Government intend to leave the radioactive legacy of their new nuclear programme in such a state of uncertainty. That will paralyse the economics, undermine public confidence, and pass the responsibility on to future generations and future Governments. We do not accept that nuclear power should be allowed to go ahead without a guaranteed regime for handling nuclear waste.

Mr. Jamie Reed: Will the hon. Gentleman give way?

Alan Duncan: I am just finishing.

As well as that piece of unfinished business, our main concern, as I have outlined today, is that these policies are neither broad enough nor deep enough to make the vital changes that we now need. We will table a series of amendments today, and we will continue to press the case for the Government to accept more radical suggestions in Committee. If we remain unhappy with the end result, we will be unable to vote with the Government. If they give us an honest and clear picture, we are with them. If they leave anything in doubt, we are not.

Several hon. Members *rose—*

Madam Deputy Speaker (Sylvia Heal): Order. May I remind all right hon. and hon. Members that Mr. Speaker has imposed an eight-minute limit on contributions from Back Benchers?

5.17 pm

Mr. Adam Ingram (East Kilbride, Strathaven and Lesmahagow) (Lab): I am grateful to be called to speak in the debate. I have been a long-term supporter of the benefits of nuclear power as part of a balanced energy policy, and I would like to concentrate my remarks on that aspect of the Bill. I should also declare an interest, in that British Energy has recently decided to relocate its corporate headquarters to my constituency, bringing with it more than 200 high-quality managerial and engineering jobs. I also would like to make clear from the outset my support for other forms of renewable energy, as I believe that we need a diverse energy mix if we are to meet the challenge of massively reducing carbon dioxide emissions in the UK.

I do not think that any serious supporter of nuclear power in this country is wholly against the renewables sector. The converse does apply, however, in that there are some who want to see an energy mix without a nuclear component. I believe that those who take that position are wrong, and that they are placing the economic future of the country in jeopardy.

I believe that there are four main pillars on which our energy future should be based: a policy framework, an investment framework, a thriving science, engineering and technology base, and cohesion between the regulatory enablers, industry and the Government, all focused on the same objective. I believe that the Bill provides the policy framework for the years and decades ahead. More development is necessary within it, but I am sure that that will happen, as my right hon. Friend the Secretary of State made it clear that it will be developed in Committee. I welcome everything he said in opening the debate.

I believe that a sound and cohesive framework for investment in infrastructure is paramount in ensuring that all elements deliver our requirements. It is clear that all sectors within the wider energy market now have increased confidence about future and projected needs as well as Government support to achieve those objectives. It has long been argued by those opposed to nuclear power that, leaving aside other issues about waste, it is uneconomic and the market could not or would not take the risk. Thankfully, that has now changed as a result of the Government's approach to the issue.

As the Secretary of State has said elsewhere—he made further comment today— he is confident that there is a long-term solution to waste disposal. Others will clearly touch on that, but I am encouraged by the way in which my right hon. Friend dealt with that vexed issue. It is difficult, but a solution has to be found in respect of legacy issues and future demand. I believe that he has been realistic and positive on all those matters.

John Robertson: Does my right hon. Friend agree that part of the necessary waste reduction could be achieved through MOX-type nuclear power stations, in which high-level waste could be reprocessed and reused for fuel?

Mr. Ingram: I am prepared to take any technological or scientific examination of the issue, but at the end of the day, the market must determine how it wants to invest. If there is a solution through that type of magical way, I am sure that the market will find some way to approach it.

David Taylor (North-West Leicestershire) (Lab/Co-op): Will my right hon. Friend give way?

Mr. Ingram: No, we are all pressed for time in this debate; let me make a few more comments and I will see what I can do.

The Government are seriously tackling the planning framework, which has been long overdue under successive Administrations. We are creating a more constructive and less destructive approach to help us move forward without undue hindrances on the big issues that affect our national interest.

I would like to ask the Minister for Energy to clarify in his summing up how confident he is that the transmission and distribution network for all power sources, wherever located, will be robust and sustainable, and will attract the right and necessary level of investment to match power output for a new generation of power generators. As he knows, there is a vital synergy between generation and distribution, and I would welcome his comments on that point.

There is no question but that a new strategic approach to energy policy by the Government can act as a catalyst to reinvigorate our national science, engineering and technology base. That is particularly true of the commitment to new-build nuclear stations. Industry has welcomed the announcement, and universities the length and breadth of the country have welcomed the Bill. Imperial college London, the universities of Leeds, Bristol, Cardiff, Manchester and Strathclyde, the Open university and many others are seizing the opportunity to bring the UK to the leading edge of nuclear research and development. No one can question the fact that tens of thousands of jobs will be created and sustained on the back of such a new-build nuclear programme. This is an area in which the UK has excelled in the past, and I believe that we are on the threshold of moving once again into a new period of excellence. It will stimulate further research in the field of nuclear physics and nuclear engineering, and will have additional spin-offs for the supply chain.

Let me provide just two examples. The Institute for Energy and Environment at the university of Strathclyde has embarked upon two major research and training initiatives in partnership with industry, while the British Energy advanced engineering centre will deliver strategic research and consultancy in the areas of condition monitoring, data analysis, diagnostics and decision support. The work done under that initiative alone, while important in the current context, will also put Strathclyde university at the leading edge of the future needs of the nuclear industry.

The other important project is the GSE Systems power station operation simulator. That facility will provide the necessary training environment and programmes to combat the lack of trained nuclear personnel in the United Kingdom, while also providing a multi-million-pound opportunity for the university in the areas of nuclear education, training and research. It is a pity that the SNP-led Administration at Holyrood, led by the First Minister—who is also the right hon. Member for Banff and Buchan (Mr. Salmond)—would like to strangle those leading-edge initiatives at birth.

The fourth pillar of a successful energy strategy depends on co-operation between regulatory enablers, industry and Government, all focused on the same objectives. We must seek to avoid a regulatory framework that inhibits development. Clearly the framework must be robust and independent, but there should be a commonality of interest between regulators, industry, academia and Government. The Government are to be congratulated on their attempt to create that commonality of interest through working parties. If we are to achieve our objective in tackling the challenging emissions targets, all those elements must work together in a degree of harmony. There has been too much negativity on this policy issue for too long, and I believe that that has affected our energy balance and mix.

[Mr. Ingram]

As I said at the outset, I welcome the Bill and the Government's approach. Let me end by expressing concern about the position in Scotland. I believe that the present Scottish Administration are out of step with Scottish public opinion, out of step with the opportunities available to industry—especially the science, engineering and technology base—out of step with the bulk of trade union opinion in Scotland, and not merely out of step but marching in the wrong direction to meet the energy needs of Scotland in the decades ahead. They have turned their face against the hard logic that every other major economy is now facing up to. Nuclear power is part of the future, and I find the Scottish Administration's approach somewhat perplexing.

David Taylor: Will my right hon. Friend give way?

Mr. Ingram: I have only a short time left.

I am old enough to remember, only too well, the brown-outs of the 1960s. I remember the three-day working week, when power stations were closed down. The then Tory Administration initiated a "switch off and save" campaign. I think it is time to save Scotland and sack Salmond.

5.27 pm

Steve Webb (Northavon) (LD): Let me begin by striking a brief note of consensus in agreeing with the hon. Member for Rutland and Melton (Alan Duncan) that the Bill represents a missed opportunity. It might almost have been called a "Big Energy" Bill.

Mr. Tom Clarke: I am grateful to the hon. Gentleman for giving way to me, especially as I shall not be able to stay for most of the rest of the debate. He will recall that during a recent debate in Westminster Hall, there was some ambiguity in the official Opposition's approach to Ofgem. Does he accept that the Secretary of State was granted powers under section 4 of the Gas Act 1986 and that subsequently Ofgem was given a duty to speak for consumers, especially low-paid consumers? It has not asked for that responsibility to be changed in any way. Will the hon. Gentleman join me in asking Ofgem to exercise it?

Steve Webb: The right hon. Gentleman has raised two important points with which I hope to deal later. I pay tribute to him for his work on fuel poverty, and I agree with him that the regulator's role needs to be addressed.

The Secretary of State and I have crossed swords a couple of times and he tends not to follow my way of thinking, but in a rare lapse, I agree with one of his comments. We do need a diverse range of energy sources; I do not think there is any dispute about that. As I began to say earlier, this is a "Big Energy" Bill reflecting the spirit of the old Department of Trade and Industry, the utilities, and the business way of looking at things. I am Liberal Democrat spokesman on the environment with responsibility for energy, and I view energy policy very much through the window of the environment. From that point of view, the Bill is profoundly disappointing. It contains very little on matters such as energy efficiency. Surely an Energy Bill should legitimately deal with that, but where is it? There should be so much more about energy conservation—in the home, for example. Where is all of that? Where is the serious material on microgeneration and distributed power? The Bill should have addressed those matters; it had the opportunity to be visionary instead of, essentially, being about big energy and more of the same.

I want to address three main areas: the policy on renewables and its failure to date; the issue of new nuclear; and the omissions from the Bill.

Dr. Ladyman: As the hon. Gentleman and his party are so keen on small energy, can he tell us why 75 per cent. of wind farm applications in Liberal Democrat council areas are turned down?

Steve Webb: The hon. Gentleman raises a perfectly fair point about the process by which we determine the suitability of individual applications, but an approach that is supportive in principle of renewables of all sorts does not dictate that any individual application should be guaranteed success—unless the hon. Gentleman's position is that those who support renewables should say yes to every application. That would be nonsense; each application should be judged on its merits.

While I am on the subject of renewables, I am glad that the Secretary of State is still present, because it means that I can give him another chance to answer the question he declined to answer when I intervened on him. Why is the United Kingdom 22nd out of the 27 EU countries on renewables? It is a simple question, but we have no answer. I would be happy to give way; I would be happy for the Secretary of State to interrupt my flow and tell the House why we are so poor. We have had 10 years of a Labour Government, who could have done something about this. What we hear from Ministers is the "jam tomorrow" renewables strategy: "It's going to be great, and there'll be a bright new dawn." We should have seen the evidence of that by now, but we simply have not.

We only have to look to Germany. If we cite places such as Scandinavia people sometimes say, "Well, that's very different," but Germany is comparable to us in many respects, yet it has achieved huge things. For example, it has achieved 200,000 green-collar jobs, as it calls them, in the renewables industry sector. That could have been a huge opportunity for this country. The Secretary of State said that great things can be done when a Government are consistent, give a lead over a long period, and are supportive of renewables—and he is right, so why have we not done that? As well as the 200,000 green-collar jobs that have been created, solar technology investment in Germany has increased from €450 million in 2000 to €4.9 billion in 2006. That is vision; that is achievement. We have not had that from this Government.

We have heard the Government of Germany's interpretation of the reasons why that has happened. They are, to quote in translation,

"support programmes from national and state governments"

and

"a legally fixed payment for electricity fed into the public grid."

That is what has driven what has happened in Germany, and that is what we have lacked.

When we are particularly enthusiastic about renewables, people sometimes say, "You'll never get anything on the scale that's needed." Yet Greenpeace has calculated that if the UK had done what Germany has done—if we had achieved its level of renewables development—18 per cent. of our energy would today be coming from renewables. That is being delivered in comparable countries; why can it not be done here?

As the Secretary of State said, the delay in getting renewables moving is partly caused by the delay in getting grid connections. Interconnection with the grid is an important issue. As the hon. Member for Rutland and Melton said, quoting the Stern review, feed-in mechanisms are a good idea if we can get connection into the grid working. However, the Secretary of State sounded like a passive onlooker—"Oh, there's a bit of a problem with renewables, in getting connection to the grid." Well, who has been in charge for the past 10 years? Who could have done something about that, if there had been the political will and commitment to do it? Yet he stands up today, after 10 years in power, and says, "Oh, we've got a bit of a problem getting connections into the grid." Whose fault is that? Is he not responsible?

Mr. Jamie Reed: Would the hon. Gentleman like our nuclear generating capacity to be replaced by renewable generating capacity—and if so, what effect does he think that would have on our CO_2 emissions?

Steve Webb: As I have said to the Secretary of State, our strategy is for a breadth of input, including renewables, energy conservation, energy efficiency, and carbon capture and storage for gas and coal. Such a breadth of strategies would be much more effective in reducing CO_2 emissions than waiting for new nuclear power to come on stream in 15 years' time. Those are things we could be doing tomorrow, rather than waiting for jam tomorrow, which is the Government's strategy.

I welcome the announcement of a feasibility study on the Severn barrage, as my constituency borders the Severn estuary. I also welcome its scope, because it includes tidal lagoons and the other technologies—but we have been here before: this will not be the first feasibility study. I consulted the most reliable source known to modern politicians—Wikipedia—and found that a Severn barrage was first mentioned in 1849. I do not think that a Labour Minister made that reference, so this is not a re-re-announcement, but this issue has been around for a long time.

The feasibility study was announced at the Labour party conference, but we only learned of its terms of reference four months later. I have read the written statement. It says that the feasibility study will take two years, and if the project is approved a lot more detailed work and analysis will need to be done. How much longer must this process last? We could have started the work 10 years ago but we did not, because the political will was not there. This is a huge missed opportunity, and today's statement represents yet more delay, and the project again being put on the back burner.

Paddy Tipping (Sherwood) (Lab): Does the hon. Gentleman not think it important that we examine seriously the environmental concerns about the Severn barrage? There are good reasons to support the project, but we also need to examine the negatives.

Steve Webb: The hon. Gentleman is right. However, the environmental impact of a barrage has not changed substantially in the 20 years since the previous study was done, yet another study is to be done and there will be a further delay.

Mr. Hutton: The hon. Gentleman is coming out with the usual sort of soundbites masquerading as an energy policy. My hon. Friend the Member for Sherwood (Paddy Tipping) asked him a perfectly fair and reasonable question, but he is not answering it properly. He must take into account, as we must, the fact that since the previous feasibility study, significant new European legislation has been introduced. That changes the dynamics of the project, yet he is suggesting that we should just go ahead and build the barrage without doing any feasibility work. That is a totally irresponsible—and therefore an entirely Liberal Democrat—policy.

Steve Webb: I notice that the Secretary of State's irritation is in direct proportion to the pertinence of our points.

On the Severn barrage, evolution in the economics and the environmental legislation will always occur, so is the right hon. Gentleman saying that every time something changes, there will be another delay, a further study will be done and another decade will go by? When will the Government make a decision? We hear about nothing but continued delay. The study could have been started 10 years ago—the Secretary of State could have had his two-year study, the detailed work could have been done, and the thing could have been producing electricity by now—yet they are only just getting round to it. That delay is typical.

Renewables technology is moving on incredibly rapidly and there are huge potential gains to be made as the technology develops. The Department's own website says that

"wind costs have declined by over 80 per cent in the last two decades".

The feasibility and attractiveness of renewables can quickly change dramatically, which is one of the reasons for my concern.

That brings me on to the nuclear section, because if we as a nation lock ourselves in to a technology that we will be lumbered with for a century, and if renewables technology moves on as rapidly as it is doing, we may end up having to bail out uneconomic and undesirable nuclear facilities because we made commitments that we must honour, instead of being creative and encouraging the fast-moving, modern, forward-looking technologies that many renewables and energy efficiencies allow.

John Robertson: I understand the point that the hon. Gentleman is trying to make. The Government's point—the whole issue about energy—is that we must have a balanced energy policy so that we do not put ourselves in one little box and end up stuck with what we have done. Should the Government not therefore be commended for what they are trying to do? The hon. Gentleman is not commending us at the moment.

Steve Webb: No, because new nuclear power is a one-way track. We cannot decide in 10 or 15 years' time that it was a bad idea and we do not want it, because

[Steve Webb]

the companies that are now being asked to invest expect guarantees. They will not invest their money unless they know for certain that they will get a return, and if in 10 or 15 years' time that is not the right part of the required mix strategy, we will be lumbered—we will be stuck. They will expect a return over 40 or 50 years, so we will be buying into a technology that will give us no flexibility.

Stewart Hosie: Is not the myth that the Government are peddling based on the argument that the new energy policy is balanced? They have back-tracked on the hydrogen economy, and carbon capture and storage, and they have failed miserably to put in place the correct connectivity charge regime to get the electricity from offshore into the grids, so their focus is deliberately in one direction—towards nuclear power. They do not care about balance. All they want is nuclear stations.

Steve Webb: If the other policies—greater energy efficiency, greater energy conservation and more encouragement for renewables a decade ago—had been more effective, nuclear power might not have been needed, even according to the Government's analysis.

There are a number of concerns about new nuclear capacity. It might surprise some hon. Members to hear that in my constituency there is an active operating nuclear power plant. It is not self-evidently politically wise for me to stand up and say that I do not support new nuclear. However, having considered the evidence and the arguments, that is the conclusion that I have reached. We need to set out why.

First, to echo the words of a former Secretary of State for Trade and Industry, new nuclear initiatives risk distracting us from renewables and energy efficiency. The right hon. Member for Leicester, West (Ms Hewitt), when she was Secretary of State, said:

"It would have been foolish to announce"

that the Government would support new nuclear—

"because that would have guaranteed"

that is a strong word—

"that we would not make the necessary investment and effort in both energy efficiency and in renewables."—[*Official Report*, 24 February 2003; Vol. 400, c. 32.]

She was right then—and that approach is right now. The danger is that if we go down that track and invest time, effort, legislative time and, undoubtedly, public money in new nuclear, that is bound to sidetrack us from energy efficiency and renewables.

The Secretary of State said in his statement that he was not mandating new nuclear plants, but inviting them. What happens if industry does not come forward? How will the gap be met? If new nuclear investors judge that it is too risky, or that the economics do not add up, for whatever reason, what is plan B?

Mr. Hutton: Is this the killer question?

Steve Webb: I am more than happy to give way if the Secretary of State wants me to. He said that he had made the way clear for new nuclear plants. Are the Government assuming that they will go ahead? If not, when will we know? What will the Government do? Surely they need a strategy, rather than assuming that the private sector will do something that it might not.

Mr. Geoffrey Robinson (Coventry, North-West) (Lab): May I help the hon. Gentleman? It seems to me that as the technology stands, if no nuclear technology were forthcoming—given that we are considering base load electricity, which cannot be supplied by renewables in any circumstances, because of their intermittent nature—the alternative would be high-carbon gas or coal. I do not know what the hon. Gentleman would say to that.

Steve Webb: Funnily enough, the hon. Gentleman repeats a common misconception about renewables. Although an individual wind turbine in one place might provide an intermittent supply, in managing energy demand we are interested in the aggregate of all renewables over the economy. First, there are few times of day without wind, sun or waves. Secondly, tidal power is—surprisingly enough—incredibly predictable centuries ahead.

We need to be able to predict the aggregate of renewables. I agree that it will not be level throughout a 24-hour period, but neither is energy demand. We do not need inflexible sources that are simply on all the time, and that we are stuck with. We need flexibility to meet the fluctuations of demand through the day. We would be lumbered with the nuclear input and obliged to use it, whereas we need flexible sources such as gas-fired stations with carbon capture or renewables, which can to some extent be stored and used at later points. Let me use the Severn barrage as an example: although the tides are predictable, there are ways in which the water can be pumped when there is excess energy and used when it is needed. There are more flexibilities than are commonly understood.

Mr. Chaytor: If we are discussing plan B—leaving aside electricity generation and considering total energy use—it is on page 164 of the nuclear White Paper. The analysis from the UK Markal-Macro model shows that without new nuclear, we would need to decrease emissions from car fuel by 13 per cent. I would not have thought it took rocket science to achieve that.

Steve Webb: The hon. Gentleman makes a good point. There are many ways in which we could make progress on this agenda without tying ourselves into a large inflexible long-term strategy. It is not as if there will be no cost for the public sector, as the Government claim; clearly there will be such a cost. The Nuclear Decommissioning Authority is already declaring historic costs in excess of £70 billion; it is steadily increasing its estimate of the clean-up costs for historic waste—and we have no idea of future costs.

Peter Luff: As the Select Committee Chairman, I try to be open-minded and even-handed, but the hon. Gentleman would try the patience of even the most amenable of men. The liabilities that he is talking about stem largely from military use, and the material was stored in an appalling way, with no thought for the future. We now have a much clearer idea of what the costs actually are, and he should not confuse the House, and the public, by mixing up the legacy issues with those involving future waste.

Steve Webb: Two questions arise from that intervention. First, if the technological problems of waste disposal have been resolved, why is waste not

already in deep storage? Why is it still stored on the surface, which is highly inadvisable—and not ideal in the context of a possible terrorist attack, or in any other context. We have not resolved the problems involved: we do not know where the waste will go, or how it will be dealt with.

Those elements remain uncertain, but my second question is about something referred to earlier by the hon. Member for Rutland and Melton. The Bill provides that companies must pay their share of "the cost"—but what share of the total cost will be allocated to the first nuclear entrant to the market? Will it be 100 per cent? Or will the Government say, for example, "We think there'll be three entrants, so we'll charge you a third of what we think the cost will be"? But then, if nobody else comes in, will they then say, "Actually, on second thoughts, you've got to pay the whole cost, because there's no one else incurring it"? How is the Government to know what the future cost will be? That is the point that I would make to the Chairman of the Select Committee. Companies entering the market cannot know what their share of the future cost will be, because they cannot know how many entrants there will be.

Colin Challen: The nuclear lobby seems relatively strong in the Chamber this afternoon, but does the hon. Gentleman agree that its representatives should visit the new nuclear power being built in Finland? It has been under construction for just under two years, but it is already two and half years late. Some 1,700 safety failures have been noted, it is already 25 per cent.—perhaps €1 billion or more—over budget, and work has not even begun on the storage facilities yet.

Steve Webb: The hon. Gentleman makes a good point, and it is one that I plan to come on to.

The Secretary of State said that if a company went to the wall, the money for decommissioning would be ring-fenced. However, I presume that all the money would not have to be put up on day one, and that further contributions to the decommissioning pot would be made as profits came in from the generation of nuclear power. What will happen if a company goes bankrupt before that pot of money has reached the necessary level? Who, I wonder, will make up the shortfall? I think that we all know the answer to that question.

The Committee on Radioactive Waste Management has been mentioned already, and its chairman, Professor Gordon McKerron, has said of the Government's strategy that

> "we have an apparent government commitment to the essential role of nuclear",

but that there

> "is a real risk we may get the worst of both worlds, where nuclear investment stalls under a risky investment climate while markets hold back from other investment in the expectation that nuclear is just around the corner. Then we really might have a capacity gap and an even bigger risk of the lights going out".

That is one Government adviser describing how investment in nuclear could crowd out other investment, but Sir Jonathan Porritt of the Sustainable Development Commission, who was put in place by the Government to look into these matters, has said:

> "What is disturbing is that the Government is failing to understand the more urgent that dealing with climate change becomes, the less relevant...nuclear power is."

Nuclear power is presented as the friend of climate change, but the chairman of the SDC has said that it is the opposite. He added:

> "Solutions have to be found on waste, cost, and decommissioning. They have not been found on any of those issues. It reveals how poor is the understanding by government of the importance of climate change".

The Bill would have been very different if it had come from the Department for Environment, Food and Rural Affairs. I hope that energy will be handled by that Department one day, rather than by the Department with responsibility for the utilities and heavy industry.

Finally, I want to touch on a few things that should have been included in the Bill. Earlier, I mentioned home energy efficiency and conservation. We are told that in a decade all new homes will be zero carbon, yet three quarters of the houses that we will be living in in 2050 have been built already. The Bill was a chance to do something about energy efficiency, but what real action in that regard does it promote? A quarter of our country's CO_2 emissions come from housing. The figure for Sweden is 5 per cent., yet that country is a lot colder than ours. Why are we in this situation? It is because these things have been neglected time and time again by the energy Department, which is not the environment Department.

A second important omission from the Bill is anything on fuel poverty and social tariffs. One of the most shameful things that the Government have done is not only failing to meet their targets on fuel poverty, but going in the wrong direction, with fuel poverty soaring. The Bill could have made sure that energy companies provided social tariffs to low-income customers.

The energy companies say that tracking down all the poor customers is very expensive, but the Government have a big computer, and they know who they are. Why do the Government not give a certificate of entitlement to the people who receive key benefits so that they can send that to their fuel supplier to qualify for a social tariff? Rather than British Gas trying to guess which of its consumers are on pension credit, why do the Government not simply give benefit recipients an entitlement to social tariffs? Such a system would be a much more efficient way of tackling fuel poverty, so why does the Bill not provide for it? Instead, poor people are presumably supposed to surf the net to compare all the companies' tariffs, which change all the time anyway, and judge the best tariff for them. With the best will in the world, the evidence shows that low-income households, lone parents and unemployed people are much less likely to switch tariffs than anyone else, yet they account for many of the people who are most likely to need social tariffs. Leaving this to be dealt with by the market and, as I said in response to the statement the other day, through quiet chats with the energy companies, is simply not delivering, as the fuel poverty statistics demonstrate.

We have heard from the Conservatives about smart metering. While there is a bit in the Bill about metering, there is practically nothing about smart metering. Given that we will eventually replace every meter in the country, at a cost of billions, we need a framework to

[Steve Webb]

get on with that. However, yet again we have missed the opportunity to use the Bill to do that.

There is nothing in the Bill about decentralised energy and combined heat and power, either. There are many aspects to this. We need a diverse strategy, yet the Bill is trapped in an old way of thinking.

There has been mention of Ofgem and its remit. I cannot put it better than the Sustainable Development Commission, which said:

"We would like to see"

as would the Liberal Democrats—

"Ofgem's primary duty changed so that its central focus is on creating a sustainable system that costs as little as possible, rather than making a low cost system as sustainable as possible."

The opportunity to change the priorities of the regulator has been missed. There can be a forward-looking and diverse energy policy of the sort that I have described, but, regrettably, it is not in the Bill.

5.52 pm

Mr. Michael Meacher (Oldham, West and Royton) (Lab): I want to put forward a rather different case from that made by Government and Opposition Front Benchers. In the last analysis, the Government's case for nuclear was that it was needed to keep the lights on and to help Britain to meet its climate change commitments. The Government also said that that could be achieved without any public subsidies—that was repeated today—and that the waste problem would be perfectly manageable. Sadly, it is clear from the evidence that all four of those statements are very far from true.

First, nuclear power cannot keep the lights on because reactors take too long to build. The Government's consultation conceded that even under their accelerated procedures, it would take at least eight years for construction to start. The consultation then assumed a five-year construction period. Optimistically, the earliest time at which a new nuclear power station could operate would be 2020, but that would be too late because, by then, there will be an energy gap in the order of 20 GW, which is the new electricity capacity that will be needed to replace obsolete nuclear and coal plants.

No nuclear station has been built on time or on budget in recent times. The average reactor takes three times as long to build, and costs twice as much, as was planned. My hon. Friend the Member for Morley and Rothwell (Colin Challen) referred to the plant in Finland, which is the only plant to have been built in Europe in a decade. It is already two years late—there has only been two years' building—and it is something like £1 billion over budget, even with substantial subsidies from the Finnish and French Governments. It is not true that nuclear will keep the lights on when it is needed to address the energy gap between 2017 and 2020.

Secondly, it is false to claim that the only way in which we can slash our carbon emissions while delivering energy security is by building nuclear power stations. Nuclear cannot do that because half our energy demand is for heat, which is mainly gas-based, and the next biggest demand is for transport, which is mainly oil-based. Electricity generation, which is where nuclear comes in, represents the smallest component of energy demand, and new nuclear would be a small portion of that. At present, nuclear supplies only 3.5 per cent. of our total energy and that figure is falling.

Thirdly, the Government say that there will be no hidden subsidies. Well, I wish that were true, but it is clearly not the case. Paragraph 3.73 of the White Paper indicates that the Government intend to put a cap on the cost of decommissioning for nuclear operators and then to provide a mechanism for the taxpayer to meet the cost. Paragraph 3.52 is the real give-away when it says:

"If the protections we are putting in place through the Energy Bill prove insufficient, in extreme circumstances the Government may be called upon to meet the costs of ensuring the protection of the public and the environment."

Those circumstances will not be extreme because the costs of decommissioning after 150 years—the time between the start of a new nuclear plant and point at which the waste is finally put in a geological repository—cannot be estimated. Those costs could increase exponentially. The bill for decommissioning and dismantling existing plants is more than £70 billion and, according to the Nuclear Decommissioning Authority, a further £20 billion will be required for the disposal of waste. I remind hon. Members that those figures together are the equivalent of 7 per cent. of our entire gross domestic product.

Even those sums leave out two important liabilities for the public purse, one of which is what happens if a nuclear plant goes bust. That is not a figment of the imagination because let us not forget that when the nuclear holding company British Energy went bankrupt a few years ago, the taxpayer had to pay £5 billion to bail it out. The other liability arises because the Government and the taxpayer will always remain the last-resort insurer in the case of a large nuclear incident. Again, that is not a figment of the imagination, because paragraph 2.66 of the White Paper admits that

"we cannot dismiss the risk".

In the light of all that, it is frankly disingenuous to suggest that there are no hidden subsidies.

David Taylor: My right hon. Friend is talking about risks and hazards. Does he agree that my right hon. Friend the Member for East Kilbride, Strathaven and Lesmahagow (Mr. Ingram) and the hon. Members for Rutland and Melton (Alan Duncan) and for Northavon (Steve Webb) were rather short in listing the hazards? Does he agree with this comment, which was made yesterday by a very well known politician:

"Around the world we are already seeing new interest in nuclear power as a source of energy supply and this increased interest in civil nuclear power also brings with it increased risk of proliferation for military purposes"?

That was said in India by our right hon. Friend the Prime Minister. Does my right hon. Friend the Member for Oldham, West and Royton (Mr. Meacher) think that that should be factored into the equation?

Mr. Meacher: The source is absolutely impeccable. The truth is that one can touch on only a few items in eight minutes. The risks of nuclear proliferation and of cancer and leukaemia clusters around nuclear power stations—of course, that is much disputed—are

present, but I do not have time to deal with them. However, I am grateful to my hon. Friend for raising that point.

Fourthly, the Government made the case in the consultation that the waste problem was manageable, but that is really pushing it. There are already 10,000 tonnes of long-life radioactive toxic waste in this country. According to the Government's figures, there will be 500,000 tonnes by the end of the century. The Committee on Radioactive Waste Management still has not come up with any solution. In fact, there has been no progress at all since the last Conservative Government finally abandoned the search for a nuclear dump in 1997. Where will the waste go? Let us not forget that that was one of the criticisms in the previous High Court ruling.

The industry makes the case that the quantities of waste will be considerably less this time. I am sure that that is true, but it is not the point. That waste will still be additional to the existing overload and, given the design, it will be more radioactive and hotter, which will make it more difficult to manage. The waste problem has not been solved. Regrettably, there is no movement towards a solution.

Mr. Laurence Robertson (Tewkesbury) (Con): The hon. Member for Morley and Rothwell (Colin Challen) mentioned Finland and said that the waste had not been dealt with but, about four years ago, I went to Finland and stood in the repository. Intermediate-level waste had certainly been dealt with; I stood underground next to it. At the time, a high-level waste underground repository was being built. We should not confuse the lack of possibility with the lack of political will.

Mr. Meacher: Nuclear has been around for 50 or 60 years, so there have been plenty of opportunities to find a satisfactory, affordable and workable solution but as far as I know, no place in the world has succeeded in doing so. The Americans intended to put their waste under Yucca mountain, but they are withdrawing from that proposal. There is great uncertainty and a real problem.

The Government's case does not stand up to examination for the reasons that I have given, but there is one other consideration that fundamentally alters the energy equation. As has been said, tomorrow the EU will announce mandatory targets for each EU country, so that we can achieve an overall target of 20 per cent. of EU energy coming from renewable sources by 2020. We do not know the UK target but it is widely predicted that it will be 15 per cent. The crucial point is that we are talking about not just electricity generation but fuel for transport and heating. The contribution that renewables make to transport fuel is next to nothing, and their contribution to heating is relatively small, at least at the moment. The implication is surely that the UK will be required to generate 30 to 40 per cent. of its electricity from renewable sources by 2020. That is an eightfold increase. That means delivering on the promise to provide 33 GW from offshore wind power—a promise that I was pleased to hear my right hon. Friend the Secretary of State make recently—as well as kick-starting a range of measures.

There is not one simple panacea. There is a range of technologies, including renewable and decentralised technologies, in which Britain can lead the world; I am thinking particularly of wave and tidal power. Meeting the targets means building power stations that use combined heat and power, and which achieve an efficiency of 90 per cent. plus, as has been done in Scandinavia. It means being able to burn cleaner fuels such as biomass, as well as fossil fuels. It means switching from the renewables obligation certificate system to feed-in tariffs that give fixed prices, not variable support—a point on which I agree with the Opposition spokesman. Such tariffs have proved massively successful in Germany. There must also be an enormous improvement in energy efficiency.

If we do all those things, we will not need any nuclear power stations, but the crucial point is that we have to do those things if we are to meet the mandatory targets. The irony of this debate is that even if the Bill receives its Second Reading tonight, it will have to be subject to major revisions tomorrow, when the—

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I call Peter Luff.

6.3 pm

Peter Luff (Mid-Worcestershire) (Con): What is intriguing about the debate so far is how little of it has related directly to the Energy Bill. It has instead been about energy policy. That highlights a problem for the Government. It would have been much better if we had had a proper debate about the energy White Paper published last year. We have not had that debate. One can see that the House is bursting with enthusiasm on this important subject, and rightly so. It is a shame that we have to squeeze a policy debate into a debate on a narrow, technical Bill that is not that interesting or controversial, although the issues on which it touches clearly are.

Next week, I will have the advantage of seeing the Minister for Energy when he comes before the Business, Enterprise and Regulatory Reform Committee to discuss fuel prices and energy security—that is, to discuss keeping the lights on—so I will have the opportunity to go beyond my eight minutes with him then. However, it is a great shame that we are restricted to such a short debate on such a complicated, important subject, and on such a curious Bill.

Fuel poverty is growing as a result of fuel price rises. I am not sure what our response to that should be. It is interesting to explore why prices are rising. The energy gap is bearing down on us. I did not agree with everything—in fact, I agreed with hardly anything—that the right hon. Member for Oldham, West and Royton (Mr. Meacher) said in the early part of his remarks, but towards the end of his speech he said some interesting and important things about how we will fill the looming energy gap. I think that there is a real possibility of life-extension for nuclear power plants, which would help. The Government clearly hope that the Bill will help them massively to expand renewables production, but if it does not, the looming gap would be filled by gas and coal. It may well be that there will be no gap in the market for new nuclear investment, and the right hon. Gentleman might then get his wish, for reasons that he would not endorse—a

[Peter Luff]

massive increase in as yet unclean hydrocarbon generation. It is a shame that we cannot debate the issues at more length and that we did not get the chance to discuss them sooner.

I suppose that the big policy change in the Bill—it was heavily signalled, and announced in the White Paper—is on the renewables obligation and its banding. I understand why the Government made that change, but until now, the obligation has been a technology-blind mechanism to encourage renewable power, and I tend to prefer it when Governments are technology-blind. It used to be left to developers to determine the most cost-effective way of building new sources of renewable energy. Given that renewables are quite an expensive way of cutting carbon emissions—we should not forget that; nuclear, however, is a cheap way of doing so—that was the right approach. It turns out that developers chose onshore wind, which is controversial, and biomass co-firing. We are now going for an approach that favours specific technologies, including wave, tidal and solar. That might suggest the direction that the Government's thinking will take on the Severn barrage and the Severn tidal energy sources.

My concern is that the renewables obligation process is hellishly complicated. It is not at all straightforward; it is a difficult system to work. One leading expert in the field said to me last week, "It's almost a parody of a piece of regulation now." When we add the complexity of banding and the grandfathering of existing rights, heaven knows what kind of mess it will be to operate. The renewables obligation certificate process is difficult, and it is made more difficult by the Bill. The Government say that the changes to the process will bring forward more renewable energy and a broader range of technologies. It probably will do the latter, because it will increase the subsidy for expensive technologies, but I do not see how it will bring forward more renewable energy.

One of the virtues of the system is that the cost to consumers is predetermined. The overall amount of subsidy from consumers is known—and it is citizens, not as taxpayers but as consumers, who pay for the renewables obligation process. If we are to shift the way in which the money is spent—if we move the deckchairs around—how will it lead to more rapid development of the total contribution that renewables make to our electricity needs? I just do not think that it can. In fact, it is likely to lead to a slower rate of contribution to our total energy needs for renewables.

I am nervous about Governments picking winners; they often make the wrong decisions. The Mayor of London has made the wrong decision about whether hybrid cars should pay the congestion charge. I do not think that they are the most environmentally friendly way of reducing carbon dioxide emissions. Instead, there are new diesel technologies. When Governments pick winners, we get into difficulties.

Feed-in tariffs have featured extensively in the debate. We all think that they are a good thing, and we all cite examples from around the globe of their contributing to decentralised energy generation. We all think that they are marvellous. However, when my Select Committee undertook its report on decentralised energy last year, it hedged its bets on the issue. I think that the jury is out on feed-in tariffs; I am open-minded on the subject. The issue is really who pays for feed-in tariffs. My real worry is that it is the early, middle-class adopters who will get the benefit of such tariffs. When the price goes up for electricity as a whole—as it will, because someone has to pay for the scheme—the risk is that poorer people will find that the price of their electricity goes up. They cannot afford the generating technologies that allow them to take advantage of feed-in tariffs. We have to be careful about the assumption that feed-in tariffs are a good thing, and I remain open-minded on the subject.

The debate inevitably became passionate on the subject of nuclear, but in fact there is not much in the Bill on the nuclear issue. The Bill forms a narrow, technical but important part of the Government's progress towards providing a new generation of nuclear reactors. There was a big debate between the Front Benchers on the issues of waste management and costing. I think that the Government's heart is in the right place, but I hope that they will move towards greater clarity soon, because at present we do not know what the phrase "full share" really means. I disagree with the right hon. Member for Oldham, West and Royton about the practicalities of nuclear waste management. However, making sure that the payment process is transparent and that there is no hidden subsidy is a big problem, and the Government must move fast to clarify their position.

On the issue of permitting a new generation of nuclear reactors, there is something else of huge importance that the Bill does not cover—the staffing levels of the nuclear installations inspectorate, which has just six people available for the task. Approval of the Sizewell B design approval took 270 man years of the then regulator's time, so it would take six people 40 or 50 years each of their entire working life to approve a single reactor design, never mind the three or four proposed for the new generation. I therefore hope that the Minister will repeat the Government's assurance that the nuclear installations inspectorate will learn from extensive international experience. It is not just one reactor in Finland that is being built worldwide—there are reactors being built around the globe, some of them extremely successfully. I hope that we will learn from that experience, and not reinvent the wheel. I rather hoped for an intervention, so that I would gain an extra minute.

Sir Robert Smith *rose—*

Peter Luff: I shall give way to my former colleague on the Committee.

Sir Robert Smith: One subject on which the hon. Gentleman has not touched is the welcome introduction of initiatives on gas storage. Does he not think that if we are to sort out the gas price, it is not just the problem of gas storage that we must crack but the problem of having the same regulatory regime throughout Europe?

Peter Luff: I am happy to endorse that observation, as the problems remains a key issue in the future of our energy market. The Committee is shortly going to

Brussels, subject to the Whips' permission, to explore progress on it, because it is the single most important question in the workings of the market.

It is great that the Bill does a lot to create a regime on carbon capture and storage, but we still do not have a workable commercial demonstration or project. The Bill's provisions therefore do not amount to much, as we need reassurance that the system is going to work. The big thing missing from the Bill is the smart meter question. I have seen evidence from the industry, including Centrica, in which it says that it would like a mandate in the Bill for smart meters. Centrica has proposed a system for rolling out regional franchises, and I believe that a competitive energy market would deliver smart meters to both the business and private sectors, because meters provide an enhanced service to people whom companies supply with energy. That is not happening, so the Government must make sure that their approach—I accept that an Ofgem study is under way—will deliver smart metering. I do not think that intermediate display technology is a sensible way forward, as it runs the risk of disincentivising investment in smart meters. I have undertaken a rapid rush around the issues. We look forward to the Minister's winding-up speech and to hearing what he says to the Committee when he appears before us next week.

6.12 pm

Albert Owen (Ynys Môn) (Lab): It is a great pleasure to follow the Chairman of the Business, Enterprise and Regulatory Reform Committee, the hon. Member for Mid-Worcestershire (Peter Luff), who, while surveying the issues, made some poignant points.

I am pro-nuclear, pro-renewables and pro-energy efficiency, and I do not see any contradiction in those beliefs. I should like to add a Welsh dimension to our debate, as I do not think that there are any other Members from Wales in the Chamber. *[Interruption.]* I apologise, the hon. Member for Preseli Pembrokeshire (Mr. Crabb) is here. However, I am the only Welsh Member with a nuclear power station in operation in their constituency. Many of my colleagues from Wales, including Labour Members, are against nuclear, and I shall address their fears.

I support the Bill, as well as the energy and nuclear White Papers. It is about time that we moved forward on nuclear, as we have been talking about it for some time. We had the worst of all worlds in the last review, which was neutral on nuclear: the review did nothing for either side, and left the question hanging. The industry could not move forward, and it is important that we do so now. Before I tackle the question of nuclear and carbon capture, I should like to deal with the renewables obligation, which many people in industry find confusing and bureaucratic. I hope that the banding proposals will eliminate that confusion and help companies to invest in renewables. I shall therefore be interested to hear the Minister's reply, and I hope that when the Bill returns to the Floor of the House on Report it will include measures to make the banding system efficient and less bureaucratic.

We are discussing this important Bill at a time of rising gas and oil prices, and increases in utility bills. The Minister will know that I have campaigned for some time to improve the gas network in the United Kingdom, and it is appropriate to discuss that in the context of the Bill and increasing gas prices. Many people in my constituency and, indeed, in constituencies across Wales and the United Kingdom, are not connected to a gas main, and their alternatives are even more expensive than mains gas.

We have campaigned on two issues: first, if people do not have a choice, they should not have to use expensive alternatives; secondly—and this important point has been touched on by other hon. Members—we must tackle fuel poverty. Many of the semi-rural and rural areas that I represent suffer from that problem, and it is compounded by lack of access to a gas main. I am not talking about isolated properties but about small towns and large villages close to a gas main. The regime operated by Ofgem does not help the situation—it hinders it—and makes it expensive to use gas in such places. I hope that the Government and the gas companies are trying to find formulas to get gas to those people. There are many customers in constituencies around the country who want access to gas mains. There is a missed opportunity in the Bill, so I hope that the Minister can help me.

Many people want a nuclear-free Wales. They say so, because of the perceived risks of nuclear. In my constituency, hundreds of highly skilled jobs derive from the nuclear industry. If a nuclear-free Wales went ahead, and England went ahead with new measures on nuclear, particularly in the south at Hinckley, Wales would suffer the perceived risks without having any of the economic benefits provided by the industry. Many people from my area, which has a history and understanding of nuclear as well as a high skills base, would gravitate to other parts of the United Kingdom. Colleagues who are dogmatic in their opposition to nuclear should therefore consider all the options.

Colin Challen: Another great institution in Wales is the Centre for Alternative Technology. Has my hon. Friend had an opportunity to read the report that it published last year on zero-carbon Britain—I think that the centre coined the expression—which projects the possibility of a massive reduction in our dependency on fossil fuels, without resorting to nuclear? If he has not read the report, I shall gladly send him a copy.

Albert Owen: I should be interested to receive that report. I have visited the centre. Indeed, its members gave evidence to the Welsh Affairs Committee. Some of the founders of the centre were pro-nuclear, as they believed that nuclear was a green energy. However, some of the centre's present members deny that that is the case. I believe that nuclear is a green energy, which will help us to achieve the low-carbon economy to which we all aspire.

I am genuinely pro-renewables and other alternatives as well as nuclear. In my constituency, we have a number of wind farms as well as a nuclear power station. Indeed, we have a licence to produce gas. My constituents and I, therefore, do not think that energy should be produced elsewhere. I was interested to hear the hon. Member for Northavon (Steve Webb) say in response to an intervention that 75 per cent. of planning applications are turned down. Indeed, the

[Albert Owen]

Liberal Democrats in Wales oppose many such schemes, and I am afraid want windmills to be sited in areas where the wind does not blow and where they would not be very efficient.

A proposal has been made to develop the Gwynt y Môr wind farm in north Wales into one of the biggest wind farms in the country. The Conservatives in the area oppose the proposal to develop that wind farm off the north Wales coast. If the Liberal Democrats will not allow wind farms to be built in windy areas on land, and wind farms are not allowed to be built offshore either, I do not know how we will achieve that rich mix that they talk about.

We have to grapple with the issues: technology in the nuclear industry is moving on, but waste is a massive problem that has been fudged for far too long by successive Governments. It is time that we dealt with it, and we are moving towards a solution. I was intrigued by the suggestion from the hon. Member for Rutland and Melton (Alan Duncan), who appeared to be very confused and dug himself into hole. One cannot be a little pro-nuclear: one is either pro-nuclear or anti-nuclear. It is a bit like being pregnant: one cannot be a little bit pregnant. I therefore think that the Conservatives' position is a bit of a cop-out.

If we are in favour of nuclear, we must do what is best to get rid of nuclear waste. The legacy waste as well as the new nuclear waste must be dealt with properly. We hear about various estimates of the amount of waste. Depending on whom one listens to, we are told that there is enough nuclear waste to fill X number of Albert halls, but much of the civil nuclear waste and even the military and medical nuclear waste is intermediate or low level. The volume of high-risk waste is considerably less.

When people think about waste and legacy waste, they should think about the past waste legacy of other sources of power, such as coal, which we have to manage. Copper mines and tin mines, too, have scarred areas of the United Kingdom. Waste management is important, but how many Albert halls or Millennium stadiums could be filled with the carbon that is killing the atmosphere? We must deal with the waste properly.

I am unsure whether the technology is coming on stream quickly enough to deal with carbon capture, and I am a little worried. I am glad that we are putting the mechanisms in place. I agree with my hon. Friend the Member for Nottingham, South (Alan Simpson), who spoke about separation.

In conclusion, I am pro-nuclear, pro-renewables and pro-energy efficiency. For the 21st century we must be mature enough to grab all those and move forward with the technology to achieve the stable and affordable supply of electricity that we need for high-intensive industries across the United Kingdom. If we do not, other nations will develop nuclear, and we will be importing nuclear electricity to keep the smelter works in my constituency and other parts of the United Kingdom going. The Bill is technical and deals with some of those difficult issues. The time has come to be pro-nuclear and positive about the future.

6.21 pm

Mr. Laurence Robertson (Tewkesbury) (Con): I endorse everything that I have just heard from the hon. Member for Ynys Môn (Albert Owen), who made a balanced and sensible speech with regard to the nuclear industry.

Three years ago I had spent two years studying energy as the Conservative party spokesman on the subject, which does not make me an expert—*[Interruption.]* Perhaps hon. Members should wait to hear what I say before they disagree. Studying energy gave me an insight into the subject and an interest in it. It became clear to me that in this country we need a mix of primary sources of energy.

There are problems with all the sources. There are problems with coal, and as the son of a former miner, I can speak with some authority about that. It is a pollutant. I cannot remember how many outstanding claims there are from miners who were injured down the pit, but we must take that human tragedy into account when we discuss electricity produced from coal, which is increasing as a percentage of the energy mix.

There are also difficulties with gas. Our gas reserves are running down—not depleted yet, but running down—and we will become increasingly dependent on gas from abroad which, as anyone in the part of the world that receives gas from Russia would testify, is not a secure position. That is why the Finns decided to build a third nuclear reactor. As I said in an intervention, contrary to what we have heard in the Chamber this afternoon, they also have a repository to deal with the intermediate-level waste. I have been underground inside it, which is proof that it exists. At the time the Finns were also starting to build a repository for high-level waste. It can be dealt with. The fact that it has not been dealt with in the United Kingdom is not due to any geological problems or to the fact that it cannot be done. It is due to a lack of political will. We should not confuse that with the issue itself.

If we do not build a new nuclear base, and if we increase renewables up to 20 per cent. by 2020 and we lose our entire nuclear industry, we will have made no progress at all on carbon. It is unbelievable that hon. Members are shaking their heads. I am not sure about their maths, but my calculation is that if nuclear provides about 18 per cent. of the United Kingdom's electricity now, and if we lose that and go up to 18 or 20 per cent. from renewables, roughly the same amount of carbon would be emitted, so we would have gone nowhere.

I am not pretending that there are not issues in the nuclear industry, and my hon. Friend the Member for Rutland and Melton (Alan Duncan) spoke about finance.

Dr. Whitehead: If the hon. Gentleman compares the amount of generating capacity at 70 per cent. capacity value from nuclear with what is already in the pipeline for offshore wind at a generating capacity of 35 to 40 per cent., he will see that those two figures almost exactly match.

Mr. Robertson: I am a firm believer in renewables. If we have renewables and a nuclear industry, we will be going places with regard to carbon. On a very cold,

very still day, we would get no electricity at all from wind power. Let us not forget that on the coldest days in the United Kingdom, which are very still, there would be no wind and therefore no electricity, so we should not depend on that source to a greater extent.

On the financing of the industry, my hon. Friend the Member for Rutland and Melton is right. However, if it is not attractive for companies to bid to build nuclear power plants, they will not do it, so I do not see that there is a great fuss to be made about that aspect. The Government have invited bids, which they could have done 10 years ago, but they have not said that there will be a new generation of nuclear power plants. They can improve and speed up the planning process and perhaps encourage the processes to go ahead in areas that already have nuclear power plants, such as Sizewell and Sellafield. That would be sensible. I am glad that the Government have said what they have, although they have not actually said, "We are going to build a new generation of nuclear power plants."

The hon. Member for Northavon (Steve Webb), who spoke for the Liberal Democrats, is no longer in his place and I do not wish to be unkind, but in what I considered a rather politically naive speech he made a good point when he asked what would happen if no one came forward to bid. The same would be true if no one came forward to bid for the Severn barrage. As an MP whose constituency is bordered by the River Severn, I have looked into the matter closely. I have also visited the barrage at La Rance in Brittany, which was built 40 years ago. It is probably a tenth of the size of the potential of the Severn barrage, but it was well worth visiting to see how it works—and it does work. When it was built, there was tremendous disruption to fish life and to bird life, and it has taken quite a long time for that to recover. I was told by people there when I visited that if they built it now with new technology, they might do it differently and it might not cause the same disruption.

The appraisal, which is at least 10 years late, is welcome. I want to ensure that it takes an independent look at the prospects of a Severn barrage, with all that that means. It is probably fairly easy to calculate the amount of electricity that would be generated from it. That has to be good—it is secure and it is green. I want the wider aspects of the environment to be considered when the appraisal goes ahead.

My constituency was badly hit six months ago by the terrible floods, as were a number of other places. The past couple of weeks have been extremely worrying for people there, who are not even back in their homes after six months and are some months from being so. They are extremely anxious about further flooding. The appraisal must also consider what impact a Severn barrage would have on flooding in the area. I do not have the technical knowledge to say whether it would be good or bad for flooding. I want the appraisal to take an independent look at that.

I have some enthusiasm for the project, which deserves very serious consideration for the reasons that I have given. We have to find a way forward in respect of secure and green energy supplies. However, I hope that the appraisal will be objective and neutral; I am a little concerned that the people running it are by and large linked to or from the Government. I understand that they will take evidence from outsiders, but I would have liked the running of the appraisal to have been better and more balanced. Nevertheless, we are where we are and I hope that those involved will take into account the points that I have raised.

It is important that we move forward with projects such as the Severn barrage, because of the importance of security of supply and green issues. However, we also have to move forward with the balanced energy policy that I mentioned at the beginning. Unlike the hon. Member for Northavon, I do not accept that nuclear energy would take our eye off the ball; only a small-minded person would allow that to happen. We must have nuclear and renewables and we will have to continue with coal and gas for some time yet. Having one source of electricity does not mean that we cannot have another one. We must have a balanced approach to energy; putting all our eggs in one basket would be dangerous, and I hope that we do not go down that road.

6.31 pm

Dr. Stephen Ladyman (South Thanet) (Lab): It is a pleasure to take part in this debate and to follow the hon. Member for Tewkesbury (Mr. Robertson), with whom I agreed rather more than with my right hon. Friend the Member for Oldham, West and Royton (Mr. Meacher).

Colleagues will probably know that I began my career as a radiation biologist; I am an environmentalist by training and early profession. I spent the early part of my professional life living around and working on nuclear reactors of one sort or another. Indeed, I became friendly with my right hon. Friend the Member for East Kilbride, Strathaven and Lesmahagow (Mr. Ingram), who spoke earlier, when I was doing my PhD on a reactor right in the middle of a residential area in his constituency. When it was there, the people in the town did not even know it; I doubt whether they even knew when it had been decommissioned and taken away.

Nuclear energy has no fears for me. I have been advocating it for the past 10 years. Having listened to this debate, I think that the issue comes down to what we think about carbon, not what we think about nuclear power. If we believe that putting carbon into the atmosphere is the most serious threat that we face today—because of its impact on climate change or its creation of respiratory diseases around the world—we have to prioritise energy sources that can remove carbon or are low-carbon.

We should not rule anything out; we should put all low-carbon forms of energy production on the table. I am not sure that colleagues who have so vehemently and passionately argued against nuclear power are prioritising the battle against carbon. If they are, I do not think that they are taking seriously enough the difficulties involved. I am not the first to come to that conclusion. In 2006, Patrick Moore, co-founder of Greenpeace in the United States, wrote in *The Washington Post*:

"In the early 1970s when I helped found Greenpeace, I believed that nuclear energy was synonymous with nuclear holocaust, as did most of my compatriots...Thirty years on, my views have changed, and the rest of the environmental movement needs to update its views, too, because nuclear energy may just be the energy source that can save our planet from another possible disaster: catastrophic climate change."

Colin Challen: Patrick Moore's name was prayed in aid last week, during the statement. Somebody kindly sent me a copy of the *Electrical Review*, volume 240, No. 4. An article in it states that Dr. Moore

"wrote last year to the Royal Society arguing there was no 'scientific proof' that mankind was causing global warming".

Was that the kind of statement to which my hon. Friend referred?

Dr. Ladyman: Earlier, my hon. Friend was happily offering letters and articles to my hon. Friend the Member for Ynys Môn (Albert Owen); I shall send my hon. Friend the Member for Morley and Rothwell (Colin Challen) a copy of the article from *The Washington Post*. It makes it clear that Patrick Moore does believe that climate change is man-made.

Martin Horwood: May I offer the hon. Gentleman a more reliable quote from 2006? Along with 40 other leading climate and energy scientists, Keith Barnham, professor of physics from Imperial college, London, wrote to the former Prime Minister:

"Nuclear new build will be too little, too late, too expensive and too dangerous."

Dr. Ladyman: I certainly agree that nuclear can be only a little part of the solution and that it is too late. Ten years ago, when I first entered Parliament, I was arguing that we should resume our nuclear build. However, nuclear can still make a significant contribution. If we are quoting climatologists at each other, let us not forget the founder of the Gaia movement, James Lovelock, who wrote in *The Independent*:

"When, in the 18th century, only one billion people lived on Earth, their impact was small enough for it not to matter what energy source they used.

But with six billion, and growing, few options remain; we can not continue drawing energy from fossil fuels and there is no chance that the renewables, wind, tide and water power can provide enough energy and in time."

I do not think that there is a single more important figure in the whole environmental movement.

Mr. Jamie Reed *rose—*

Dr. Ladyman: It will have to be very brief, because I do not get any more injury time.

Mr. Reed: Very briefly, does my hon. Friend share my dismay at the fact that every time an eminent scientist comes out to support the nuclear industry, the environmental movement moves en masse to discredit his entire scientific record?

Dr. Ladyman: I agree entirely. The dogma exists because people do not regard nuclear power as safe. They still have a view of some huge accident record. Even last night as I was talking about the issue with a colleague, who is not here today, Chernobyl was raised. I asked him how many people actually died at Chernobyl. "Thousands," he said. The truth? According to the United Nations—not just one section of it, but the environmental groups within it, the World Health Organisation and the International Atomic Energy Agency—62 people died and that includes 15 children living in the area who died from thyroid cancers. That is a disaster—

Mr. Gordon Prentice: Will my hon. Friend give way?

Dr. Ladyman: No, I cannot. I accept that that was a disaster, but compare it with the WHO's estimates of how many people die every year as a result of carbon being put into the atmosphere. I am not talking about climate change, but about respiratory diseases related to carbon. Three million people die from them every year, but colleagues in the House are telling me that it is green to oppose a technology that in 50 years has led to the deaths of fewer than 100 people. Are we instead to rely on an energy source that kills that many people every 20 minutes of every single day of the year? That is nonsense. All low-carbon technologies need to be put on the table.

Like my hon. Friend the Member for Ynys Môn, I am also a firm supporter of renewables. Indeed, I would be mad not to be—London Array, the biggest wind farm currently planned, is to be constructed off my constituency. Conservative Members were saying that they opposed onshore wind farms and wanted them all to be offshore. I remind them that a Conservative council in Kent delayed the start of London Array's construction—by objecting not to the offshore wind farm, but to planning permission for the onshore substation for the wind farm. That is the extent of their opposition to any building of renewables plants.

If we can go ahead with the development of the London Array and of the Warwick Energy wind farm, the other field off my part of the coast, and have them constructed from the port of Ramsgate—if the manufacturing of the wind farms can be done in east Kent, as I think possible and economic—we can become a centre of expertise around the world for wind farm construction. We could help everywhere else in the country with the construction of wind farms; perhaps we could get a little close to hitting the 15 per cent. target that people speculate we will have to achieve in the short term. However, all that does not mean that we should overlook the benefits that nuclear energy can deliver. We should consider all the low-carbon technologies.

Yes, we should also carry out the study into the Severn barrage but, I say to Members on both sides of the House who are obviously excited about its possibilities, let us wait and see the science and see what the environmental impact will be before we make our decision. Taking energy out of water changes the environment in the water. If one takes energy out of rough water, one gets smooth water; if one takes energy out of the tide, one gets flat water. The sediment in the water settles and the things that used to live in that ecosystem cannot live there any more. Recently developed new technologies can help with that, because they do not take out all the energy and can use different types of construction rather than the old barrage system that we used to talk about, and which, if the Liberal Democrats had had their way, we might have started to build 10 years ago. We have gone beyond that. Perhaps there are solutions to building the Severn barrage that will not have those environmental consequences, but we cannot rely on them and we have to wait for the science. In the meantime, we must plan an energy mix that guarantees our energy security into the future and ensures that we focus on the key enemy that we face today—carbon.

Let me relay one further story. A few years ago, I had a conversation with a senior official from the Russian embassy. I said, "What is your energy policy?" He replied, "Our energy policy is that we're going to produce our energy from nuclear power and hold on to the gas until we control it and control the price, and then we're going to sell it to you."

6.41 pm

Mr. Michael Jack (Fylde) (Con): I enjoyed listening to the hon. Member for South Thanet (Dr. Ladyman) when he was a Minister, but I welcome him back to his Back-Bench position because he always brings sound science to our debates. I agree with the line that he has taken. Like the hon. Member for Ynys Môn (Albert Owen), I find myself in the category of a supporter of the nuclear power industry as well as of renewables and energy efficiency.

I looked to the Bill to give me a sense of direction and a sense of policy, but the long shopping list that it represents did not provide me with that, so I thought that I would try to find some words that summed up what an energy Bill at this stage in our Parliament should be about, and decided that it should be described as a Bill to secure low-carbon sources of power and heat bolstered by an efficient energy efficiency policy. That illustrates one important drawback to debating energy in a climate change vacuum. It is a pity that we could not be debating one piece of legislation combining energy and climate change. The various White Papers that the Government have produced in the past 12 months did not achieve that objective so it is important that we do, and the contributions by all right hon. and hon. Members have brought together all aspects of energy policy.

In my earlier intervention, I expressed sadness that the Bill does not say anything about a renewables heat obligation. Given the European Union targets for renewable energy that are likely to come out tomorrow, aiming at anything up to 20 per cent. coming from renewables, and with a third of our emissions in this country coming from heat sources, it is disappointing that the Government have yet to resolve their position on a renewable heat obligation, because it will clearly be an important part of our energy policy in future.

As my constituency of Fylde is the home of nuclear fuel production, I am sure that the House will not be surprised to learn that the nearly 1,700 workers in that industry have welcomed the Bill, as I do. However—the Bill is silent on this point, but perhaps the Minister can give me some reassurance—they are worried that in enabling the United Kingdom to use its nuclear expertise, particularly in the field of high-quality, safe production of nuclear fuel, the arrangement that will exist between the Nuclear Decommissioning Agency and Toshiba Westinghouse, which operates the site at Springfield, near Preston, should retain the skills and excellence of our fuel manufacture and capture the benefits of the energy security that indigenous fuel production will give us while making certain that we do not introduce other forces—perhaps other opportunities for people to run the site at Springfield—which would dissipate the enormous gains in productivity and safety in manufacture that have been built up over the years. A reassurance from Ministers would do a great deal to help to secure the retention and skills of the people in the work force at what could be the home of future nuclear fuel production in the United Kingdom. Clearly, we have to sort out the issue of nuclear waste, but that should not be a showstopper as regards the activities that the Government have started in order to enable bids to go ahead and enable design approval to be given to a new nuclear generation of nuclear power stations.

Bob Spink (Castle Point) (Con): Does my right hon. Friend accept that the Nuclear Industry Association acknowledges that the private sector should pay all the costs of decommissioning nuclear waste from new nuclear plant?

Mr. Jack: I accept it in principle. We touched on the definition of "all" earlier in the debate, and the Government have yet to crystallise precisely what that would mean. It is often forgotten that our existing advanced gas-cooled reactors already have to make provision for their decommissioning costs and are still able to produce competitively priced electricity. Certainly, the public must have confidence that they will not be left with a legacy cost for new nuclear build.

I want to move on to energy efficiency. I am disappointed that the Bill does not contain more about smart metering. I had a meeting with representatives of Scottish and Southern Energy, who came to talk to me about the report by the Select Committee on Environment, Food and Rural Affairs, where, in our climate change citizens' agenda analysis, we described the benefits that could come from smart metering. They said that proper smart metering, which would provide appropriate tariff management and control of the use of electrical equipment in the domestic situation, would make it possible to save up to the capacity of two power stations-worth of generation. The Bill refers to meter accuracy. I accept that the Government are undertaking trials, but we do not want to miss a golden opportunity to maximise the use of our existing sources of electrical generation without moving forward. Perhaps the Minister might be able to make an announcement on that during the course of the Bill's progress.

That opens up the question of decentralised power. We have heard a discussion about domestic generation of energy. When the Select Committee visited Freiburg and Stuttgart in Germany, we saw for ourselves the potential of the German feed-in tariff. I wish that Ministers would stop misleading the public to the effect that this is the product of some giant German subsidy or that it is costing Germany energy users an unaffordable amount—it is not, as the average figure is €2 per household per month. If one is prepared to accept that customers currently pay for the existing energy efficiency commitment and for the renewables obligation certificate, it should be possible for customers to pay for a feed-in tariff system in this country.

It is not a question of seeing Britain's roofs covered by photovoltaic cells. Without the feed-in tariff, decentralised community-based systems are inhibited from being developed. It has been left to the market leader, Woking, to pioneer combined heat and power—a decentralised system that puts money in the coffers of the local authority, as well as providing local authority buildings, a hotel, two blocks of flats and an

[Mr. Jack]

entertainment centre in Woking with the ability to produce their own power and electricity. That local authority could do more, but there is nothing in the Bill about private wire capacity and nothing to change the trading arrangements to enable such a local authority to sell on a much wider basis its skill and expertise in decentralised local electricity generation.

Such a revolution could mean that we could have the best of all worlds—a guarantee of safe base load through nuclear, generation through the exploitation of renewables in the way that the Government want, and a proper decentralised energy-efficient system for the consumer, properly monitored by a smart metering system. That is how we should be looking to have a balanced and secure energy portfolio. Unfortunately, however, the Bill does not provide for that optimal use of the skills, technologies and knowledge that exist in Europe and in the United Kingdom.

Given that challenges are coming from Europe, perhaps in the next few hours, I urge the Government to be more ambitious with the Bill, even at this late stage, and to exploit all the opportunities to develop a true low-carbon and secure source of energy for this country.

6.49 pm

Paddy Tipping (Sherwood) (Lab): The two drivers of energy policy have traditionally been security of supply and the challenge of climate change, but there is a third important pillar, which is affordability.

In reality, the liberalised energy market has served us well. In comparative terms, energy costs in the United Kingdom are still relatively low. But all householders are facing increases in their bills, in some cases by as much as 29 per cent., which has real implications for the Government's target of eradicating fuel poverty by 2010. There are 4 million households in difficulty at the moment, and every 1 per cent. rise in energy prices adds roughly another 40,000 to the number. There lies a real challenge, and the Government need to think about it. It is not just a question of a commitment; there is a legal requirement to meet that target.

One of the things that could be done is to increase the Warm Front contribution. Secondly, fuel poverty should be treated as a social issue. A great deal of information is held on the number of people who are vulnerable, which needs to be shared with the energy companies. It is also clear that many who are entitled to help are not getting it. With regard to social policy, we need to ensure that we take those fairly simple measures.

In the Chamber today, and in future, there will be a debate about social tariffs. Some energy companies are performing well. Energy companies are offering £56 million in support this year, but the situation is diffuse and confusing, and we need to revisit it. I am glad that the Secretary of State has told us that the idea of legislation on a compulsory tariff is still under review. I say to the Minister for Employment Relations and Postal Affairs that this matter will be pursued vigorously during the passage of the Bill.

It has been made clear, particularly by the right hon. Member for Fylde (Mr. Jack), that smart metering can have an important effect on fuel poverty. There is plenty in the Bill about meters, but there is no provision at all about smart meters, despite the fact that the Government are committed to introduce them. The last energy White Paper included that commitment, and the Prime Minister has recently reinforced it. It is a big task: 45 million meters have to be changed. A successful pilot scheme is going on now.

Mr. Jack: Does the hon. Gentleman agree that it is amazing that a country such as Italy has rolled out smart meters nationwide? If the Italians can do it, surely we can.

Paddy Tipping: Of course we could, and it is important, as my hon. Friend the Member for Nottingham, South (Alan Simpson) said earlier, to have the right sort of smart meters—those that measure input as well as output—as a move towards microgeneration. Smart meters are relevant not just to electricity, but to gas and water too. I hope that the Government will think hard during the passage of this Bill, not about introducing detailed regulations, but about taking enabling powers under the Bill. The detail can follow later, but we need to move on from a discussion in principle to a discussion about how we will do it. It is an important step for technology, and there is much in the Bill about technology.

Other hon. Members have spoken about carbon capture and storage. I represent a coal-mining constituency; collieries are still operating in Nottinghamshire. Miners in the UK are the most efficient miners in Europe. We can handle the economic challenges, but unless we can burn coal cleanly, the environmental consequences will destroy the coal industry. That is why clean coal technology and carbon capture and storage are so important. Eight replacement coal-fired power stations are being talked about at the moment—or at least, they were being talked about last summer. A number have dropped out, because people do not believe in the Government's commitment to clean coal technology. It is astonishing that Japan spends more on clean coal technology research than the UK, given that Japan does not have any indigenous coal. It is important for such competition to succeed. It is also important to discuss post-combustion technology as well as pre-combustion technology. We are able to burn coal cleanly—and we need more than one demonstration plant operating by 2015.

Mr. Clapham: Does my hon. Friend agree that another technology needs to be exploited—underground gasification? As he will be aware, since the industrial revolution—going back to 1760—we have used about 9 per cent. of our coal reserves. Most of those reserves are deep, and if we were able to instigate the burning of those seams, we could pump out methane that would replace much of the gas that we use.

Paddy Tipping: My hon. Friend is a distinguished commentator on the coal industry, and he is clearly correct. Coal offers us flexibility and an opportunity for security of supply. It is one of the most flexible ways of providing electricity, so we clearly need to consider gasification. All I say to the Minister is this: if we believe that coal—including indigenous coal—has a future, we should not argue about the economics of the

matter, but find solutions that involve burning coal cleanly in an environmentally sensitive way.

That brings me to carbon pricing. The carbon market is all over the shop at the moment. The European Union's emissions trading scheme is in its infancy, and until investors in future planning have clarity about the price of carbon—a high and stable price, into the future—we will not see investment. I have nothing against nuclear power in principle. There is a case for replacing nuclear with nuclear, but I have worries about the practicalities and whether it will happen. Energy companies have had the opportunity and the ability to make new nuclear proposals for many years. We could do more with planning and licensing, and ensure that the nuclear installations inspectorate has a sufficient number of people working for it, but unless the economics of nuclear power are right, we will not see the certainty necessary for investors to invest in the new nuclear industry.

I think that the Government accept that. I was particularly struck by the conclusions after paragraph 2.66 in the nuclear White Paper:

"The Government is committed to working to strengthen the EU's Emissions Trading Scheme...and to building investor confidence in a long-term multilateral carbon price signal."

We can all agree with that, but the following sentence is revealing:

"We will keep open the option of introducing further measures to reinforce the operation of the EU ETS in the UK should this be necessary to provide greater certainty for investors."

What does that mean? I think that it means that if the ETS does not work out, the Government are prepared to offer a guarantee for carbon, to ensure that there is a hedge price for it. That does not sound to me like a market operating in traditional terms. I hope that we will have the opportunity to examine that issue in Committee.

Dr. Ladyman: It is right that the Bill makes the nuclear industry internalise all the costs of nuclear energy. However, does it not follow that the carbon price should be such that carbon producers, too, pay the full costs? That would make not only nuclear but carbon capture—and, therefore, coal mines—more economic.

Paddy Tipping: Of course, I agree. However, the White Paper is uncertain on that point. We need a high and stable price for carbon. The White Paper acknowledges that we do not currently have that, and suggests that the UK should introduce it. It is also clear that the costs of decommissioning have not yet been worked out. As the White Paper acknowledges, unless there is certainty about that, investment will probably not be made in further nuclear plant.

There is much to be done. We face an energy crisis in a decade. The time for talking is finished, and the time for producing a framework for investment is now.

7 pm

Anne Main (St. Albans) (Con): I declare an interest, in that my husband has undertaken some IT consultancy work for Utilita, a small energy company.

I am delighted to follow the hon. Member for Sherwood (Paddy Tipping), who focused on smart metering and fuel poverty. As we are supposed to be mindful of fuel consumption and waste, and the Government have expressed a keen desire to alleviate fuel poverty, I am especially concerned because the Bill misses an opportunity to eradicate fuel poverty and increase our national energy efficiency. The Secretary of State mentioned such concerns, and said that how we use energy and tackle climate change is vital. That is why the Bill represents a missed opportunity.

It has been acknowledged that production from the UK continental shelf is declining, and it is anticipated that we will rely on imported gas by 2020. Higher gas prices mean that it is even more vital for poorer households to be helped to become energy-efficient.

Energywatch has been mentioned many times during the debate. It has drawn attention to the Bill's shortcomings, stating that it represents a missed opportunity to introduce important provisions. That is especially true at a time of high fuel prices. Why is the Government's laudable aim of alleviating fuel poverty absent from the Bill? I do not believe that that was their intention. That aim should be added to the Bill in Committee.

Energywatch observes:

"Reliance on the market to deliver adequate packages of support voluntarily is not sufficient. This is clearly demonstrated by the disparity in the levels of assistance that energy companies offer to their fuel poor customers."

Earlier, the Secretary of State said that legislation should be the last resort. I am worried that that means there will be no legislation to tackle fuel poverty. Such legislation is needed, because fuel poverty, which is defined as when a household spends 10 per cent. or more of its income on gas and electricity, is a large and growing problem. It is shocking that 4 million homes are in fuel poverty, and that the problem is increasing rather than decreasing.

Mr. Robert Goodwill (Scarborough and Whitby) (Con): Is it not the case that the families to whom my hon. Friend refers are also the sort of people who do not have access to the internet? People who get the best deal on energy are often those who can use internet search engines, which enable them to negotiate a good deal.

Anne Main: My hon. Friend makes a valuable point. People need not only access to the internet but to be savvy enough to negotiate their way around many of the offers. People switch their energy providers, but as my hon. Friend says, it is often the more intellectual or thinking user who manages to switch most frequently and get the most benefit.

The population of St. Albans includes a high proportion of people with degrees. We are known for being an educated population. St. Albans is perceived as being affluent, but it has areas of genuine deprivation. It is estimated that 16 per cent. of my residents in affluent St. Albans—some 7,500 households—live in fuel poverty. That is above the national average. The problem therefore affects all areas, not only the more obviously poor communities. National Energy Action estimates that the national figure could hit 3 million by 2010. Fuel poverty should therefore be a key feature of the Bill.

[Anne Main]

In October 2007, I met the Energy Retail Association because of my concerns about the poorer communities in St. Albans. The association was formed in 2003 and represents Britain's suppliers of electricity and gas to the domestic market. I understand that it is working closely with the Government, which I welcome, to ensure that there is a co-ordinated approach to tackling key issues. All the main energy suppliers are members, and the meeting in October showed that they were worried that there was some sclerosis in the Government's introduction of smart metering, which would help fulfil their commitment to alleviate fuel poverty.

Smart metering has been mentioned often in the debate. The Secretary of State knows that the ERA is calling on the Government to provide a mandate for the energy retail industry to roll out smart meters. We are talking about 45 million households; it is a massive project, along the lines of introducing chip and pin. We must think big, and I am not sure whether the Government will do that. Support for smart metering constituted a clear commitment in the energy White Paper, and the Secretary of State said that the Bill should implement key parts of that document. Smart metering was in the White Paper, so why is it not in the Bill? I do not understand the logic. If the Bill provides no mandate, the industry will get cold feet. We have heard examples of the industry getting cold feet about other projects, and the last thing we need is for the industry to worry that the Government have no genuine commitment to smart metering.

The Under-Secretary of State for Environment, Food and Rural Affairs, the hon. Member for Lewisham, Deptford (Joan Ruddock), attended a meeting of the Select Committee on Communities and Local Government in December. When I raised energy companies' comments on smart metering with her and the Minister for Housing, the latter stated:

"We are expecting to respond to the consultation around Smart meters in the New Year."

We are in the new year now. How far have we progressed?

How far have we progressed with the Ofgem trial? The hon. Member for Sherwood said that it was successful. If so, is there a commitment to smart metering? I do not believe that there is, because at the Select Committee meeting, the Under-Secretary went on about electricity display devices—EDDs. They are a method of examining what we use, but not of tapping into fuel tariffs, which would relieve fuel poverty the most. I asked her about fuel poverty, but her reply, which is in the transcript of the evidence, skirted around EDDs without focusing on smart metering. If we are to regain our focus on smart metering it needs to be included in the Bill, or the energy industry will not believe that we intend to act.

The £60 EDD is a sticking plaster, not a solution. It taps into electricity only, not gas. If the Government are to focus only on EDDs, let us have some clarity and honesty. They should admit that they are abandoning the commitment, which the Prime Minister reiterated, to proper smart metering. If every household is to have smart metering in the next decade, provision must be made in the Bill and we need to buy into it. An early-day motion has been signed by 128 Members, calling on the Government to push forward on this. That shows that not only the energy industry but many hon. Members are willing the Government on, so I ask them please not to drop the ball at such a late stage.

As I have said, fuel poverty affects an increasing number of households. I should therefore like the Government to explain why, when they said that they were concerned about it, they have not included the aim of alleviating it in the Bill. Many people, including 16 per cent. of households in my constituency, face a choice between heating and eating this winter. That is not good enough. I believe that, for all of us who are committed to alleviating fuel poverty, the Bill represents a missed opportunity if it does not include that aim. I urge further consideration of that in Committee.

7.8 pm

Mr. Jamie Reed (Copeland) (Lab): I begin by declaring an interest as the Member of Parliament for Sellafield or, perhaps more accurately, for 17,000 individual interests. That is the number of jobs that depend on the plant in my part of the world.

The Secretary of State rightly said in his opening remarks that no single generating source can solve the problems of climate change that now face us. Obviously, I shall concentrate on the Bill's nuclear element, which, in my view, is overdue, necessary and welcome. I want to pick up on the comments of my hon. Friend the Member for South Thanet (Dr. Ladyman) about the tone that has characterised the debate so far. It appears to be becoming a constrained debate—almost an intellectual straitjacket—in that many hon. Members are concentrating on how to stop the nuclear industry rather than on how to fight climate change. Surely than cannot be right and should be avoided.

The Government consultation on the nuclear option has been thorough, lengthy and detailed. Nobody can doubt that everybody who wants to have their say on the nuclear issue has had every opportunity to make their views known. It is a matter of regret that certain groups with what I can only describe as a pathological hatred of the industry have chosen to withdraw from the consultation, no doubt as part of their strategy of taking the Government to the High Court yet again, in order to try to thwart the will of a democratically elected Government who are seeking to address the civilisation-threatening phenomenon of climate change.

Such opposition is as inexplicable as it is predictable and illogical. People of my generation, for which I make no claims to be a spokesperson, cannot understand how groups that claim to care so much about our planet and our environment can seek to thwart the necessary steps that will give us our best chance of preserving our environment and our life within it. Those groups have no absolute or sole right to term themselves environmentalists; indeed, I consider myself an environmentalist. The label, which is often misappropriated by the anti-nuclear brigade, serves only to undermine a lot of the good work that environmentalists have done for decades in this country.

None the less, the nuclear element of the Bill marks a spectacular renaissance of an industry that until recently—until two or so years ago—was dead. In fact, the Bill represents a resurrection more than a

renaissance. Either way, it is of real and material importance to communities such as mine up and down this country. The Prime Minister put it best in his foreword to the White Paper when he wrote:

> "More than ever before, nuclear power has a key role to play as part of the UK's energy mix. I am confident that nuclear power can and will make a real contribution to meeting our commitments to limit damaging climate change."

With that in mind, I want to stress that, like my hon. Friend the Member for Ynys Môn (Albert Owen), I am an enthusiastic advocate of renewable energy, assuming that the developments are situated in the right places, that they actually work and that they are worth going ahead with. We all know that, objectively, not all of them are. It is for those reasons that I support the unprecedented subsidies, totalling billions of pounds, that the Government are putting into renewable technologies.

I should add that it is a matter of fact that the subsidy works. It is also a matter of fact that energy utility companies would not touch renewables without the renewable fuels obligation; indeed, they have told me so, as I am sure they have told many other hon. Members. Moreover, without the renewable fuels obligation, the consumer—we have heard a lot of wise talk about fuel poverty—would not touch renewables either.

With my support for renewables clearly established, I return to the issues surrounding nuclear, as these have been the most significant points of debate and argument on the Bill so far. There are perhaps 10 principal myths about nuclear. They have been raised today and will be raised again over the coming hours, weeks and months in this place, in the media and, I expect, in the High Court—I refer to them as myths, but they might be more accurately described as lies.

The arguments postulate that the UK should not retain nuclear generation because of the following issues. The anti-nuclear lobby claims that we do not know what to do with the waste, but that is not true. There are no technical or scientific obstacles to radioactive waste disposal, as we have heard; rather, the obstacles are principally political, and in some cases legal.

The second claim is that nuclear is not a low-carbon technology. That is not scientifically true, by any objective measure. Much is said about nuclear power's hidden CO_2 emissions, caused by uranium mining, transportation and so on. However, the Organisation for Economic Co-operation and Development has stated that nuclear power's operating lifetime emissions are not only lower than those of coal and gas, but lower than those of wind turbines.

Thirdly, it is claimed that nuclear power is expensive. Again, we know that that is not true and that the economics of nuclear continue to improve, as oil and gas prices continue to rise. Currently, nuclear generation is cheaper than gas electricity generation.

The fourth lie is that the decommissioning of new nuclear reactors would be expensive. However, it is neither fair nor accurate to compare the decommissioning of new nuclear facilities to the current decommissioning of nuclear facilities. As the hon. Member for Mid-Worcestershire (Peter Luff) said, the principal legacy cost comes from our military programme.

It is claimed that there is insufficient uranium in the world to satisfy global demand. This is not true. There is as much uranium in the world today as there is tin. Both the International Atomic Energy Agency and the OECD have estimated that there is 500 years' worth of supply. However, I concur with my hon. Friend the Member for Glasgow, North-West (John Robertson), the chair of the all-party group on nuclear energy, that reprocessing is key. We must reprocess, and I commend the Government for keeping the reprocessing option open.

It is claimed that building reactors takes too long to have any effect upon climate change. That is one of the myths currently circulating that needs to be nailed right here and now. The people responsible for building and designing reactors claim that from first pour to criticality—that is, to reactors coming online—can take three years. People will say, "We've heard these promises from the nuclear industry before," and they would be right to say that. However, Atomic Energy of Canada Ltd has built six reactors since 1991. The longest took AECL six and a half years, while the quickest took four years, so I am optimistic about that.

It is claimed that new nuclear reactors will lead to weapons proliferation, but in fact the opposite is true in the western world. New nuclear reactors can solve our proliferation problems. By way of an example, tens of thousands of tonnes of uranium oxide are stored at the Sellafield site in my constituency, with something in the region of 100 tonnes of plutonium oxide. Anyone who has read the recent Royal Society report will have noted the recommendation that that should be turned into fuel, which can then be burnt in nuclear reactors to produce CO_2-free electricity. That is an eminently sensible solution.

It is claimed that wind and wave power technologies are more sustainable. They clearly are not.

Briefly, before my time runs out, there are two more arguments, but when I hear these hoary old chestnuts, I know that the game is well and truly up for the anti-nuclear lobby. One is that nuclear reactors are a terrorist target. However, the fact is that the nuclear industry has existed since the end of the second world war, through a series of international crises. Nuclear facilities are among the safest facilities known to mankind.

Colin Challen: Will my hon. Friend give way?

Mr. Reed: I will not give way, as I have only 15 seconds left.

The final issue is to do with public health. I would act if there were significant public health issues to do with the nuclear industry, but after decades of independent, exhaustive study there is not a shred of evidence to suggest that that is the case.

7.16 pm

Mr. David Heath (Somerton and Frome) (LD): I wonder whether the hon. Member for Copeland (Mr. Reed) thinks that nuclear reactors are more or less safe than skyscrapers, which did not represent a terrorist target until recently. However, that is an aside.

I said in my intervention on the Secretary of State that, 20 years ago, I was a member of the feasibility

[Mr. David Heath]

study for the Severn tidal power group. I retain my enthusiasm for tidal power and I hope that the Government will move quickly to put something together to harness the power of the tides in the Severn estuary.

I am afraid that this will inflame the considerable number of pro-nuclear colleagues present, but I was also leader of the Somerset county council that led the opposition in the 1980s to the pressurised water reactor of Hinkley C. By deploying arguments that were based not on the bad science of the time but on sound economics, by exposing the then bogus economics of the nuclear industry and by examining the issue of waste, we succeeded in having a moratorium placed on the building of new nuclear power stations for 20 years. I am proud of that, and I do not resile for one moment from the case that I made then and that is still relevant now.

We have to keep returning to the issue of waste. Until there is a satisfactory solution to the disposal of waste, I am afraid that there will be a serious question mark against nuclear power. I noted the convolutions of the hon. Member for Rutland and Melton (Alan Duncan), who dug not so much a hole for himself as a geological repository, in trying to avoid the question that the Secretary of State quite properly put to him. I know where the Secretary of State stands and where my hon. Friend the Member for Northavon (Steve Webb) stands. However, I have no idea where the hon. Member for Rutland and Melton stands, other than perhaps in a position from which he can give two opposing answers depending on whom he is speaking to—whether it be Zac Goldsmith or his hon. Friends in this place.

I do not want to pursue that issue, however, because I want to put one narrow point to the Minister for Energy—I am glad that he is in the Chamber, because I want him to take notes and listen carefully. My point is about micro-hydro power, about which he knows I am enthusiastic. Micro-hydro power is a growth sector in my constituency, where we are bringing old mill buildings and water wheels back into use with new hydro-turbine capacity. That will be enormously valuable in environmental and social terms. It will make a genuine contribution. We now have several well established groups doing this.

A particular issue relating to the Bill and to the renewables obligation consultation is the way in which micro-hydro is treated in terms of the allocation of double ROCs—renewable obligation certificates. Double ROCs are going to be made available for water turbines and other renewables with a declared net capacity of 50 kW or less. There is a gap between that declared capacity and the capacity of 100 kW or more at which commercial capacity begins. That will create a perverse disincentive for people who are installing such turbines.

I want to explain this to the Minister. My constituent Anthony Battersby has recently installed water turbines in his mill at Tellisford. It is a very successful installation. Its declared net capacity is 55 kW, which is very inconvenient in the context of the Government's proposals. It will generate about 280,000 kWh per year, for which the income, including its single ROC, would be about £26,600. A similar site with a declared net capacity of 50 kW—5 kW less—would generate about 231,000 kWh per year, for which it would have a double ROC and earnings of about £33,500. It does not take a mathematical genius to work out that the station generating 17 per cent. less electricity will receive 26 per cent. more money. That does not seem to be a sensible incentive.

The problem is that that arrangement will discourage new entrants into this area of microgeneration. I know at least six more mill owners in the Frome area who would like to install this kind of micro-hydro arrangement. The maximum capacity would be about 55 to 60 kW, producing a total of about 1,500 mWh per year. However, under the new rules, it is unlikely that any of them will install to the full capacity, which would result in a loss of 400 mWh a year of renewable capacity. That does not seem to be good or sensible policy.

I think that Ofgem has a policy that all types of microgeneration should have the same definition in relation to capacity. Perhaps the Minister can enlighten me on that. That does not seem to make sense when comparing photovoltaics, which have a maximum capacity, with water turbines, which have a slightly higher capacity. I understand that micro-hydro in Northern Ireland and Scotland is defined as having a capacity of up to 1.25 mW, which is different from other microgeneration forms in those areas. That suggests that there is a discrepancy between Northern Ireland and Scotland, on the one hand, and England and Wales on the other. I think that England and Wales have got it wrong. Will the Minister look carefully at this, to see whether it could be changed before the Bill comes into force, so as not to provide a perverse disincentive to a valuable part of the microgeneration spectrum?

7.23 pm

Mr. Michael Clapham (Barnsley, West and Penistone) (Lab): I want to make two main points in the brief time that I have tonight. One is on energy policy, and I want to relate that to the present situation. In doing so, I want to express my concerns about the nuclear option. I believe that there is an alternative, to which I shall refer.

The right hon. Member for Fylde (Mr. Jack) said that he had looked at various documents and could not find where the Government's energy policy had come from. Had he looked at the energy White Papers and the energy review, he would have seen quite clearly where it had come from. The Government's energy policy is based on four planks. The first is to reduce carbon dioxide emissions and to help to reverse climate change. The second is energy security. The third, as my hon. Friend the Member for Sherwood (Paddy Tipping) said, is to ensure that heating and lighting can be provided to residents at reasonable prices. The fourth is to ensure that we can provide British industry with energy at prices that will enable it to retain its competitiveness. That is a commendable energy policy.

The Bill will provide an energy mix that could serve those four goals. However, the nuclear option in that policy gives me cause for concern. There is an alternative, but I realise that we are looking at energy in a market context. The markets suggest that the energy

gap is going to occur well before any nuclear capacity can be provided. It will occur between 2012 and 2015, because of the simultaneous run-down of nuclear and coal-fired power stations. Unless the Minister is prepared to consider capping the gas market, we are likely to see another dash for gas, as a result of the gas coming in from Norway at realistic prices. At present, 40 per cent. of our electricity is provided by gas, but we are likely to finish up with that figure being around 60 per cent. by 2020 unless he is prepared to act.

I reminded the Conservatives earlier of two decisions that they made in the 1990s that had had an impact on the present situation. A third decision that they made, in 1989, was to implement the decision to lift the restriction on the burning of gas in power stations. In 1990, there was not one gas-fired power station in the UK. By 1999, 40 per cent. of our electricity was provided by such stations, using up enormous quantities of premium fuel. Consequently, we are now facing a crisis, and the Government have decided, in their energy policy, to tackle it by using the nuclear option.

I believe that the nuclear option is wrong. It gives me great cause for concern. One of my concerns relates to carbon dioxide. We have heard a great deal about how nuclear power would reduce CO_2 emissions, but the Government's own figures suggest that 10 nuclear stations would reduce those emissions by only about 4 per cent. I see the Minister looking at me as though those figures are new to him, but they come, as he knows, from the Sustainable Development Commission. We know that those 10 stations will not be producing electricity together until 2025, which will be well after the energy gap has occurred. We therefore need to act quickly, and to consider the alternatives.

I suggest to the Minister that, to reduce CO_2, we could take action to ensure that more freight travelled by rail. Every tonne of freight moved by road generates 12 times as much CO_2 as a tonne moved by rail. Transferring more freight to rail would result in a greater reduction in CO_2 emissions than the establishment of a fleet of nuclear power stations.

My second concern about nuclear power stations is the enormous cost. There is a legacy from the previous generation of nuclear stations of £72 billion. To that we can add the £5.2 billion spent on bailing out British Energy. In addition, the likely cost of the depository is more than £20 billion, so we shall be starting with a £100 billion bill. The Minister must also be aware that building nuclear power stations uses an enormous amount of energy. He will also know that not one reactor has been built on time—the average delay is six years—or within budget. Finland's new reactor is now nearly two years behind schedule, and is already £1 billion over budget. It has squeezed out the renewables.

The options that I think we should be considering for base load are carbon capture and storage, along with combined cycle technologies. They are much more flexible than nuclear for providing base load and, at the same time, they would move us away from a centralised energy system. We have heard much about what will be required, including flexibility, for the future and we will need to ensure that renewables of every type are available.

Let me quickly say to the Minister for Energy that we need to look further into location. In my constituency, a number of windmills that are to stand 100 m high are being considered. On account of the visual pollution that comes with them, they are a cause of some concern to the local community. That is why location needs to be considered carefully. At the same time, we need to find other technologies that can help to deal with the four planks of our energy policy. It is right to concentrate on carbon capture and storage for base load, using clean coal technologies. He should perhaps also consider investing more in exploring underground gasification, which could provide us with enough methane gas to take us well into the future. There are alternatives, which is why, even at this 11th hour, I ask the Minister to pay more attention to them.

7.31 pm

Mr. Peter Bone (Wellingborough) (Con): It is a great pleasure to follow the hon. Member for Barnsley, West and Penistone (Mr. Clapham). Speaking as a former colleague on the Trade and Industry Select Committee, I know that he is always worth listening to on account of his great knowledge of the subject. I hope that the Minister will take his views into account. I have since been thrown off that Select Committee in the Government's downsizing of scrutiny of their industrial policy.

I notice that it is getting rather late. If I were at home at this time, I would usually be telling my seven-year-old son, Tom, a story—so let me tell the House a story about the confused MP for Wellingborough. A few months ago, I needed to replace my car, so I paid Saab Stratstone in Northampton a visit. People there observed that the leader of the Conservative party seemed keen on solving global warming and was very concerned about the environment, so they asked me whether the subject of the environment was now at the top of the agenda. I said, "Yes, my right hon. Friend has indeed made that issue a priority." Actually, what really happened is I went into the showroom and they said, "Isn't Dave, your leader, keen on the environment?"—but that roughly translates to what I previously said. They then asked me whether I would like to buy a biofuel car, because it reduced energy demands and the CO_2 emissions were much less. I have to declare an interest in that I did buy that car. I thought how good it was that at the local Morrison's store, Wellingborough had one of only 19 E85 biofuel pumps in the country. I could happily fill up with biofuel and save the world. I continue to drive along in that car—doing very well, as it seems to be the way forward.

Unfortunately, however, the Whips intervened and put me on a Delegated Legislation Committees to consider the renewable transport obligation. I thought, "This is good; I can talk about my new biofuel car", but as I listened to that debate, I suddenly realised that I was responsible for destroying the rain forest and putting up the price of food. Instead of saving the world, I was destroying the world! I was confused, but it still seemed the right thing to do.

Then, lo and behold, as I drove around Wellingborough, a huge protest movement broke out. "What's the problem?" I asked. "There is a plan to build a biofuel site in Rushden and everybody is up in arms about this disgraceful site", I was told. People were right, as it was clearly in the wrong place. The object of my story is to show that the issue is not

[Mr. Peter Bone]

straightforward. I acknowledge that I should perhaps have done a little more investigation of the issues, as it is clear that there are both pros and cons.

The problem with biofuels at the moment is sustainability. We must use second-generation biofuels from local sites where no disruption is caused. For example, a biofuel site off a main road, which is using waste material that would not be used for anything else, would be a good thing. Equally, however, there are some huge problems with the current system of biofuels.

Mr. Jamie Reed: Is the hon. Gentleman aware that a senior scientist at the United Nations recently described the setting aside of arable land to grow crops for biofuel use as "a crime against humanity"?

Mr. Bone: I am grateful for that intervention, which again shows that sustainability is the crux of the matter.

Another problem, if we are serious about encouraging people to drive biofuel cars, is doing something about pricing. When I investigated buying my vehicle, I looked into the fuel performance charts, which said that a petrol car would get 35.8 miles to the gallon for combined urban and motorway travel. When I looked into the biofuel car performance, the same figure of 35.8 miles appeared, so I thought that there was no difference between the two. However, when one drives along the road using biofuel, it is easy to see the needle drop—the car does only about 19 miles to the gallon. I thus asked Saab why the literature highlighted the same performance for biofuel as for petrol. I should have guessed who the culprit was—the European Union. Apparently, there is no standard by which to distinguish between biofuel and petrol. The petrol figures had to be entered because, as we all know, we can drive our biofuel cars with petrol in them.

Another interesting aspect is the generational dimension. When I stop my car to put petrol in it, my seven-year-old son will say, "Daddy, why aren't you buying biofuel?" I have to explain that not every station has it, but it is interesting to see how the message that we must do something to save the planet is getting through to the younger generation. I seriously congratulate my party leader on changing the Conservative party in that respect. We heard the hon. Member for Barnsley, West and Penistone mention all the terrible things that the Conservatives have done that did nothing to save the planet, yet we are now leading the debate on that front—*[Interruption.]* I am pointing out the reasons why we should not have biofuels, highlighting the issue of sustainability, about which the hon. Member for Copeland (Mr. Reed) made a good point.

British Sugar at Wissington provides an interesting example. Its production plant uses waste sugar beet product and guarantees a reduction of at least 60 per cent. in CO_2 emissions in comparison with equivalent fossil fuel production. The plant creates biofuel from sugar beet, which is grown locally in the UK and is surplus to the needs of the food market. It can be done, so we should look in that direction for more sustainable biofuel plants in this country.

I would like to put a few points to the Minister for Energy; I hope he will have the opportunity to deal with some of them in his concluding speech. If we are serious about biofuel pricing, we must reduce the duty so that it costs the same as petrol. Otherwise, we are not really serious about it. I do not know how many cars in the Government fleet are either biofuel or flex fuel, but if we want to reduce CO_2 emissions, we should surely move in that direction.

The congestion charge is also relevant. When I rang to find out whether my car was exempt from it, I found that there was no class for biofuel at all. We must look into these issues more carefully. It cannot be right that there are only 19 E85 pumps in the whole country. If the Government are serious about improving the position, they should tell petrol suppliers that half the stations in the country must provide flex fuel. I believe that the Government are trying to tackle the issues constructively, but they have not yet done enough work on biofuels. I would like to see them make more progress on that front.

7.39 pm

Mrs. Linda Riordan (Halifax) (Lab/Co-op): I want to make some points about fuel poverty, which will be similar to those made by my hon. Friend the Member for Sherwood (Paddy Tipping) and the hon. Member for St. Albans (Anne Main). The background to our debate is the fuel poverty suffered by one in six families in the country: 4.4 million families, 3 million in England alone and many of those in my Halifax constituency. According to the consumer group Energywatch, fuel poverty is when people spend more than a tenth of their income on utility bills. Meanwhile, British Gas has announced a 15 per cent. increase in its bills, and others suppliers—EDF and npower—have raised their prices by 27 per cent. That is unacceptable, but the unaccountable nature of those bodies means that they can get away with increases that hit the sick, the elderly and the poor most. A constituent wrote to me last week to ask

"When was the last time my salary increased by 27 per cent.?"

I fear that these price increases will send many of my constituents into fuel poverty. We need action to bring the utilities into line. We cannot sustain circumstances in which two thirds of British households are paying more, and many vulnerable groups are afraid to heat their homes. I must remind Ministers that there is a real danger that we will not be in a position to eradicate fuel poverty by 2010, which—as was pointed out by my hon. Friend the Member for Sherwood—is a legal obligation.

May I make a plea? First, we should adequately fund the Warm Front programme which provides grants for poor households to insulate their homes. Secondly, we should ensure that utilities have an obligation to make their customers aware of social tariffs. Thirdly, we need a wide-ranging Government inquiry into the home energy market.

What upsets me most about the Bill is that, unlike the 2003 energy White Paper, it makes no reference to how we can begin to end fuel poverty. That is a lost opportunity, and one of which I and other Labour Members will doubtless be reminded when we are campaigning on the doorstep. It seems to me that energy companies are placing more importance on maximising their profits

than on a willingness to offer subsidised tariffs to poorer households to help with their bills. That issue affects Halifax today. We need action now to ensure that another generation of people are not sucked into fuel poverty. I call on the Government to make social tariffs compulsory if the reluctance to agree them voluntarily continues. I find it grotesque that the companies to which I have referred made £2 billion in six months last year.

Mr. Clapham: Did my hon. Friend see a report in *The Sunday Times* a week ago last Sunday, which alleged that six energy companies were meeting to set prices to ensure that they stay high?

Mrs. Riordan: Yes, I did. I am glad that my hon. Friend has raised that issue, because it is important.

Alan Simpson: Did my hon. Friend also see the Energywatch report on social tariffs? It claimed that, at best, British Gas contributes 0.18 per cent. of its revenue to such tariffs, while at the other end of the spectrum the poorest performer contributes 0.003 per cent. of its turnover. In the light of those huge profits, is that not obscene?

Mrs. Riordan: It is absolutely obscene, and our Government must do something about it. What message does it send to the families in Halifax and other constituencies who are spending 15 per cent. of their incomes on energy? What message does it send to the parents who have said that their children must do without basic items such as food, clothes and a warm home in winter? I must say, with regret, that this energy strategy appears to be paying lip service to the poor, the vulnerable and the environment.

My party in government has done many good things to help families out of fuel poverty. During the last 10 years, many of my constituents have benefited from its policies. However, the message that I am now receiving loud and clear from my postbag is that more needs to be done. At a time when a Labour Government's intervention in failing markets does not seem to be out of fashion, I call for a radical look at how energy markets operate before we condemn thousands more to fuel poverty.

Winter fuel payments, tax credits and many other policies of this Labour Government have helped to lift people out of poverty in the last 10 years. It would be very regrettable if we sat back and allowed the greed of private utilities that put profit before people to condemn a generation to the trauma of fuel poverty.

7.45 pm

Mr. Stephen Crabb (Preseli Pembrokeshire) (Con): I intend to focus on some of the provisions that are actually in the Bill, particularly those dealing with gas import and storage infrastructure. If I have time, I shall say a little about the reforms of the renewables obligation.

In our energy debates in the House, much of the background noise—which has been heard at several points this afternoon—relates to the theme of energy security and, specifically, reliance on energy imports. The phrase "over-reliance on imports from unstable regions", or variations on it, is heard time and again in the House when we discuss energy policy. We also see it in early-day motions in which various Members promote their pet policies or projects. It is wheeled out to justify everything from reinvestment in deep coal mining in the United Kingdom to renewables projects to the requirement for a new generation of nuclear power plants. I do not dispute that there may be valid reasons in favour of all those, but so often when the phrase is used the implication is that energy independence equates to energy security. Obviously indigenous sources of fuel and energy have a role to play in a balanced and secure energy policy, but it is simplistic to say that complete reliance on those sources will guarantee energy security.

Partly as a result of short memories and partly because of our 30 years' experience of the abundant blessings of North sea oil and gas, we in Britain have a peculiar and somewhat irrational fear of energy imports. What is happening in the United Kingdom now and will continue to develop in the next 10 or 20 years is, in fact, no different from what many successful industrialised countries have faced for years: reliance on countries overseas, outside their borders, for a large proportion of their primary energy requirements.

What is happening to oil and gas as a result of the decline in production from the UK continental shelf is similar in some respects to what has happened to coal. Although last year coal became a more significant producer of electricity even than gas, 75 per cent. of our coal supplies are imported from countries all over the world at economic prices. It is, I think, difficult to argue seriously that there has been a diminution in the security of coal supply in the United Kingdom because we have become a heavy importer of coal. I believe that something similar could happen in the case of natural gas, as long as the necessary gas import and storage infrastructure can be constructed and brought on stream in a timely way. The Bill seeks to answer part of the question involved in that.

Whatever criticisms may be made about delays in energy policy over the past 10 years and an overload of consultation, it should be recognised that thanks to a well-functioning liberalised gas market and the exemption on third-party access to gas infrastructure, the private sector has been able to present new project proposals that will create flexibility and diversity in Britain's energy system. That is what I believe energy security is all about. I hope that the Bill will encourage the industry, and provide a framework within which it can produce even more project proposals that will create further options and flexibility in the system, particularly in the area of liquefied natural gas.

The technology for LNG is not new, but its recent emergence as one of the energy solutions for the early 21st century represents an exciting development. LNG provides a means of releasing stranded gas supplies and transporting them economically to world markets where those supplies are needed. Many Governments around the world are currently either investing in LNG infrastructure or studying proposals to bring that on stream in their countries.

Being an island nation, the UK is particularly well placed to offer a wide variety of suitable locations for both offshore and onshore LNG unloading facilities. Already in the UK in recent years, there has been huge investment in LNG facilities on the western and eastern

[Mr. Stephen Crabb]

seaboards. In Milford Haven in my constituency, two major LNG projects are under development: the Dragon projeet which is a tie-up between Petronas and British Gas, and the large South Hook LNG project involving ExxonMobil and Qatargas. There are other projects as well, such as those in the Isle of Grain and Teesside. These projects often utilise redundant refineries and other facilities.

One of the Bill's aims is to create the right regulatory conditions to bring forward even more of this type of infrastructure, particularly offshore LNG infrastructure. I have heard people question whether there is a need for even more LNG infrastructure and whether we are entering a scenario of over-supply, especially given the investment that there has been in pipeline capacity to serve the UK. However, I believe that a more relevant question than whether there is over-supply is what is going on in the marketplace: is there an appetite in the marketplace for more investment in LNG capacity, and are artificial barriers at work creating disincentives that prevent that investment? From studying the responses to the consultation of the Secretary of State and Minister on this issue, it is clear that the mood in the industry is very much that a disincentive is at play preventing the right level of investment in new infrastructure. The Bill tries to go some way towards rectifying that.

Although I am generally relaxed about Britain becoming a major importer of gas, as long as certain conditions are fulfilled, one area that does concern me is the need for much greater provision of gas storage facilities to provide a buffer against potential supply interruptions and to smooth demand peaks. In previous parliamentary questions I have tabled and in points I have raised in previous debates, I have tried to establish whether the Minister and his Department believe that there is an appropriate level of gas storage infrastructure that we need to reach, given the projected level of gas import reliance. He has the figures to hand, but I have still not been able to tease out of him whether he thinks there is such a level. I think everyone would recognise that there is nowhere near enough gas storage infrastructure in the UK. There is an appetite in the industry to create new storage infrastructure, but there are various barriers—the Bill seeks to address them. There is an important wider point to do with the regime that will govern gas storage in the UK in future. Might there be an EU-wide stocking obligation? Might something similar to the crude oil stocking obligation be at work? I would certainly be interested to learn of the Minister's thoughts on the correct level of storage infrastructure.

I have run out of time, Mr. Deputy Speaker.

Mr. Deputy Speaker: Order. I hope I shall be forgiven, particularly by the hon. Gentleman, for what I am about to do, but under the powers that I have I intend to increase the time limit for speeches by one minute to nine minutes. A number of Members have withdrawn so the timings are slightly awry, and if I take this step it will mean that there is a better balance between the Front and Back Benches. I hope that I will not incur the wrath of those who have spoken if I do this in favour of those who have been patient enough to wait until towards the end of the debate.

7.53 pm

Colin Challen (Morley and Rothwell) (Lab): Thank you, Mr. Deputy Speaker. I feel a little relieved about that, as I have intervened quite a lot today, so I have added to the time of some Members who have previously spoken.

I would like the record to show that the Labour Members present for this debate outnumber the combined Opposition Members by more than two to one, which attests to the greater interest that Labour Members have in the subject.

The Bill that we have been presented with today is, of course, brilliant. It hits all the right buttons in every single regard.

Mr. Bone: Does the hon. Gentleman agree that more Labour Members are present because there is division within the Government party on this issue?

Mr. Deputy Speaker: Order. May I just say that the move I have made will be considerably undermined if every Member takes two interventions from now on? I hope that that will be borne in mind.

Colin Challen: I will certainly obey that instruction, Mr. Deputy Speaker.

I disagree with what the hon. Gentleman says: the Opposition Members are just as divided as us. The fact that we are more interested and more persistent is what drives our numbers up.

As I have said, the Bill we have been presented with today is a brilliant masterstroke. It covers all the points and presses all the buttons. I am of course referring to my Climate Change (Sectoral Targets) Bill, which I presented earlier this afternoon. If anyone would like to know more about it, then please get in touch.

I would like to tell the son of the hon. Member for Wellingborough (Mr. Bone) a story, although perhaps later in his life. It is the rather more frightening tale about Dr. Jekyll and Mr. Hyde, which somewhat personifies the debate this afternoon. On the one hand there is a Dr. Jekyll, a kindly doctor who brings his renewable balm to his patients and cures them of their diseases. I was about to say that he did not need to use bandages as he could just use banding, but if I were to try to crack such a joke obviously it would fall a bit flat. On the other hand, there is Mr. Hyde, who is a boastful, swaggering person, and who personifies the nuclear lobby. He makes a great number of accusations against his detractors. In this Chamber, he has, so to speak, described them as sneerers and liars, and as unbalanced—we have heard it said this afternoon that to criticise nuclear power is to be unbalanced. It is unfortunate that that bad spirit has entered into the debate, as we should be looking at the facts of the matter. We should be considering it from all points of view, especially the climate change point of view, which I think I can speak for and on which we need urgent remedies.

Would nuclear crowd out renewables? To answer that, we must look at the record. It is difficult to get precise figures, but the estimable German analyst and leading MP in the Bundestag, Hermann Scheer, has recently written a book on energy autonomy and he goes into this in great detail. He has shown that the OECD

countries' spend on research and development on nuclear between 1974 and 1992 was $168 billion. In the same period, the spend on research and development on renewables was £22 billion. He reckons that the total spend on nuclear research and development globally to the present day is about $1 trillion, and that over the last 30 years—which I know is not quite the same time scale—the total spend on renewables is $40 billion.

It seems evident from that that the nuclear industry has claimed a great deal of expenditure, and yet it has not delivered its promise. Mr. Scheer also goes on to quote International Atomic Energy Agency figures. In 1974, the IAEA predicted that by 2000 4.45 million MW of nuclear would have been installed worldwide. By 1976, the same agency, which exists to promote nuclear energy, dropped that prediction to 2.3 million MW. By 1978, the figure was down to 800,000 MW. Today, it reports that total nuclear capacity is a meagre 300,000 MW. For all the expenditure, which has increased and increased and increased, we have seen less and less and less for our money. Indeed, one is reminded of the increasing costs and the unpredictability of the whole situation.

I will, perhaps, give way for one intervention, to any Member who wishes to object to what I am saying or question my figures. Two years ago, we were told that the cost of dealing with waste would be £56 billion. Now the figure given is £72 billion. I bet anybody who is pro-nuclear one day's pay that they cannot tell me what the figure will be in two years' time. Will it still be £72 billion? I suspect not.

Mr. Jamie Reed *rose*—

Colin Challen: Someone is taking up the challenge. I bet my hon. Friend one day's pay—we will vote for a higher increase on Thursday.

Mr. Reed: As a good Methodist, I shall refuse the opportunity to bet. My hon. Friend mentioned the economic estimates done by a German economist on the amount of money spent on nuclear technology and nuclear research and development. Are we talking principally about the civil nuclear sector? Is the military nuclear sector also included? He also mentioned the IAEA. It does not exist to promote the nuclear industry; it exists to give it some kind of international regulatory framework.

Colin Challen: I understand that Herr Scheer was referring to the civil sector. I accept my hon. Friend's point that there has been a lot of blurring of the lines between the civil and military sectors. That could not possibly happen again, but let us just watch what happens in Iran and learn a few lessons from it.

I have a great deal of time for Herr Scheer, who has helped to pioneer the German approach. Let us consider time scales. I utterly reject the claim that those who are concerned with climate change are forgoing this golden opportunity. The intergovernmental panel on climate change says that by 2015 carbon emissions must have peaked and must then be reduced. There is not a great deal that any new technology could do to meet that demand, but Germany's renewables Act, which was introduced a decade ago, propelled, to a great extent, by Hermann Scheer, has delivered so much in 10 years—one just needs to examine the figures to see that. If we had approached even 5 or 10 per cent. of the German effort in 10 years, we would be taking a rather more sanguine view about that 2015 target. Thus, I reject the accusations being made in this place that anyone who speaks against nuclear power is somehow complicit in the continuing tragedy of climate change. It must also be said—some hon. Members have mentioned this—that in that period of time the Germans have created 300,000 jobs and an export industry in renewable technologies worth €2 billion a year. They have also saved €5 billion on avoided fossil fuel imports, so there has been a net benefit to the German economy of €7 billion.

My hon. Friend the Member for Copeland (Mr. Reed) mentioned the role of the IAEA. At the Bali climate change conference last month, I was compelled to attend an IAEA seminar, not least because its title was "Nuclear power and sustainable development". I wondered how it would be able to explain that oxymoron. It was hosted by that august organisation, which at the time said that it was its job to arrange such things; it not only regulates but promotes. A map of Africa, the poorest continent on the planet, was displayed, and we were told that those countries were apparently queuing up to purchase nuclear power. People were in there trying to sell the damn thing.

A Dr. Ferenc Toth—not toff—from the IAEA gave us a rundown of the 11 reasons why it thought that nuclear power had suffered so much in the past 20 years. In the order that he gave them, the reasons were that nuclear power had been hit by the following: economic restructuring; increased energy-efficiency measures after the oil shocks; slower demand; excess capacity; liberalisation and privatisation; the oil price collapse—if the price goes up, nuclear collapses, but if the price goes down, it also collapses; the dash for gas; the Three Mile Island disaster; and high interest rates. Tenth on the list was the little word "Chernobyl". Finally, he said that nuclear had been hit by the break-up of the Soviet Union.

It seems that any kind of economic uncertainty or economic condition could lead to the downfall of nuclear power. I ask the proselytisers for nuclear power to explain how they anticipate a stable economic period when these nuclear power stations can be delivered, given the current economic circumstances. I cannot foresee such a period myself.

As has been mentioned, the UK has a low ranking—in the EU only Luxembourg and Malta are behind us—on the amount of renewable energy that it contributes to its energy requirements. Our figure is 1.75 per cent. of our overall contribution, which is rather less than the EU average of 7 per cent. The German figure is far higher. We must be careful not to crowd out renewables, as the figures demonstrate has happened in the past. As I have said before, the timing for renewables is still within the window of opportunity to tackle climate change.

8.5 pm

Martin Horwood (Cheltenham) (LD): Speaking from the packed Liberal Democrat Benches, may I say that the Government have failed to grasp the scale and pace of change in energy policy necessary to protect us

[Martin Horwood]

against environmental disaster? The first and easiest route to begin closing the energy gap is, of course, energy efficiency. Various hon. Members have pointed out that the Bill is a missed opportunity to move efficiency forward radically at household level. The right hon. Member for Fylde (Mr. Jack), in particular, pointed out the very high potential for smart metering to reduce carbon emissions.

I agree with Centrica, which says that it is

"disappointed that the Energy Bill contains no provisions to mandate the roll out of smart meters...Without a mandate from Government it is highly unlikely that energy suppliers would be able to facilitate a roll out to 45 million UK households in the timescale envisaged. A mandate would give the industry the 'green light' it needs to initiate a coordinated and managed roll out programme."

Just as with BP's carbon capture project, the private sector was ahead of the game and had put the work in, only to be tripped up by the Government.

I am afraid to say that the same is true of renewables. Every time I meet business people who are involved in the renewable energy sector, I see people straining to unleash the potential of wind power, geothermal power, solar-thermal power, photovoltaics, combined heat and power, microgeneration of various kinds, sustainable biomass, wave power and tidal power of various kinds, not only in the Severn estuary but around the UK.

The hon. Member for Rutland and Melton (Alan Duncan), the Conservative spokesman, seemed to denigrate renewables, implying that they would make an inconsistent contribution to base load electricity supply. I do not think he realises that promoted on a large scale, with diverse technologies in diverse locations and on diverse scales, renewable energies become some of the most secure and reliable energy sources of all. As my hon. Friend the Member for Northavon (Steve Webb) pointed out, tides are, after all, pretty predictable. Also, it is a much tougher job to bomb 100 windmills than one nuclear power station.

The Government are determined to include nuclear power in their plans to plug the energy gap, instead of adopting the more sensible combination of energy efficiency, renewables, and carbon capture and storage. Various Labour Members, including the hon. Members for South Thanet (Dr. Ladyman) and for Copeland (Mr. Reed), thought that the only consideration was that nuclear was a lower-carbon technology than current fossil fuel energy generation. Although true, that is not the only consideration.

In an intervention on the hon. Member for South Thanet, I cited one of the 40 leading energy and climate scientists who warned the previous Prime Minister against nuclear power in 2006. Those scientists also said that nuclear waste would have to be isolated from the environment

"for timescales which dwarf that of human civilisation."

We have no concept of what generations far into the future will make of the poisonous legacy that we are leaving them through nuclear power, and we still have no plan for what to do with the previous generation of radioactive waste.

The Conservative spokesman seemed to think that this was essentially an economic problem, but I do not think that it is. I think that it is an ethical problem. Because it leaves these problems, about which we cannot know anything, for future generations, nuclear newbuild is not only unsustainable, unaffordable and unsafe, but will be positively immoral.

Mr. Jamie Reed: The hon. Gentleman mentioned that both my hon. Friend the Member for South Thanet (Dr. Ladyman) and I had only one consideration with regard to new nuclear construction—climate change through carbon emissions. That is not true, because we also mentioned security of supply, and the trifling matter of 100,000 British jobs.

Martin Horwood: On the subject of British jobs, if we became a world centre for renewable energy—for example, in carbon capture and storage, for which we are uniquely positioned to have the first-mover advantage—there would be enormous potential to replace any jobs that might be lost in the nuclear sector with jobs in clean technologies.

Better by far than nuclear is carbon capture and storage. It is an important transitional technology. Stern suggested that it could constitute 28 per cent. of carbon mitigation worldwide by 2050. It could inadvertently offer encouragement to the gas and coal generation industries that they could stave off the replacement of fossil fuel technologies with renewables, so it is vital that in parallel we offer sufficient incentive to use renewables. Carbon capture and storage still creates a waste product that remains a threat to our planet, even if it is captured and stored. Nevertheless, carbon capture and storage is enormously preferable to unclean fossil fuel generation and to nuclear power. It is disappointing, therefore, that the Government's approach to carbon capture and storage has so far been pretty clumsy.

I was not convinced by the Secretary of State's reply to my earlier intervention on the BP project, and on why such technologies were excluded from the competition announced in the 2007 Budget, which was restricted to post-combustion coal-fired technology. That pulled the rug from under BP's Peterhead project, which was about extracting CO_2 from natural gas and pumping it into the Miller oilfield, and from about half the other carbon capture and storage projects that were then under development. The BP project could have been online by 2010; that was a major own goal by the Government.

WWF has pointed out more inconsistency on carbon capture and storage in the Bill. Why is the Department for Business, Enterprise and Regulatory Reform responsible for the carbon stored? We are dealing with a dangerous waste product that should logically be the responsibility of the Department for Environment, Food and Rural Affairs, not least because DEFRA proposed exactly that for its marine management organisation in the White Paper on the marine Bill published last March. That highlights the urgency of getting on with providing adequate protection for our marine environment.

The best option of all is renewables. We have the powerful example of German support for renewables by guaranteeing a price for energy generated from them—the so-called feed-in tariffs. In his opening

remarks, the Secretary of State said that whatever the merits of feed-in tariffs, we needed to consider what would work best in the UK. I waited with anticipation for an explanation of why wind and heat in the UK were somehow different from wind and heat in Germany, but instead we simply heard praise for the clarity and consistency of the German Government. I agree, but no substantial arguments were produced against feed-in tariffs. I look forward to hearing some from the Minister for Energy when he winds up.

The truth is that the reason why Germany reached the target of generating 10 per cent. of electricity from renewable energy before we reached 5 per cent., although Germany has fewer natural resources, is that the Germans adopted feed-in tariffs while we stuck doggedly to a renewables obligation regime that has not really come up with the goods, especially in bringing forward new renewable technologies. The percentage of the renewables obligation met by buy-outs has gradually increased, suggesting that the obligation has increased faster than renewable capacity, and has not really worked. Meanwhile, we have a catastrophic hotch-potch of grants programmes.

We are probably all aware of the low-carbon buildings programme, which was cut back for households to the point where it ran out within hours every month. It has now been suspended, and has not been replaced. Hon. Members may be less aware of the community energy programme, which provided a few tens of millions of pounds, supposedly to support small innovative projects with local government. That was a worthy initiative, but unfortunately it was wound up in March last year with no prospective replacement.

Support for renewable energy at local and community level has been a real mixed bag. The Bill makes some important provisions for future energy supply and energy security. It also represents a missed opportunity, increased nuclear liabilities and botched plans for carbon capture and storage, and it has failed to promote renewable energy adequately at national, household or community level.

8.13 pm

Mr. Geoffrey Robinson (Coventry, North-West) (Lab): As other hon. Members have said, the debate has been well attended—on this side, at least. The important national topic before us today has been well debated, too. I want to congratulate my right hon. Friend the Secretary of State on seizing the issue and making the decision on nuclear power that we must shortly decide on together. It cannot be simply left to wither on the vine, and a decision has to be reached. It was encouraging to hear the almost acceptance of the need for nuclear power, with some caveat that I could not quite follow, that came from the Tory Front-Bench spokesman earlier.

I see that that spokesman, the hon. Member for Rutland and Melton (Alan Duncan), is in his place now. I could not quite grasp the point that he was trying to make about the storage of nuclear waste. Was his point about the cost, or do we need to make a decision on where it will be located—and start to drill the holes to put it in—before he will commit his party to support the Government's decision? The Government have decided, at least in principle, to embark—if the private sector can respond to the market—on a new generation of nuclear power stations. That is the bottom line, and the most important explicit decision in the Bill.

I hope that the official Opposition will vote with the Government tonight and we will have a bipartisan approach. We shall see when the Division is called.

Alan Duncan: I am happy to assure the hon. Gentleman that we do not intend to vote against the Bill. We are being responsible by saying that there remains an open-ended part of the calculation about investment in new nuclear power that needs to be clear. Clarity and honesty are essential if a proper decision is to be made. What decision does the hon. Gentleman think that the Government will take? The Government's view is that new nuclear development is an option that potential investors can take rather than a decision for the Government.

Mr. Robinson: The Government are not going to set out and build the reactors, as Governments did in the past with Magnox. All they can do—as they have rightly sought to do—is to create an environment in which they will positively back proposals for nuclear power if they can be carried out within the tight constraints of financial self-stability, or, to put it simply, without subsidy.

I think that the hon. Member for Rutland and Melton is trying to say that sooner rather than later we will need a decision on where such developments will be located and what the costs will be. Indeed, someone asked earlier what proportion of the total costs of any given site will be ascribed to the first company that builds a nuclear power plant. I am pleased to hear that the hon. Gentleman will not vote against the Government on those grounds this evening. I do not think that it is reasonable to ask the Government to answer those questions right now. They have answered the big question by saying that they will co-operate with and make possible the building of a new series of nuclear plants if that can be accomplished within the tight financial constraints that have been set out. That seems to be the right decision, on balance.

Some of my hon. Friends who have spoken have a loathing for nuclear energy—I would not say that they all had a pathological hatred of it, which was the phrase used by my hon. Friend the Member for Copeland (Mr. Reed)—that can be shared by others. However, those of us who, on balance, favour nuclear energy—it is a balanced decision—say to them that it is not about charge and counter-charge, or suspicion about lies or misrepresentation.

The simple fact is that the hazards and uncertainties that surround renewable sources, such as tidal power, and carbon capture and storage, in this country—they are almost unique to this country—are at least as great in their uncertainty as nuclear power. Let us take the example of tidal power from the Severn estuary: no one knows yet what the cost or time scale for that might be. However, it is clear in all areas where we have embarked on positive Government action—in particular with wind farms, offshore and onshore energy—British industry, consumers and generators have not responded. Barely 2 per cent. of our energy needs are supplied by renewables, compared with the better progress in Germany.

Colin Challen: Will my hon. Friend give way?

Mr. Robinson: In a moment. I am mystified as to why we have had so little take-up and so little success—as my hon. Friend the Member for Morley and Rothwell (Colin Challen) must be, too—when the Government have had such good will towards renewable methods. Renewable energy has received a huge subsidy, which has made it far more expensive than gas-fired or coal-fired energy.

Colin Challen: I must say that I do not loathe nuclear energy. I have visited nuclear power plants and seen them for myself. Germany has come up so many times because, as the Secretary of State said, the Germans took a single-minded approach to renewables at the same time as they decided against nuclear power. Does my hon. Friend think that any country could afford to do both at the same time?

Mr. Robinson: The two most important requirements are security of supply, and for energy to be low in carbon emissions. Security of supply can be guaranteed only by diversity, which has two aspects—diversity of the type of energy source used, and of its point of supply. We must meet those criteria, which means that nuclear must inevitably have an important role in meeting our energy needs.

Martin Horwood: If security of supply is so overwhelmingly important, how can the hon. Gentleman prefer nuclear? It relies on imported fuel, whereas renewables are diverse and use power that comes literally out of the sky.

Mr. Robinson: We have had success with onshore wind farms; but problems still exist with offshore facilities. All hon. Members have a direct interest in the jobs that the energy sector provides in our constituencies, but if it fell to me to secure energy supply over the next 10, 15 or 20 years, I do not think that I could say, with my hand on my heart, that our energy needs could be met by a diverse range of renewables. History shows that that is not possible, even with the streamlined planning powers that we now have. The biggest delays to the development of renewables have been caused by problems with the planning process, and the culture of our island—our traditions and pattern of resistance to investments of that sort—means that we will not be able to resolve those problems.

That is why I believe that it is inevitable and necessary that we embark on the proposed nuclear programme, and that we should continue to develop renewables at the same time. I urge those of my hon. Friends who oppose nuclear so strongly—I know that they believe that they have good reason—to accept that those of us who see nuclear as an inevitable and necessary component of our future power supply support the development of renewables just as strongly as they do.

We want the Government to do more in that regard, and that is why we welcome the full-scale pilot project for carbon capture and storage—although I am not sure that that project is not evidence that we are indulging in the sort of recidivist tendency for picking winners to which there seemed to be a pathological aversion when I was in the Treasury. I hope that we get it right, and that others will come forward to challenge the orthodoxy—or whatever we choose to call it—that the Government embark on when the results of the competition are announced.

However, the plant in question will not come on stream until 2014, so we are left with the questions posed by my hon. Friend the Member for Barnsley, West and Penistone (Mr. Clapham): will there be an energy gap between 2010 and 2018—or 2020, or even 2015, come to that—and how big will that gap be? If a gap does open up, from where will our needs be met?

Coal-fired plants were supposed to be phased out back in 1997 and 1998, when I was at the Treasury. The energy policy at the time was that such plants should be got rid of, but last year they produced more energy than any other source of supply. The lifetime of coal-fired plants, and of existing nuclear plants, could no doubt be extended. Is that the Government's intention, or are we embarking on what amounts to another dash for gas? Is the purpose of the powers that the Government are taking greatly to increase our gas storage capability and the number of connections to the gas grid? It would be helpful if the Minister who responds to the debate could clarify that.

Finally, several Labour Members have mentioned fuel poverty and asked why the Government have not used the Bill to tackle it. I have some experience of imposing windfall taxes on the utilities, and I do not recommend that as a solution to the problems that we are experiencing just now. However, massive increases in profits for the energy supply companies are matched by massive increases in the cost of energy for our constituents, who are its consumers. The average price increase must be well into double figures in percentage terms, so if every percentage point rise leads to 40,000 more people suffering from fuel poverty, the effect of the latest rises means that another 600,000 people will be forced into that category.

In the debate, various figures from Friends of the Earth, Energywatch and other bodies have been quoted. Those organisations have done a good job, and my right hon. Friend the Secretary of State said that he was in discussions with the energy supply and utility companies in a bid to resolve the problem. I hope that he will remember that—faute de mieux, and if all else fails—the possibility of imposing a windfall tax does exist. If he bears that in mind in his negotiations, it might be a very useful tool for him.

8.25pm

John Robertson (Glasgow, North-West) (Lab): It is a pleasure to follow my hon. Friend the Member for Coventry, North-West (Mr. Robinson). It would appear that the arrogance of Mr. Hyde, who was mentioned earlier, is not reserved for those who are pro-nuclear. No one has a monopoly on correctness: we should listen to all the arguments, and all contributions should be heard with a degree of humility.

As my hon. Friend the Member for Copeland (Mr. Reed) said, I am the chairman of the all-party nuclear energy group. As such, I accept that I might be said to be pro-nuclear, but I also support renewables and clean coal technology. I am willing to try anything that will ensure that this country and the people who live in it have a sustainable energy supply. I am willing

to listen to all the arguments, and to support options other than nuclear—as I have done on many occasions in the past. It is important to remember that the debate is not about nuclear versus renewables.

I was once asked why I had become so involved in nuclear energy, given that I come from Glasgow and that there is no nuclear power station on my doorstep. All that is true, and not even one constituent of mine is an employee of the nuclear industry, so how did I get involved? The fact is that my friend Bill Tynan, who used to be the MP for Hamilton, South, was short of numbers for his all-party group and asked me to go along to a meeting. That is what happens with most hon. Members who join all-party groups—we are doing someone a favour.

I went along to the meeting and, although I cannot now recall what was discussed, I had an open mind about nuclear. I have never been a unilateralist, and I was willing to listen to the arguments, even though I had reservations about nuclear energy. What I heard was not quite what I was expecting, so I went to other meetings and gathered more information. Eventually, I knew a bit about the nuclear industry and had some understanding of how it could be used for good.

At the time, my party was not exactly in favour of nuclear power. Indeed, I am quite taken by how many pro-nuclear contributions have been made from these Benches. That would not have happened when I came into the House seven years ago, and I am pleased that people are listening to the argument. Some of the contributions in support of the Government's proposals have been made by people who were anti-nuclear in the past. I hope that they have taken on board what has been said and that they have changed their minds for all the right reasons, and not just because many of their constituents are employed in the nuclear sector. I worry about the people employed by such power stations and the communities that those power stations help to provide for, and it is important that we do so.

I want to talk about security of supply. The hon. Member for Preseli Pembrokeshire (Mr. Crabb)—unfortunately, he and all the other Conservative Members are no longer in the Chamber—said that there was an unjustifiable fear about the supply of gas to this country. He asked why we had to go down the road of nuclear when we could get gas in fairly cheaply. I remind the hon. Gentleman of what has happened in relation to oil and gas. Twenty years ago, would we have forecast the oil problems with Iran and Iraq? Would we have forecast the ongoing cuts to oil production in Nigeria? Would we have realised that the Russians would be suppliers of gas and that they would cut off the gas to their neighbour to make the point that they wanted money? Would we have realised that the pipeline coming from Russia through the Caucasus would be attacked by people who were rioting? We did not know those things, but we know them now. That was why the Government took on board the need to look at a balanced and sustainable energy policy for this country. One problem with renewables is that we cannot guarantee supply. I hope that that will be possible in the future, and I believe that we will meet our targets if we work hard at it. However, we must have a core supply, and I believe that nuclear must form part of that.

There must also be investment in clean coal technology. That could be a winner for this country, and we could make a lot of money by supplying such technology to other countries. We must be at the sharp end of that technology's research and development, and I hope that that will bring money back to this country.

Security of supply and service is the most important thing that the Government must address. No one would forgive any Government who allowed the lights to go out, whether that happened in 10 or 20 years' time. If we do not make the commitment now, we will not be able to get rid of our dependency on gas. Opposition Members were right to say that we will need to import more gas in the years to come. We have been building lots of storage tanks because, during the cold spell two years ago, we talked about the fact that there might be a shortage of energy due to a lack of gas supplies. Let us hope that the liquid gas storage points that we have been building will help us to overcome any problems that might be caused if we were to be held hostage to a foreign country.

There are a few questions that my hon. Friend the Minister for Energy should answer in his winding-up speech. Many hon. Members have mentioned smart meters. Why are we not doing something about them, and can we raise that important matter in Committee? Fuel poverty and social tariffs are important and have been mentioned by several hon. Members. However, I will not talk about them in any detail because I will just be raising the same old questions.

More than 100 tonnes of plutonium are stored at Sellafield, and I mentioned in a few interventions the MOX reprocessing system that could be built. I have seen what the MOX station in France can do, and I believe that we could go down the same road. That would certainly reduce the waste that we produce because we would be able to reuse fuel rods from nuclear power stations. My hon. Friend the Minister should be looking at the proposal much more carefully, and he should talk to my hon. Friend the Member for Copeland to find out what could be done in his constituency to get the reprocessing unit up and running. That could also give back money to the country in general.

Hon. Members have raised aspects of the Government's support and asked where the money will come from. They have asked whether companies want to invest in our nuclear industry. As chair of the all-party group on nuclear energy, I can tell the House that plenty of companies are lining up. They come to see me every other week and try to use me to get to Ministers so that they can attempt to get their power stations on line.

It is true that the Finnish power station is overrunning, but it is a new station and one of its kind. It has nothing to do with the repository, which is separate—it just happens to be on the same site. Anyone who has seen the medium-level waste repository in Finland will have been more than a little impressed. If Finland is going down such a road, as Canada will—the Americans have already decided to do so, but need to get over legal problems—we in this country should do the same thing.

8.33 pm

Dr. Alan Whitehead (Southampton, Test) (Lab): I am a little surprised that we have spent so much time talking about nuclear power when we are considering a Bill that will, I hope—one way or another—put us firmly on the road towards dealing with the challenges that are immediately ahead of us. Whether one thinks nuclear power is great or terrible, if we consider the energy debate facing us up to 2020, it is completely irrelevant in this country. That is because by 2020 we will have had to replace between 20 and 25 GW of our installed capacity for electricity generated power. We will have to replace 8 GW of capacity currently generated by coal-fired power stations, and 3GW generated by oil-fired power stations by 2016 under the EU large plant directive. By 2020, some 7 GW will be lost when nuclear power stations are decommissioned; it is unlikely that their lives will be extended, because of cracking in their cores. We will probably have to consider building 5 GW of additional installed capacity to cope with additional demand. Between 2020 and 2030, a further 7 GW of power will go out of commission and will need to be replaced. To put that in context, the UK's overall installed capacity is something like 76 GW.

Within that installed capacity, we have to keep a running reserve, so that the lights stay on if everybody switches on their kettles at half-time in the cup final. That running reserve only comes on stream occasionally, when there are peaks in demand, but there will be bids to provide it if the system makes it possible for those bids to work when demand for electricity is high enough. Consequently some of the reserve will be provided by uneconomic power stations that are online for perhaps only a few hours a year but that none the less serve to keep the lights on.

Because we have a bidding system, we know who has to bid the least: nuclear power. It cannot make top-end bids because it is a form of power that cannot be switched on and off; it has to be at the bottom of the ladder. We are in a market-based energy supply system. One reason why energy suppliers are being invited to build new nuclear power stations without subsidy is that if there were a lot of subsidy, it would wreck that energy market, and it would not be possible to continue with the bidding process. Therefore by enabling one form of power to keep the lights on, we would probably be switching the lights off in a number of other areas over time. That is the position as regards the energy gap and the way in which the market is used to keep the lights on.

We face replacing many of our power stations by 2020; some 30 to 40 per cent. of our installed capacity will be replaced. As for the best estimates of when nuclear power will come on stream, even if everything went right and a nuclear power station were built ahead of schedule—that would be unparalleled in the world—even if the permissioning regime for a new power plant were fired up and there were lots of new officers, so the process was very quick and even if the planning process were relatively short, there would probably not be a single new nuclear power station on stream by 2020. Just conceivably, 1 GW of power might be generated by then, and 2018 is the earliest possible date; that would be possible if everything went right and a number of processes were carried out in parallel, rather than in sequence. It is more likely that it would be the early 2020s before any new nuclear power went on stream in the UK.

The real energy challenge for the next few years is how we replace on-market principles without being able to demand that any of our power stations be replaced. Indeed, we may well be unable to demand that any nuclear power stations be replaced. We have to replace all our capacity—and on a low-carbon basis, because as we heard earlier this evening, the EU is coming up with mandatory targets for the percentage of power that will come from renewables by 2020. That will require 15 per cent. of the country's energy to be renewable and that means that 25 to 30 per cent. of our electricity must be produced from renewable sources. Similar mandatory EU targets on carbon emissions will be imposed by 2020. That power must be replaced, without any intervention from nuclear power, on a low-carbon basis, and that must be done in a reliable fashion so that the lights can be kept on and the market can keep running.

As things stand, the most likely way of achieving that is by gas generation, but that would result in our missing all those EU targets, as well as all our climate change targets. The challenge is to make sure that, over that period, the vast majority of the gap is made up either by renewables or by sustainable forms of energy, carbon capture and storage or—and this is my personal choice—energy initiatives such as making sure that any new gas power station is not only combined heat and power enabled but is attached to CHP distribution networks, so that its carbon footprint is half what it would otherwise be.

That is how the renewables obligation banding will move centre-stage. Regardless of whether we think feed-in tariffs would be a better idea in the first instance, it is important that we give the industry certainty and a forward look at how we will replace those forms of energy. To do so, we must introduce a renewables obligation banding system that will develop initiatives on CHP, biomass, mixed fuel and waste co-generation of power. Achieving a different mix of nuclear and sustainable power on the basis of a known, forward, reliable system of underwriting should be our priority. That is probably the key way in which we will bridge the energy gap by 2020 without any new nuclear power coming on stream.

The Bill is important, given its proposals on renewables and the renewables obligation certificates. Those systems will cause the market to ensure that we invest in renewable and sustainable energy. I therefore hope that the Bill completes its Second Reading. I endorse many other things mentioned by hon. Members, including the need to ensure that we encourage microgeneration by installing net meters alongside smart meters. Overall, we have to make an effort now on renewable and sustainable energy: to coin a phrase, there is no alternative.

8.42 pm

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): As other Members have said, there is an immense potential for renewable energy in the UK. Our geographical location and features give us resources, particularly in wind, wave and tidal power, that few other countries enjoy.

Unlike some hon. Members, I recognise that the Government's policies have helped us to begin to tap the potential for renewable energy. It is disappointing that only 5 per cent. of electricity is produced by renewable generation, but that is five times as much as was produced when the Government came to power. When one starts from a base of 1 per cent., it is not surprising that it takes a while to reach a higher figure. Practical steps have been taken by the Government. By contrast, some of those who criticise the Government's record on renewables were not supportive of renewable energy when they were in local government and had to decide whether or not to support renewable energy projects. We should bear that in mind when considering their sincerity in promoting practical forms of renewable energy.

There is no doubt, however, that we could do a lot more with renewable energy, as is underlined by the example set by some of our European partners. They have set us an ambition to which we should aspire. As the Secretary of State said in his opening speech, that is not merely a matter of energy policy or environmental policy. There is a real opportunity for green jobs—a massive number of jobs on a long-term secure basis. For example, the wind industry worldwide is worth £12 billion a year and is growing at 30 per cent. a year. There are also opportunities in the developing renewables technologies. I have in my constituency the headquarters of Pelamis Wave Power, which is a pioneering wave turbine technology company. That is already bringing jobs to my constituency and others in Scotland. We need to do more in the UK to draw from such potential.

The test for the Bill is whether it helps to advance renewable energy in the UK and whether it helps to bring about a step change in the take-up of renewable energy in the UK. The mechanism for bands for renewables obligation certificates, if applied in an imaginative way, can help to release the potential of the new pioneering technologies in renewable energy. I note, for example, that the British Wind Energy Association strongly supports changes to the renewables obligations system and the introduction of a banded system, even though that is likely to benefit technologies other than its own.

I recognise that there are questions about whether the renewables obligation certificate route is the best way to tap the potential of smaller producers and of microgeneration. If I may modestly refer to my private Member's Bill a year and a half ago, that included provisions which required the Government to consult the industry to encourage it to bring forward proposals for microgeneration by domestic producers. If that does not result in the industry presenting practical proposals to promote microgeneration, the feed-in tariff is a mechanism that should be available, and it should apply particularly to small scale and domestic producers.

I was a little concerned that the Secretary of State suggested that the promotion of renewable heat was some way down the agenda for major shifts in Government policy. Again, I refer modestly to my Bill, which more than a year ago placed a specific obligation on the Government to promote renewable heat. I would not want to encourage the Minister's friends in Friends of the Earth or Greenpeace to go to the courts again and demand even more judicial reviews, but there is a policy to oblige the Government to promote renewable heat, which I am sure the Minister will bear in mind.

Some of those involved in renewable energy suggest that there is a need to make it a specific primary duty of Ofgem to promote both renewables and energy efficiency. It would have been good to see that in the Bill. Perhaps it can be inserted at a later stage of the Bill's passage through Parliament.

On energy conservation and energy efficiency, it would be good to get an update from the Minister on our efforts to get the EU to allow us to reduce the rate of VAT on energy-saving appliances. That was mentioned in the Budget last year and it would be useful to know what progress we are making.

Promoting renewables offers a more effective and quicker way of meeting our energy needs than would a new generation of civil nuclear power stations. I do not have time to enter into that debate, but I have not been persuaded that we need to go along the road of civil nuclear power. Like others who have spoken, I have looked at the example of Finland, whose new nuclear power station is well over budget and behind time. Despite the rigged pricing mechanism and subsidies to make it possible, it is still not meeting the objectives claimed for it by those who supported its development.

Finally, I shall touch on an issue that has been mentioned a number of times in the debate and in Parliament over the past few weeks: fuel poverty. In the past few days, we have again seen more increases, which have hit some of the most vulnerable in our society. I recognise that the Government are having meetings and discussions, but we need action now to respond to the damage that the increases could cause to hundreds of thousands of people in this country. That damage is taking place now and will take place in the next few weeks; we cannot leave the issue for discussions, however urgent, that will not result in specific policies until later this year.

We can address fuel poverty in a number of ways, but a comprehensive policy to encourage the take-up of social tariffs is part of the answer. There is clear evidence, already referred to today, that there could be a much better take-up of such tariffs if there were a more co-ordinated policy. There is certainly a case for mandatory minimum standards for social tariffs; such standards should have been in the Bill, and I hope that the Minister will introduce them during its passage.

There is a real crisis affecting some of the poorest in our communities, and we have to treat it with the urgency that it deserves if we are to address not only the financial consequences for those who suffer from fuel poverty, but the health effects on them. In extreme cases, fuel poverty can have life-or-death consequences for those who cannot meet their own needs as a result of the sharply increasing prices that we are seeing at the moment.

8.50 pm

Alan Simpson (Nottingham, South) (Lab): The most controversial thing about the Bill is the elements that are not included in it. The Bill makes no mention of feed-in tariffs for electricity or gas, nor of renewable heat. It does not really address fuel poverty issues. It does not mention any imposition of regulated social

[Alan Simpson]

tariffs. No clause addresses the urgent need for Ofgem to be restructured and the Bill does not honestly address the issue of who will pick up the costs of the disposal of waste.

To be fair to them, the Liberal Democrats were right to say that as it stands the Bill is a big-energy rather than a coherent-energy Bill. I hope that in Committee and on Report all its sins of omission will be brought forward in new clauses so that it is strengthened into a Bill that is genuinely appropriate to our time. Let us be clear about the time in which we are living. The intergovernmental panel on climate change warned the Bali climate change conference that the world has a window of opportunity of perhaps no longer than six to eight years in which to make profound changes to the nature of our energy systems. If we do not deliver those changes within that period, we are stuffed, because the feedback mechanisms of the planet are likely to outstrip any of the intervention measures that we put off until after the period has elapsed. Within the same big-picture scenario, petroleum experts argue about when we will hit peak oil and when oil output will start to decrease—will it happen in 2011, or not until 2015? The argument is now about when rather than whether.

Several Members have raised their concerns about the 15 to 27 per cent. increases in energy prices charged to UK consumers today and about the fact that the 70 per cent. increases in energy charges in the past three years have reversed the progress that was being made in the Government's fuel poverty eradication programme. At one stage, the number of households living in fuel poverty had got down to just over 1 million; now we are back to 4 million. My hon. Friend the Member for Coventry, North-West (Mr. Robinson) was right to say that as soon as the latest round of price increases kicks in, at least another half a million households will be added to those who are going back into fuel poverty.

At the same time, the Prime Minister rightly signs Britain up to the European Union target of 20 per cent. of our energy supplies being from renewable sources by 2020. If, for practical purposes, we set the target at 15 per cent., that will probably mean that between 25 and 30 per cent. of that will come from renewable electricity by 2020. Our starting position is that 1.75 per cent. of the UK's energy needs are supplied from renewable sources. I have a diagram setting out the European league table, which shows the UK ahead only of Malta—a record of leadership that makes our recent submissions to the Eurovision song contest look positively inspirational. We are leading from the back in this process, and the question is how we get out of the position that we find ourselves in.

I want to spend a little time on nuclear. I do not think that a single nuclear power station will be built. The House should remember that Margaret Thatcher promised to build 10 nuclear power stations and ended up building one. In the past eight years, the world collectively has built one new nuclear power station. The problems in Finland, where the power station programme is two or three years behind schedule, reflect the fact that over the past two years there has been a 300 per cent. increase in the costs related to nuclear construction. There is a six-year waiting list for coolant pumps for nuclear reactors, and only two places on the planet produce the reactor vessels needed for nuclear power stations. It is just not going to work. When people start to see the disposal costs and who has to pick them up, the Government of the day will conclude, given the other problems that we have on our plate, that there are only so many lost causes that we can support. The nuclear programme will not materialise, but it will distract us from the more serious choices that we need to make in terms of renewables and fuel poverty.

My hon. Friend the Member for Coventry, North-West asked why the renewables obligation has not worked. I might be the only Member—or one of the few Members—who generates clean energy from my home and who is entitled to claim RO certificates, and I have to tell the House that it is a bloody nightmare to try to do so. I have been unsuccessful in making my way through the morass of regulations. In the assessment of the Audit Commission and the EU, the renewables obligation is a phenomenally expensive way of doing things inefficiently.

By comparison, the German system of feed-in tariffs works so much better. It would be immeasurably better for me and my neighbours if we knew that, as in Germany, we would be paid four times the market price for clean energy that we supplied for a guaranteed period of 20 years. If one talks to people in any of the German cities that are pioneering Germany's drive to double the EU 2020 commitment, they will say that it is citizen-driven. It would be an act of political suicide for any German political party to talk of revoking that legislation.

Germany's difficulty is in keeping up with the momentum; ours is in finding a momentum. I hope that we will do that in building a serious engagement with renewables. That must, however, include the notion of renewable heat and gas. I went to see a plant in Munich where people take domestic or crop waste and put it not into incineration plants but biodigesters, where they harvest the methane and then use the existing network to pipe the gas back to provide energy to the estates from which they collected the waste. They are credited for that as having contributed to a closed cycle of taking a problem and turning it into a solution, which they were able to do by changing the nature of the energy market. That is the significance of the feed-in tariff system—it shifts power from corporations receiving subsidies to citizens—and the driving force behind the 50 countries worldwide that have opted for feed-in tariffs, not a renewables obligation.

Let me race quickly through my two remaining points. The first is the need to change Ofgem. When we asked Ofgem where it stood on social tariffs and enforcement, it said that it was shining a light on the problem. I think that it meant shining a light in those areas where the sun never shines, because it does absolutely nothing in that respect. We must ensure that Ofgem puts at the forefront of its energy policy the duty to pursue demand reduction and to address and deliver on the targets for fuel poverty, renewables and cuts in carbon emissions.

Germany has reduced its carbon emissions by 97 million tonnes a year through its feed-in tariffs. In doing so, it has been able to tackle issues that relate to the poor. That is my final point. We know that

4.5 million households live in fuel poverty, but what does that mean in practical terms? Last year, 24,000 people died in this country of illnesses relating to fuel poverty. If we are to have an energy policy worth its salt, the poor have to be able to live to be part of it. If we fail in that, we have failed in everything.

9 pm

Dr. Desmond Turner (Brighton, Kemptown) (Lab): I am not going to devote any of my precious minutes to the nuclear question for the very simple reason that, as my hon. Friend the Member for Nottingham, South (Alan Simpson) said, it is quite irrelevant to the scale of the challenge facing us. Even if they are built, not one single kilowatt-hour will be provided from a new nuclear station to address the coming energy gap, or to help us to meet our climate change demands.

Enough of nuclear—it is renewables that seriously matter at the moment, for various reasons. My right hon. Friend the Secretary of State, in opening this debate, put the issue fairly in the context of climate change. He made that the central issue, and it is a yardstick by which the Bill must be judged. I have to say that when I opened the Bill I was painfully disappointed at its lack of promotion of renewable energy. It has essentially only one provision relating to that matter, and I am afraid that I want to argue about it. Having said that, I guess it is not such a bad Bill, provided that it is very significantly amended. But without significant amendment, it is a feeble Bill that does not address the real issues.

The EU renewable energy target is 20 per cent. of total energy, not just electrical energy. That figure translated into British terms means, according to various estimates, that between 37 per cent. and 47 per cent. of our electrical generation will have to come from renewables by 2020. We are struggling badly enough to meet our existing renewable electricity generation targets. We will miss the 10 per cent. target—there is no doubt about that—and 20 per cent. by 2020, if we continue on a business-as-usual basis, is looking pretty sick. Now is the time. There is a need, an absolute imperative, to make a commitment to make a step change in our energy policy. Now is the time to address that issue in the Bill, but it is not there. I find that deeply strange, deeply worrying and more than a little disappointing.

Let us talk about some of the possible prospective changes. I shall jump into the renewables obligation certificates versus feed-in tariffs argument as well. I am not just following—the records will show that I have been advocating feed-in tariffs, as opposed to ROCs, for years. The ROC is just about the most inefficient, expensive and administratively cumbersome way of promoting renewable energy that anyone could possibly think of. It is very British. One just has to look at the comparison between the German experience, with its feed-in tariffs, and our own. The Germans have deployed about 10 times as much renewable energy in the same time for no greater public cost. Therefore, per gigawatt of renewable energy deployed in Germany, the feed-in tariff system has been much cheaper to the public purse.

I know that the Government are concerned about investors. They want to protect existing investors, and they do not want uncertainty, but the ROC system has uncertainty built into it, in that the value of a ROC is not certain. With a feed-in tariff system, the values are certain and investors can invest with confidence and certainty. Whether one goes ahead with the ROC system and bands it or uses feed-in tariffs, grandfathering arrangements must be made to protect existing ROC holders. Does it therefore matter whether one is grandfathering for a banded ROC system or a feed-in tariff system? I am confident that, if we take the opportunity to move to a feed-in tariff system now, we will have a much greater chance of succeeding in our objectives than if we do not. It is worth doing and will get us more gigwatts for the buck.

I want to consider Ofgem. During the passage of the Energy Act 2004, I tabled an amendment in Committee to give Ofgem a primary responsibility for promoting renewable energy. It was passed—the first time, as far as I know, that a Government had been defeated in Committee since the Rooker-Wise amendment approximately 30 years ago. I was very popular with the Chief Whip. Of course, the amendment was overturned on Report, but, as the Bill progressed through the House of Lords, Ofgem was given a secondary duty towards sustainable energy.

Has that made any difference to Ofgem's performance? I cannot find anyone in the industry who has noticed it. Ofgem pays serious heed only to its primary responsibility. If we are to get more out of Ofgem, we must make sustainability a primary duty. In the modern context, sustainability is far more important than Ofgem's current obsession with security of supply. There is no need to worry about security of supply if we operate a proper energy policy. We must amend Ofgem's remit.

Ofgem has not performed impressively on consumer protection. Did it succeed in stopping the energy companies making billions in windfall profits as a result of the failings of the first phase of the EU emissions trading scheme? No. Is Ofgem succeeding in protecting consumers in any way from the oil price increases that are fed straight through by the energy companies to consumers, putting, as my hon. Friend the Member for Nottingham, South reminded us, another 500,000 people into fuel poverty? No, it blatantly is not. Has Ofgem managed to help with grid connections, over which it has a great deal of influence? No.

However, Ofgem was seriously influential in forming our current British electricity trading and transmission arrangements, which include transmission charges, based on location. The further a generator is from a notional centre just north of Birmingham, the greater the charge. Where are the renewable resources in this country? They are as far as possible from that centre in Birmingham. That must be revisited.

Time is against me. I have a list of prospective amendments, which my hon. Friend the Minister for Energy will receive in due course. We have an opportunity to make a difference. The Bill in its current form will not, and it must therefore be seriously amended and improved.

9.9 pm

Emily Thornberry (Islington, South and Finsbury) (Lab): I would like to discuss many different aspects of the matter that we are considering. However, given the

[Emily Thornberry]

amount of time I have, I will focus on renewables, especially our potential for using wind power.

Britain could be the Saudi Arabia of wind power. I understand that we have about 40 per cent. of Europe's wind, which we could use to improve our country. It is said that there is no point in relying on wind power, because what do we do on the day the wind does not blow? However, according to the UK Energy Research Council,

"intermittent generation need not compromise electricity system reliability at any level of penetration foreseeable in Britain over the next 20 years."

For those of us who do not have an engineering degree, I should perhaps go over some of the basics, because some of these things were beyond me. For those who think that a gigawatt is the brother of the Jabberwocky or something from a comic, it means roughly this. One kilowatt-hour of electricity is enough to power an electric bar fire for about an hour. One megawatt-hour will power 1,000 electric bar fires, while 1 gigawatt-hour will power 1 million electric bar fires for an hour. I will not make my whole speech in terms of electric bar fire units, but I hope that the House gets the idea, because that certainly helped me.

The Minister for Energy said this morning that we need a sevenfold increase in renewable energy by 2020. Most of that will need to come from an increase in renewable electricity, which means an increase from 5 per cent. of electricity coming from renewables to between 30 and 40 per cent. How are we going to do that in 12 years? It sounds like a fantasy, but it is possible. That is what the Labour party is about—we are about achievable goals and we can do it, as long as we are bold. Denmark got up to 20 per cent. of renewables from a standing start a few years ago, and we can do as well as that.

However, we need to make some difficult decisions and remove some of the obstacles that we have put in our own way. I am glad that the Government have already set about getting rid of some of them. First, we have created a market for renewables and established the renewables obligations—obligations on energy companies to provide a proportion of their energy from renewable sources. Introducing banding will mean that 1 GW of energy produced by offshore wind, tidal or wave power will create more renewables obligation certificates than the equivalent from onshore and other renewables.

Secondly, we have conducted two rounds of bids, in 2001 and 2003, to identify offshore sites for wind energy, amounting to 8 GW in total. Projects such as the London Array, the biggest wind farm in the world, have now been given the go-ahead through that process. In December, the Secretary of State extended the ambition for offshore wind, by announcing potentially 25 GW more in possible sites.

Thirdly, the committee on climate change, to be created by the Climate Change Bill, will set out measures to allow us to hit our aim of a 60 per cent. cut—I hope an 80 per cent. cut soon—in carbon emissions by 2050. The committee will give much-needed guidance and advice, in order to ensure that we push the renewables agenda forward. Finally, the independent planning commission, contained in the Planning Bill, will play an important role in ensuring that applications for wind energy are dealt with swiftly and efficiently.

However, we still have too many self-imposed obstacles in our way. The sites for offshore wind that were identified in 2001 and 2003 are taking too long to come to fruition, and no wonder when one considers all the hoops that applications have to jump through. First, the Government identify the areas. Secondly, the Crown Estate is given these and asks for bids for development. Thirdly, companies make bids. Fourthly, the Crown Estate gives exclusive rights to develop. Fifthly, the developers conduct an environmental assessment, which covers everything from bird migration and navigational routes to seals and the fishing industry, and so on.

Then the developers put together their plans for development and another application is made to the Department for Business, Enterprise and Regulatory Reform to build. After that, permission to install and build is given. Only then can companies finalise their connection to the grid, so that the necessary equipment can be procured and work planned. Companies then need time to get their financial package together, which can slow down the time it takes to start building. Then building can start, but before that happens, there must be further planning permission for transmission, hence the lag. From what I understand, the problem is not just the putting up of the poles and wires—that also needs planning permission—but the building of substations and the reinforcement of lines where necessary.

Ofgem needs to relax its policy on investment in the national grid, to allow a predict-and-provide approach, so that wind farms that are ready to go are not held back by a lack of capacity to get on to the grid. Ofgem's role needs to be examined, to give it stronger direction and ensure that we focus on sustainability, either by directives from the Secretary of State or by changing its objectives in statute. We also need to put an end to the ludicrous situations in which an offshore wind farm application has jumped through all the hoops only to be held up by an individual onshore council's planning committee, which is probably Lib Dem.

The proposed independent planning commission will have an important role to play in making the passage of applications for major infrastructure projects quicker and easier. However, as I understand it, its role will be limited to 15 big projects or 25 smaller ones. Given that there are currently more than 200 applications for generators over 50 MW or for large pylons under sections 36 or 37 of the Electricity Act 1989, the IPC will surely need to have a larger capacity in order to help the development of wind farms to motor on.

The present system is not working; 95 per cent. of applications for wind farms are not decided within the statutory 16-week period. Normally, 70 per cent. of planning applications are decided within 16 weeks, but for wind farms it is only 5 per cent., and most of those applications are rejected. So we need to ensure that the IPC has more capacity. Concern has also been expressed that the marine management organisation envisaged in the proposed marine Bill might give permissions on a different basis to that used by the IPC. Consistency is obviously important to the industry, if it is to develop properly.

There is currently 7.5 to 8 GW of wind power stuck in the planning system, half of which is being held up by the Scottish Executive. That is not good enough. If we really want to push on with renewables, we need to have a strong heart. We need to be radical, and we must not be afraid. We can do this, and if we do, we might well find that the policy initiative to build new nuclear capacity will be seen to be a cul-de-sac. We do not need that nuclear power. If we do renewables properly, we will be able to fulfil all our needs. Let us also think of the good that it will do for us and for our industry.

The Prime Minister said in November last year that we need vision and determination. He went on:

"If Britain maintains its share of this growth there could be over a million people employed here in our environmental industries".

Building a low-carbon economy will enable us to create thousands of jobs, and Britain is exactly the kind of country that can do that. We have the capacity and the skills to build planes for our defence forces, and we have a huge amount of wind potential in this country. We just need to take away the obstacles that we have put in place ourselves. Let us concentrate on doing that. Let us be bold and radical. Let us lead the fourth technical revolution. Let us get on with it.

9.17 pm

Mr. David Chaytor (Bury, North) (Lab): I am tempted immediately to invite interventions, because of the brilliant timekeeping and discipline shown by all my colleagues. I want to speak in support of the Bill. The Government are to be congratulated on the way in which they have dealt with these extremely difficult issues. They are no longer kicking them into the long grass. However, I also want to endorse the comments made on both sides of the House about what is not in the Bill. I hope that as it passes through the Committee and into its Report stage, we shall see more about fuel poverty and social tariffs, and particularly about rising tariffs, which are one of the most effective means of dealing with fuel poverty and assisting energy conservation. We must also investigate feed-in tariffs, which have proved so successful in Germany.

I was struck by the earlier comment by the right hon. Member for Fylde (Mr. Jack) about the disconnect between the Energy Bill and the Climate Change Bill. He raised the question of whether they should have been combined. He asked whether the Bill dealing with the problem should be linked with the Bill offering some of the solutions. I would go further and point out that if we had a Department of Energy and Climate Change, we would have a completely different kind of Bill. Had we had such a Department 10 years ago, we would already have made far greater progress on renewables and energy efficiency. That is something to ponder.

I also want to point out a superb irony in the context of the nuclear debate, on which I want to focus my remarks. The chief lobbyist for the expansion of nuclear power and the creation of a new generation of nuclear power stations is the chief executive of EDF, a company whose nuclear power stations have been built entirely on the back of the French taxpayer in a state that is doing its utmost to prevent the liberalisation of the market. Yet Mr. de Rivaz comes here and tries to tell our Government that he can now build nuclear power stations without taxpayer subsidy in a completely liberalised market. At the same time, however, our Government—who, like every Government in the world, have no experience whatever of regulating nuclear power stations built or operating without subsidy—are assuring the nuclear lobby that there will be no subsidy in the future.

We have a kind of twin conspiracy here, whereby the nuclear industry is pretending that it can build these stations without taxpayer subsidy, the Government are pretending that there will be no taxpayer subsidy, but at the same time everybody knows that nuclear can expand only on the back of open-ended taxpayer subsidy. I point that out because I really want to move on from whether we are pro or anti-nuclear, which is no longer the best way to approach the problem.

The real issue now is whether nuclear is relevant to climate change, whether it is cost-effective and whether it is timely. It seems to me that a number of my colleagues, particularly my hon. Friend the Member for Southampton, Test (Dr. Whitehead), have produced extremely logical arguments to explain why nuclear is not relevant to the urgent issue of climate change. It also seems to me that if we accept climate change as the imperative for energy policy, we have to focus far more intensively on the growth of renewables and energy efficiency policies to achieve the cuts that will have to be made by 2020. The Stern report was absolutely unequivocal that if we are to avoid dangerous climate change, deep cuts have to be made before 2020 to set us on the right trajectory to make the longer-term cuts by 2050.

I commend the nuclear White Paper, as it was an extremely honest document, but the time scale in it shows, as others have pointed out, that there will be no nuclear build until at least 2018—and even then, only if everything goes to plan. In respect of that time scale, therefore, nuclear cannot contribute to the need to have deep CO_2 emissions cuts before 2020. Let us also remember that if there is nuclear build before 2020—or, as is hoped, 2018—we are talking only about one nuclear power station. There will not be a new generation of them producing electricity at that time. As the Minister said at Question Time last week, one new 1.2 GW power station will contribute 0.8 per cent. to total energy usage. The fact remains that the contribution of each power station, or even a new generation of 10 new power stations, is marginal in the face of the urgency of the threat of climate change.

Dr. Ladyman: Will my hon. Friend give way?

Mr. Chaytor: I happily give way, as I still have another minute.

Dr. Ladyman: I would be happy to donate another minute to my hon. Friend. His point that no new nuclear power stations will be available until 2018 is valid, and the argument advanced by my hon. Friend the Member for Southampton, Test (Dr. Whitehead) was also well made. However, my point would be that the Climate Change Bill already requires us to make 60 per cent. cuts in carbon emissions by 2050. That is a huge target, yet we are all getting letters from environmental groups saying that that is not good enough, as we need to make 80 per cent. cuts. There is no conceivable way of making that leap without having a significant proportion of nuclear power beyond 2020.

Mr. Chaytor: My hon. Friend makes an important point, but it comes down to whether any new generation or fleet of power stations will be built simultaneously or consecutively. Given that everyone agrees that it will take about 10 years for the first station to be built, and then after that perhaps five years, at least, for each successive power station—*[Interruption.]* Is that an official intervention from the Minister? I think that experience elsewhere in the world would suggest that that would be the sort of time scale. There is also the question of the resources, skills and people available to design and build future stations. Even if they can be built without taxpayer subsidy, we are not going to have a new fleet of them much before 2050, by which time the emissions problem will long since have needed to be solved. If we do not make the deep cuts by 2020, the escalation of emissions will mean that we are not on the trajectory to meet the 60 per cent. or higher cuts by 2050.

The time scale is a real issue, and there is also the question of whether we need to take the decision now, and whether we should focus on other aspects. Should we let other countries take the decision first? I am actually in favour of importing our electricity from French nuclear power stations. I can see that in some countries nuclear must be an option. I can see the logic of the Finns building a new nuclear station. I do not think that they have fully understood what it will cost them, but I can see the logic, given that they were so hugely dependent on Russian nuclear power anyway. I can see the logic of the French making the decision some years ago, given that they had no oil reserves and declining quantities of poor-quality coal. For some countries, at certain points in time, nuclear may well be the only option.

Mr. Geoffrey Robinson: I apologise for not being present for the earlier part of my hon. Friend's speech, but may I point out that nuclear energy imported from France would be less attractive to him if he knew the terms of the existing interconnector agreement with France? We pay a huge amount on anything over a base level that we take from France, because there is a phenomenal premium attached to it.

Mr. Chaytor: I am not saying that that is the way forward; I am saying that it is an option. I am trying to make the point that we must take a different approach to the nuclear issue. Rather than being fundamentally for or against it, we must consider the role that it can play in any one country at any one time, in the light of that country's other options. Given that we still have considerable coal reserves, along with the scientific basis on which to develop clean coal technology—which would open up enormous markets in India and China, and would be of enormous economic value to the United Kingdom in decades ahead—and given that we have, arguably, Europe's best reserves of renewable wind, wave and tidal energy, I feel that at this stage a commitment to nuclear, which is what the Government seem to be making, may be premature.

Of course, the old concerns about nuclear remain. There are the issues of safety and sustainability, and of how, conceptually, we can pass to future generations a legacy of unknown threats in view of the unpredictable consequences of storing highly radioactive waste for many thousands of years. I know that some of our scientist colleagues would say that the consequences are entirely predictable, but I believe that the capacity of human beings to predict so far into the future is not yet tested, and I find it difficult to understand how we can say that that is something that we should pass on to future generations.

My hon. Friend the Member for Copeland (Mr. Reed) dismissed the issue of terrorism—although I am glad that he raised it, because no one else had discussed it. All that is needed is one suicide bomber getting through the security zone in any nuclear power station in the world, and the nuclear fission industry is dead. All that is needed is one aircraft flying into Sellafield, or any other nuclear installation in the world, and the impact will be exactly as it was with Three Mile Island and Chernobyl.

Mr. Jamie Reed: I realise that time is tight, but may I urge my hon. Friend to speak to the director of civil nuclear security, who will allay all his fears on all those hypothetical points?

Mr. Chaytor: I would very much like my fears to be allayed, but I think that the risk is there. The evidence of what has happened in the last seven years in terms of the growth of international terrorism is something that we cannot simply ignore.

When it comes to costs, the White Paper on nuclear power is, again, extremely illuminating. The Government and the nuclear lobby know saying that nuclear indisputably provides the cheapest form of low-carbon electricity generation, but the White Paper does not say that. It says that in certain scenarios it is likely that nuclear could be competitive. That is an important distinction, and we should be careful what we say about the costs.

At the end of the day, there is no solution to the question of waste storage. Theoretically a repository may have been designed, but no country in the world has built a repository, no country in the world is anywhere near building a repository, and no country in the world has the slightest idea what the ultimate costs of a repository would be. If the Government are to be absolutely committed and sincere in saying that any new nuclear build will have to internalise the full costs, that cannot happen until we know what the full costs of long-term waste management will be.

Let me say finally that I think the dilemma is that we are pretending that we have—

Mr. Deputy Speaker (Sir Michael Lord): Order. The hon. Gentleman has said his "finally", I am afraid.

9.29 pm

Charles Hendry (Wealden) (Con): We have had an excellent debate on the whole range of energy issues, and it has shown the House of Commons at its absolute best. The contributions have been informed, thoughtful, sincere and passionate, and where there have been disagreements, Members have engaged in a good-tempered and constructive manner. I hope that people looking in from outside will see that the debate does us some credit.

It must be said, however, that not many of the contributions have been on the Bill itself. The first Back-Bench Member to speak about it was my hon. Friend the Member for Preseli Pembrokeshire (Mr. Crabb), who spoke four hours into the debate. Most of the other contributions were about omissions from the Bill. There has been cross-party agreement about many of the omissions, and we are going to set up an omissions trading scheme so that we can push them forward effectively.

I wish to begin, however, by talking about some of the issues that are addressed in the Bill, and have been covered. The hon. Member for Sherwood (Paddy Tipping) spoke strongly in favour of carbon capture and storage. He rightly said that we in this country have centuries of coal and we are the most efficient country in Europe at extracting our coal. He also rightly said that we should explore both pre-combustion and post-combustion. Although the Bill makes it possible to provide a system for carbon capture and storage, the main problem with it is that it pushes to one side an exciting new technology. The Government approach is flawed from the start. We will continue to press Ministers to broaden the rules for the pilot scheme, so that Britain can genuinely take a world lead in this area. We have missed out on the project in Peterhead, and it will be a tragedy if we miss out on some of the other important contributions that CCS could make in this country.

My hon. Friend the Member for Preseli Pembrokeshire spoke about gas imports and storage. In a very rational speech, he urged us to be sensible about energy security. I agree that we have to see these issues in perspective. At present, more than half the coal we use is imported, and more than half the imports come from Russia, and nobody ever questions the stability of those imports. Equally, people should recognise that Russia is as keen to sell us its gas as we are to buy it. We have to look more generally at issues of energy security, and my hon. Friend's comments about improving our storage of gas have an important contribution to make in that regard.

Many Members rightly talked about the roles that renewables can play. The hon. Member for Northavon (Steve Webb) said that there had been a lack of UK success in this area—that we have not moved as far forward as we should have. However, we have found out this week from the Minister for Energy that the targets have been downgraded. The target is no longer to get 10 per cent. of our energy from renewable sources of electricity by 2010, but that target is now 8 to 10 per cent., and the 20 per cent. figure by 2020 has been reduced to 12 per cent. That is a massive admission that we will not hit the targets, and it proves the cast-iron rule of targets: Ministers put them so far away that some other poor soul has to come along to the Dispatch Box years later to explain why they have not been met.

My hon. Friend the Member for Wellingborough (Mr. Bone) made one of the most charming speeches of the debate, and I hope that Tom was listening to it on the television—although if he is watching the parliamentary channel at the age of seven I am worried about him. Nevertheless, it was an enjoyable speech. My hon. Friend explained the complex arguments for and against biofuels, and brought home to us how quickly science evolves in these areas. Two years ago, everyone was telling us that biofuels had a fundamental part to play, but it is now said that they are a potential problem; however, I am absolutely confident that in a few years' time, when cellulosic biofuels are brought in as more use is made of redundant land, they will again be seen as part of the solution.

The Severn barrage was discussed. The hon. Member for Northavon told us that it was first mentioned in 1849, and we should be aware that there was a Liberal Government then. It is not surprising that that party has been out of power for 100 years if we have had to wait 159 years for further action on that. My hon. Friend the Member for Tewkesbury (Mr. Robertson) brought to the House the benefit of his experience of looking at the project at La Rance in France, and we are grateful to him for his contribution. We welcome the Government's approach to the Severn barrage. It is right to examine all the options for the project, as well as the reasons why nothing might be done. That is the right way to proceed, so we support the Government's approach.

A great deal of discussion has taken place about the role of renewables obligation certificates and feed-in tariffs in encouraging the growth of renewables in this country. I was encouraged by the support given to feed-in tariffs by the right hon. Members for Scunthorpe (Mr. Morley) and for Oldham, West and Royton (Mr. Meacher), my right hon. Friend the Member for Fylde (Mr. Jack) and the hon. Member for Nottingham, South (Alan Simpson). I was particularly struck by the eloquent evidence given by the hon. Member for Nottingham, South about the nightmare an individual citizen faces in claiming ROCs, whereby they almost lose the will to live before they put the form in the post.

I understand what my hon. Friend the Member for Mid-Worcestershire (Peter Luff), the Chairman of the Select Committee on Business, Enterprise and Regulatory Reform, was saying, in his usual thoughtful way, about how hellishly complicated the system of ROCs is. He was concerned that the banding of ROCs might make it more complicated. We are encouraged by the overwhelming support for the banded ROCs approach from right across industry, even from those who will not benefit, such as the British Wind Energy Association.

However, we should seek to go further. That is why we are so disappointed that the Bill does not include a commitment to open the door to feed-in tariffs. A genuine energy policy should do much more to encourage microgeneration and decentralised power, which have played such an important role in enabling other countries to take a lead over the UK in green energy. Feed-in tariffs could make a fundamental difference to the take-up of these technologies, and again, they have wide support on both sides of the House.

We are not calling for a prescriptive approach to feed-in tariffs, but we want the Bill to open up the option of their introduction. We shall introduce an amendment to that effect in order specifically to encourage the development of microgeneration and decentralised power. There is a case for running two systems together, perhaps with ROCs for some systems and feed-in tariffs for others, because of the problems of moving from one system to another. However, we shall explore other such issues in Committee.

[Charles Hendry]

Much comment has been made about the need for smart metering. The Chairman of the Business, Enterprise and Regulatory Reform Committee talked about the evidence given to his Committee, as indeed did my right hon. Friend the Member for Fylde, who is Chair of the Select Committee on Environment, Food and Rural Affairs. They both talked about the mounting volume of evidence in favour of smart metering. I simply fail to understand the Government's lack of imagination in that field, where there is cross-party support for a change of policy.

As my hon. Friend the Member for St. Albans (Anne Main) said, the way forward is not simply the clip-on device being favoured by Ministers. That will just be a gimmick used for a few weeks and then put away in a cupboard and forgotten. In addition, we must consider the added hazard of people who have no electrical training trying to attach such devices to their electricity supplies. I urge the Secretary of State and the Minister to do more in that direction. Genuine smart metering will bring massive gains. Such meters would work for both gas and electricity, and perhaps for water too. They would help to tackle fuel poverty, because people would never again have estimated fuel bills that made them think they were consuming less electricity than was the case; they would allow for the measurement of energy produced in the home and exported back to the network; and they would allow for a much more intelligent use of energy, by encouraging people to use electricity out of peak hours, with a range of different tariffs.

A national roll-out of smart metering is supported by the electricity industry, the regulator, consumer groups and environmental groups, and it is supported on both sides of this House. The Minister should be bolder than he has been so far. If the Bill receives its Second Reading tonight, we shall immediately table an amendment requiring provision for a national roll-out of smart metering within 10 years to be included in the Bill. I hope that the Minister will support such an amendment.

We have heard discussion about the role of Ofgem, and the Bill should also make provision for that. The Government are proposing some slight tinkering changes, but the time has come for more fundamental reform. The Bill again misses an important opportunity. We will press the Government to amend Ofgem's duties to include a specific reference to encouraging green energy alongside its existing primary duty. The regulator, Alistair Buchanan, and Sir John Mogg, Ofgem's chairman, have done an outstanding job, but just as the energy challenges we face move on and change, so too must Ofgem's remit. We will also explore whether it should have a clearer duty to promote the interests of consumers to assist in tackling fuel poverty.

The two most contentious issues in the debate were fuel poverty and the nuclear industry. My hon. Friend the Member for St. Albans was absolutely right to say that Energywatch believes that the Bill has missed an opportunity on fuel poverty. The hon. Member for Northavon pointed out that the Government have failed to meet their objectives. He also pointed out the complications of data sharing. Even within local authorities, data are not shared effectively between departments because of a concern that they might go astray. That cannot be sensible—and because of that fact, people who should be receiving more support are not getting it.

The hon. Members for Sherwood, for Halifax (Mrs. Riordan), for Edinburgh, North and Leith (Mark Lazarowicz) and for Nottingham, South all talked about the legal requirement to eradicate fuel poverty by 2010—a target that will be missed. They talked about the importance of support for Warm Front, and the need for measures on social tariffs. It is easy to see why the Government wish to slide over the problem of fuel poverty, as it has been one of the greatest failures of the past few years. Fuel poverty is rising, and there is no prospect that the Government will hit their target of removing all vulnerable households from fuel poverty by 2010. Indeed, the number has doubled from 2 million to 4 million. At a time when VAT receipts from household fuel bills have risen by £400 million, the Government's response has been to cut the budget for Warm Front by £300 million over the next three years. What the Government take with one hand, they also take away with the other.

The Government cannot simply stand back and wash their hands of such a failure of policy. It is a particularly sad day for the Minister for Energy, with his great personal commitment on fuel poverty, because when he had a great opportunity to do something about it he failed to do so. The Bill should be used to make progress on fuel poverty, and if the Government will not table those measures, we will do so in their place.

Finally, on the nuclear industry, a range of issues has been discussed. My hon. Friend the Member for Mid-Worcestershire spoke about the serious problems of the lack of skills in the nuclear installations inspectorate. My hon. Friend the Member for Tewkesbury spoke about the need for a mix of primary energy sources. The hon. Member for South Thanet (Dr. Ladyman) talked about how the science of the nuclear industry has moved on. There are some who would have us believe that the world of nuclear technology has not moved on in 50 or 60 years, and that things are the same as they were at the time of Chernobyl. The technology in their cars, fridges and televisions has moved on, but for some reason they want us to believe that the nuclear industry's technology, alone, has not.

Those people want to suggest that the UK is the only place in the world where the subject is being debated. There are 34 nuclear power stations under construction and 439 in operation worldwide. Those who are fundamentally opposed to nuclear power have a number of reasons for being so. The hon. Member for Brighton, Kemptown (Dr. Turner) gave his reasons in 36 seconds, which was something of a record. Such people talk in particular about waste. To us, that is the cornerstone of the debate. At a time when the Government have given the go-ahead to a potential new generation of nuclear power stations, it is completely irresponsible simply to start a new consultation process on the disposal of the waste.

We support the Government in saying that there must be no subsidy for new-build nuclear, but that must mean exactly that—no subsidy. How can a company propose plans to build a reactor if it does not yet know how the waste will be disposed of or how much it will

be expected to pay for that to be done safely? After so much uncertainty, the industry is seeking clarity about what is expected and what it will have to pay. That is still missing.

We will table an amendment saying that the Secretary of State should not permit a nuclear installation to commence operation until he has approved a waste programme and a location for the long-term disposal of the radioactive waste that it produces. To us, that is the cornerstone of the debate.

Mr. Jamie Reed: Will the hon. Gentleman give way?

Charles Hendry: No, as I want to give the Minister more than equal time to respond.

This is not a bad Bill. It does many things that are necessary, and we will support those steps. However, it is inadequate. The hon. Member for Brighton, Kemptown said that it was feeble, so he probably will not be on the Committee. The Bill leaves out many of the things that an energy Bill should include. It fails to take advantage of too many of the new opportunities available today. It overlooks vital elements relating to nuclear power, where clarity is essential if new investment is to take place.

We will not vote against the Bill tonight, but there is much work to be done to improve it in Committee. The Government do not seem to recognise the seriousness of the energy challenges that we face. The wrong decisions now, or simply a failure to take decisions, will mean that the lights will start to go out in a few years. The Government need to do much more than they are proposing to do. We will work with them to make this an Energy Bill that is fit for purpose.

9.44 pm

The Minister for Energy (Malcolm Wicks): When a future historian looks back at the 21st century and tries to review and summarise the great themes and questions that confronted our planet and its people, I believe that two of the issues that have featured so strongly in this debate will be numbered among them. They are climate change and energy security.

Climate change must be this year's most urgent question. If global warming goes unchecked, thousands of species will perish and millions of people will be at risk from drought, hunger, flooding and forced migration. That is why the Climate Change Bill imposes important targets, such as the proposed reduction of 60 per cent. in CO_2 emissions by 2050. As my right hon. Friend the Prime Minister has indicated, that target could be even higher.

Energy security is no longer simply a technical matter to do with supply, but an increasingly important aspect of national security. I am less relaxed than some Conservative Members about the national security implications. We are in an era of colossal energy demand, when the geopolitics of energy are not reassuring, to put it mildly. That is why we need to be bold.

We stand today at an energy crossroads, and it is a time for decision. Our indigenous oil and gas industries remain strong and vital to Britain's interests. As my right hon. Friend the Secretary of State said, they still meet about two thirds of our energy requirements, but supplies are nevertheless declining by some 9 per cent. a year. Britain has only recently become an importer of gas: about 20 per cent. of our gas needs are imported at present, but that proportion could rise to well over 50 per cent. by 2020. Moreover, almost a fifth—19 per cent.—of our electricity comes from nuclear power today, but that figure could be as low as 6 per cent. by 2020.

It is clear that a great deal of investment will have to be made in the energy sector, and that is why I say that this is a time for decision. Over the next 10 years, 16 of our power stations, accounting for 30 per cent. of our electricity generation, are due to close. Massive investment is needed to prevent our country from facing an ever-widening energy gap. As my right hon. Friend the Member for East Kilbride, Strathaven and Lesmahagow (Mr. Ingram) noted, that will have implications for investment in the network.

It is no coincidence that three related Bills—on energy, planning and climate change—are currently before Parliament. This Bill puts in place legislation on a number of issues, although the debate has gone far wider, as the shadow Minister recognised. Certainly, the Bill acknowledges the need for new technologies. Carbon capture and storage has been a feature of the debate, and it is absolutely crucial: it is not just any old technology as, whatever some may wish, fossil fuels will be burned around the world for 100 years or more. Indeed, CCS should reduce by some 90 per cent. the amount of CO_2 emitted from power stations that burn fossil fuels.

I am proud that the Government have announced already a demonstration project that makes the UK a world leader in the field of CCS. I am sorry that some people want to talk down that achievement, as though we were being left behind. We are not being left behind: along with only a few other nations, we are leading the development of this new technology that is so important for climate change and for British business. Why is CCS so important? As was mentioned in the debate, the Stern review has estimated that it could contribute up to 28 per cent. of all CO_2 reductions by 2050.

The Bill also includes measures to allow for greater gas storage, which has been acknowledged to be an important aspect of the nation's energy provision and therefore of our national security.

Renewables feature strongly in the Bill, and it is perfectly proper that the reform of our renewables obligation featured strongly in the debate. The aim is to provide more support for the newer and at present more expensive technologies such as photovoltaics, wave and tidal power, microgeneration and other innovations.

Of course, the Bill is only part of the wider strategy that we set out in the energy White Paper last May. Indeed, tomorrow sees the publication of the European Commissioner's detailed proposals on ambitious targets for renewable energy and cutting greenhouse gas emissions. However, let there be no mistake: massive investment and innovation will be required, although we will see what the figure is and we will discuss it.

In the context of renewable energy, we are clear that further measures will be needed once the final shape of the target is known. The Secretary of State and I listened carefully to the various suggestions that were

[Malcolm Wicks]

made, which we will consider very seriously. We have already invested about £500 million between 2002 and 2008 in capital grants and research and development for emerging renewable and low-carbon technologies, such as offshore wind, biomass, solar, photovoltaics, and wave and tidal. Wave and tidal is still a new technology, but we could become a world leader in its development, for obvious reasons. By 2010, alongside exemption from the climate change levy, the renewables obligation will be worth about £1 billion each year in support of the renewables industry. Some say that we are not doing very much, but I think that £1 billion a year represents a great deal.

We are already seeing a dramatic expansion in our renewable generation capacity. For example, we have recently given consent to the world's biggest biomass plant in Port Talbot and to one of the world's largest offshore wind projects: the London Array. We have also set out plans for up to 33 GW of offshore wind capacity by 2020, following the Secretary of State's recent announcement. Today, the Secretary of State announced a feasibility study into a possible Severn barrage. That renewable source could provide some 5 per cent. of the nation's energy, but we need to approach it scientifically and environmentally to assess the benefits and any possible disbenefits.

Let me address the issue of nuclear waste because it has excited some debate. I am always surprised by those who say that they do not like nuclear and also that it will never be built in Britain. If they are so confident that it will not be built in Britain, I wonder why they are so worried.

I shall be absolutely clear to the House. The recommendations of the Committee on Radioactive Waste Management followed more than two and half years' work and stakeholder engagement. The Government have accepted the committee's recommendations: geological disposal is the best available approach to the long-term management of the UK's higher activity waste, coupled with a robust programme of safe and secure interim storage.

Let us be clear that quite apart from the question of new build, we have a duty and responsibility. There is a waste; there is a legacy. When I visited Sellafield a year or two ago, I came away with two feelings. I had a sense of real shame that, for several decades, different Governments and Parliaments had neglected the issue, which was a gross act of irresponsibility. However, I also felt proud—albeit not on my own behalf, because I did not initiate this—that this Government were finally tackling this great legacy. We have a duty to do so. The Government believe that it would be technically possible and desirable to dispose of waste from new build in the same facility. We will further explore that through the managing radioactive waste safety process, which is under way. However, the Government believe that nothing has emerged from the managing radioactive waste safety consultation, which closed on 2 November 2007, to change our view about the feasibility of geological disposal.

Alan Duncan: Our concern is that the problem of waste should not be dumped on future generations. If there is to be new build, there has to be complete clarity now about the regime, which must include waste. We are concerned that the White Paper suggests that storage above ground might go on for 50 or even 100 years before a decision is taken. When does the Minister think that he will be morally obliged both to describe and implement the regime so that new investors will know exactly what they will have to do?

Malcolm Wicks: There is a great deal of material that can help to inform the hon. Gentleman on that point. We have said that, in principle, geological storage is the answer in the long term, and we have a process to bring that about; that is absolutely clear. On safety, there is nothing wrong, scientifically and environmentally, with interim storage for several decades. That is what is happening in many countries; I have seen it in France and in Britain. The issue is the long-term storage, and we have a strategy in place for that.

There are many doubting Thomases, so I want to emphasise that we are absolutely committed when it comes to who pays for new nuclear power. The answer is the companies—full stop. It is not the taxpayer. That is an absolute commitment. We can discuss the issue in Committee, and I look forward to that, because I want to reassure colleagues on that point. Operators of new nuclear power stations will pay the full costs of decommissioning their stations, and their full share of waste management costs. By "full decommissioning costs" we mean the dismantling of the plant at the end of its operational life, and returning the site to a condition agreed on with the regulators. The "full share" of waste costs means the costs directly attributable to the disposal of new-build waste in a geological disposal facility and, furthermore, a contribution towards the fixed costs of building a geological disposal facility. We are conducting a cost-modelling exercise to determine estimates of waste management and decommissioning costs. That is significant, and I understand that there will be 100 questions about that.

Martin Horwood: Will the Minister give way?

Malcolm Wicks: That makes it 101 questions. I will give way to the hon. Gentleman in a moment. We will deal with the questions in Committee, as I want to satisfy Committee members, and therefore the House, on the subject. In a few weeks—in February, I think—the Government will consult on two sets of draft guidance that set out what an approvable funded decommissioning programme should contain. That will assist business to understand its obligations under the Bill.

Martin Horwood: Will the Minister clarify whether the fact that companies will bear a share of both the cost of waste and the cost of the final repository means that the new nuclear programme will still leave the British taxpayer with an unlimited liability?

Malcolm Wicks: I do not confirm that; indeed, I deny it. By a full share we mean 100 per cent.—the absolute cost that is produced. That is what we mean by the share. Perhaps there is a linguistic problem for Liberal Democrat Members, but I can satisfy even the Liberal party in Committee.

I have mentioned energy security and climate change, but there is a third important issue to discuss: fuel poverty. While we talk about global warming, we have a duty to make sure that our elders and betters and other vulnerable people are warm in their homes. That is why the Government have set a target. I am not complacent, but I am proud of what we have done. The winter fuel payments, totalling £2 billion a year, are again helping some 12 million people this winter.

May I say to the hon. Member for Wealden (Charles Hendry), with as much politeness as I can muster at this hour, that I cannot take seriously all this concern about fuel poverty on the part of Tory Members? I find it difficult to do so. *[Interruption.]* I will tell the hon. Member for Wellingborough (Mr. Bone) why: when we took office—*[Interruption.]* Hon. Members say that I am doing well, but I will do even better now: when we took office 10 years ago, the Conservative Government expected a single elderly woman to live on £69 a week in income support. We introduced pension credit and winter fuel payments, and our energy efficiency programme has helped 2 million people with loft insulation, heating appliances and new boilers. I am proud of that, but I repeat that I am not complacent, because rising energy prices are now hurting the vulnerable. I recognise that people are worried about that. That is why we have urged companies to improve their social tariffs, and why the Secretary of State has said that if companies do not do the right thing, we will consider legislation. This is an important Bill and the issues at stake—energy security and global warming—are significant. We need a clean, diverse energy policy to address them. I commend the Bill to the House.

Question put and agreed to.

Bill accordingly read a Second time.

ENERGY BILL (PROGRAMME)

Motion made, and Question put forthwith, pursuant to Standing Order No. 83A(7) (Programme Motions).

That the following provisions shall apply to the Energy Bill:

Committal

The Bill shall be committed to a Public Bill Committee.

Proceedings in Public Bill Committee

2. Proceedings in the Public Bill Committee shall (so far as not previously concluded) be brought to a conclusion on 11 March 2008.

3. The Public Bill Committee shall have leave to sit twice on the first day on which it meets.

Consideration and Third Reading

4. Proceedings on consideration shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which those proceedings are commenced.

5. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.

6. Standing Order No. 83B (Programming committees) shall not apply to proceedings on consideration and Third Reading.

Other proceedings

7. Any other proceedings on the Bill (including any proceedings on consideration of Lords Amendments or on any further messages from the Lords) may be programmed—*[Mr. Khan.]*

The House divided: Ayes 274, Noes 85.

Division No. 51] **[10 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cooper, Rosie
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Davidson, Mr. Ian
Davies, Mr. Dai
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Havard, Mr. Dai
Healey, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley

Hutton, rh Mr. John
Illsley, Mr. Eric
Irranca-Davies, Huw
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McGrady, Mr. Eddie
McIsaac, Shona
McKechin, Ann
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mullin, Mr. Chris
Munn, Meg
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Stringer, Graham
Stuart, Ms Gisela
Tami, Mark
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Walley, Joan
Waltho, Lynda
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Mr. Tom Watson and
Mr. Wayne David

NOES

Bacon, Mr. Richard
Baron, Mr. John
Benyon, Mr. Richard
Bone, Mr. Peter
Bottomley, Peter
Brazier, Mr. Julian
Burns, Mr. Simon
Burt, Alistair
Campbell, Mr. Gregory
Crabb, Mr. Stephen
Davies, David T.C. *(Monmouth)*
Davies, Philip
Dorrell, rh Mr. Stephen
Duncan, Alan
Dunne, Mr. Philip
Fabricant, Michael
Farron, Tim
Francois, Mr. Mark
Fraser, Mr. Christopher
George, Andrew
Gidley, Sandra
Gillan, Mrs. Cheryl
Goodwill, Mr. Robert
Hague, rh Mr. William
Harper, Mr. Mark
Harvey, Nick
Hayes, Mr. John
Heath, Mr. David
Hendry, Charles
Herbert, Nick
Hollobone, Mr. Philip
Horwood, Martin
Jack, rh Mr. Michael
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Lamb, Norman
Lansley, Mr. Andrew
Leech, Mr. John
Lewis, Dr. Julian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
MacNeil, Mr. Angus
Main, Anne
McCrea, Dr. William
Mitchell, Mr. Andrew
Moore, Mr. Michael
Murrison, Dr. Andrew
Newmark, Mr. Brooks
Oaten, Mr. Mark
Öpik, Lembit
Paterson, Mr. Owen
Pickles, Mr. Eric
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Robathan, Mr. Andrew
Robertson, Mr. Laurence
Rosindell, Andrew
Rowen, Paul
Russell, Bob
Selous, Andrew
Simpson, David
Smith, Sir Robert
Spink, Bob
Stanley, rh Sir John
Stunell, Andrew
Tredinnick, David
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Walker, Mr. Charles
Wallace, Mr. Ben
Watkinson, Angela
Webb, Steve
Williams, Stephen
Willott, Jenny
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete

Tellers for the Noes:
Mr. Stewart Jackson and
Jeremy Wright

Question accordingly agreed to.

ENERGY BILL *[MONEY]*

Queen's recommendation having been signified—

Motion made, and Question put forthwith, pursuant to Standing Order No. 52(1)(a) (Money resolutions and ways and means resolutions in connection with Bills).

That, for the purposes of any Act resulting from the Energy Bill, it is expedient to authorise the payment out of money provided by Parliament of—

(1) any expenditure incurred by the Secretary of State by virtue of the Act;

(2) any expenditure incurred by the Gas and Electricity Markets Authority by virtue of the Act; and

(3) any increase attributable to the Act in sums payable out of money so provided under another enactment.—*[Steve McCabe.]*

Question agreed to.

ENERGY BILL *[WAYS AND MEANS]*

Motion made, and Question put forthwith, pursuant to Standing Order No. 52(1)(a) (Money resolutions and ways and means resolutions in connection with Bills),

That, for the purposes of any Act resulting from the Energy Bill, it is expedient to authorise—

(1) the levying of charges under or by virtue of the Act in connection with functions of the Secretary of State (including such functions which are transferred by virtue of the Act to another person);

(2) the levying of charges by virtue of the Act in connection with the termination of licences relating to the storage of carbon dioxide;

(3) the levying of charges by virtue of the Act in connection with costs incurred by the Gas and Electricity Markets Authority or the Northern Ireland Authority for Utility Regulation;

(4) the imposition, by virtue of the Act, of charges under licences issued under the Electricity Act 1989 or the Gas Act 1986; and

(5) the payment of sums into the Consolidated Fund.—*[Steve McCabe.]*

Question agreed to.

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees),

Police

That the draft Police and Criminal Evidence Act 1984 (Codes of Practice) Order 2008, which was laid before this House on 17 December, be approved.—*[Steve McCabe.]*

Question agreed to.

Ordered,

Radioactive Contaminated Land

That the Radioactive Contaminated Land (Modification of Enactments) (England) (Amendment) Regulations 2007 (S.I., 2007, No. 3245), dated 12 November 2007, the Radioactive Contaminated Land (Modification of Enactments) (Wales) (Amendment) Regulations 2007 (S.I., 2007, No. 3250), dated 13 November 2007, the Radioactive Contaminated Land Regulations (Northern Ireland) (Amendment) Regulations 2007 (S.I., 2007, No. 3236), dated 12 November 2007, and the Radioactive Contaminated Land (Scotland) (Amendment) Regulations 2007 (S.I., 2007, No. 3240), dated 12 November 2007, be referred to a Delegated Legislation Committee.—*[Steve McCabe.]*

BUSINESS OF THE HOUSE

Ordered,

That, at the sitting on Thursday 24 January, the Speaker shall put the Questions necessary to dispose of the Motions in the name of Ms Harriet Harman relating to Members' Salaries (Expression of Opinion), Members' Salaries, Parliamentary Pensions and Members' Allowances not later than Five o'clock; such Questions shall include the Questions on any Amendments selected by the Speaker which may then be moved; proceedings may continue after the moment of interruption; and Standing Order No. 41A (Deferred divisions) shall not apply.—*[Steve McCabe.]*

PETITION

Members' Priority Access

10.14 pm

Lembit Öpik (Montgomeryshire) (LD): This petition highlights the frustration felt by many parliamentary staff over what they feel is a two-tier system giving MPs the formal right to queue-jump even though common courtesy has worked well for 150 years. The 380 signatories know that the staff keep this place running in the democratic interests of the country. I thank Unite, the union, for its tireless efforts on this campaign and hope that the Administration Committee will soon abandon the regime of common discourtesy and restore courtesy to the Commons. The petition states:

The Petition of Members and staff of the House of Commons and others,

Declares that the Petitioners are astonished at the announcement made on 9 October 2007 that hon. Members should have priority access to services throughout the Commons part of the Parliamentary Estate. The Petitioners agree that such an approach may be expedient during a Division, but not everywhere all the time. The Petitioners consider that this announcement serves to create a rigid two-tier system which is counter to an enlightened image of Parliament and further believe that there is merit in a general presumption of equality on the Parliamentary Estate.

The Petitioners therefore request that the House of Commons ask the Administration Committee and Serjeant at Arms to reconsider their decision.

And the Petitioners remain, etc.

[P000112]

Fire Service Retirement (Ill Health)

Motion made, and Question proposed, That this House do now adjourn.—*[Steve McCabe.]*

10.15 pm

Mr. John Heppell (Nottingham, East) (Lab): Thank you, Mr. Speaker, for allowing this debate to take place. It is a very important subject and we have people in every constituency who will be concerned about it.

Let me start by saying that I do not see the Government as the bogeyman in this respect. I have not turned into one of the awkward squad—I am just trying to be a critical friend. The Government have genuinely tried to improve a bad situation, but because of unforeseen consequences we have ended up in a position that nobody wants to be in, including the Government. The situation is unsatisfactory, and I think that we all want to try to resolve it.

The ability to retire on ill health grounds in the public sector has been badly abused in the past, as anybody who has been involved in the public sector would recognise. A few years ago, it was always the aspiration of people of my generation to retire early. I remember thinking, "Will I be gone at 55 or 60?" People perceived it as almost a public service to retire early because plenty of others wanted their job and it was seen as making way for a younger man to take over. A lot of that has changed. What was wrong was that many people, in lots of different areas, took early retirement and then reappeared—they were suddenly fit again and working in the private sector, as consultants, or whatever.

I served on my county council's head teachers appointment committee, although I am not sure why I was qualified to do so, and we picked every head teacher and deputy head teacher in the whole of Nottinghamshire. We may not have done a good job; I am sure that the current system is a lot better. We also approved early retirement on ill health grounds. I realised that if there was anyone whom the authority considered dead wood, they were given early retirement. If someone was a good head teacher, there was no way that we were going to let them retire—they had to stay on. It was almost an incentive for people to be bad, and a reward for incompetence in some cases. That sort of abuse happened across the whole system, and the Government, given their responsibility for taxpayers, needed to deal with it.

Before 2004, I was very sceptical about the fire service pension scheme, but for somewhat different reasons. The fire service has a different remit and a different sort of employment, because people are at risk. However, the situation seemed mad to me, and I had friends who had to retire because of what was a very minor disability as far as I was concerned—their hearing or their sight was not quite as good as it was. Because of something very minor, all of a sudden they were forced to retire from a job, and I saw that as crazy. There was no discretion. If a person could not qualify as someone who fought fires, they were gone. That was not good for the individuals concerned; they lost their jobs. They might have found other jobs, but they wanted to stay in the fire service and could not.

The situation was not good for the fire service. Men who had been expensively trained—not just to carry out specific firefighting tasks—were moved out and new people had to be trained. It was bad for the taxpayers, too, because they paid the bill for all the early retirements. So I think that the Government did the right thing in saying, "We've got to do something about this. We have to tackle this problem." The Government did something about it through the Firemen's Pension Scheme (Amendment) Order 2004, which effectively changed things for the better. I thought that the Government's intentions were honourable and that the amendment made a considerable difference. It almost certainly reduced the amount of early retirement that was happening at that time.

There was already a changing trend of early retirement in the fire service. The 2004 order allowed firefighters to remain part of the pension scheme if they were not able to fight fires but could take on other firefighter duties. Where the fire service could fit people who were already well trained into jobs talking to the public about fire safety, inspections and so on, it could keep them on. The Disability Discrimination Act 2005 gave further impetus to that process of taking people on.

I suspect that Nottinghamshire county council and Nottinghamshire fire authority are not untypical. Three quarters of the fire service staff are on operational duties, and only a quarter are on non-operational duties, so the pool of jobs available to people not considered fit enough to take on operational duties is reduced. It is more difficult than the situation in an ordinary firm where it is possible to say, "We can fit these people into jobs." There are fewer jobs to fit them into—only a quarter of all available jobs. We must remember, too, that they should be put into real vacancies. I would not want bogus jobs to be created that let people carry on pottering around—I hope that no one would, including the Government. Such a situation would be disgraceful for the service, the taxpayer and the people who were given those jobs. We want to make sure that people have real jobs. We have to accept that it was not always easy to fit someone into a job.

I was quite content with that situation. There was a bit of leeway, and most chief fire officers were trying to ensure that people were put into jobs if there were some available. If that process ultimately failed, people could still retire on the grounds of ill health, after going through the rigorous examination to determine whether they were available for operational duties. That situation changed in 2006, and this is where my criticism of what happened comes for the Government.

In 2006, the Government issued the firefighters pension scheme circular 11/2006, which changed the definition of "regular firefighter". I recognise that this will be difficult for people. I will not be able to explain to everyone what a retained firefighter or a regular firefighter is; I am not going to sort out the complexity of the matter tonight. However, the change meant that when people were being tested, the definition of "a regular firefighter" had changed. In the past, people who were deemed unfit for the job were unfit for firefighting. The definition was changed effectively to say that a person is unfit if

"he is permanently disabled for firefighting and for performing other duties appropriate to the role."

That rider does not seem like much but it has caused major changes.

Soon after that, in January 2007, the Firefighters Pension Committee challenged the Government about the circular. It stated that

"the guidance given in circular 11/2006 clarified DCLG's view of the pension scheme. It could not be an interpretation of the scheme. The decision of whether or not to retire a member on an ill-health pension remained with the FRA. The question of whether a member who does not qualify for ill-health retirement can be dismissed if no suitable job is available was an employment matter and not for the pension scheme."

Mr. Philip Dunne (Ludlow) (Con): I congratulate the hon. Gentleman on securing the important debate. Does he appreciate that his point applies not only to fully employed members of the fire service, but, critically, to retained officers, many of whom act voluntarily with limited financial remuneration and have another job outside the service? In the event of their being injured on active duty, as many might be when fighting fire, they would lose not only their previous entitlement to a full pension but probably their main source of employment. Consequently, they would become destitute. In my constituency, where we do not have a single fully paid fireman—they are all retained—there is a serious risk of the provision of the pension scheme to which the hon. Gentleman refers leading to resignations that would put the public at risk.

Mr. Heppell: I thought, for a moment, that the hon. Gentleman would talk me out!

I agree with the hon. Gentleman that there is a serious problem with retained firemen. There is a case in my constituency of a retained firefighter who is in the position that he outlined.

Firefighters are being judged on whether they are fit to do any job that a firefighter does, not only the firefighting role. If he can fulfil any one other task, he is deemed fit. It is almost impossible to be declared unfit for the job.

Four firefighters died at Atherstone in Warwickshire. Let us suppose that they had not died but had been injured. Let us suppose that others who were at that fire were so traumatised by what they saw that they could not work again; that someone was hurt saving someone else's life, or that someone was injured while protecting the public or in an act of heroism, and then, because of circumstances in the local fire service, there were no vacancies that such people could fill. The only thing that a chief fire officer can do is sack them.

It is terrible that those whom we expect to put their lives on the line every day should, if they are injured as a result of that, be told, "I'm sorry, but there's nothing we can do." I am seeking a little flexibility to tackle such circumstances. It is right that chief fire officers are charged with a duty—indeed, I believe that it should be strengthened—of finding a job for anybody who is hurt through fighting a fire or an assault by a member of the public. We keep statistics on that and, if it was not happening, I would want to ask the relevant fire service for the reason. However, in circumstances in which there is no job, do we genuinely want to sack people? I do not believe that we do. I do not believe that the Government want to do that. One firefighter told me, "I can't be put down as retiring on ill health as long as I can pick up the phone." There is something wrong if we cannot deal with that.

Why do we not forget about the 2004 and the 2006 guidance? Why do we not forget about the guidance that we gave to the independent qualified medical practitioners, which said that as long as somebody can do any of the things that a firefighter can do, they will be deemed fit for work? Why do we not forget about all that and think about how we can go forward?

I will give the Minister a suggestion. I know that these things are complicated and will not be as easy as I describe, but when somebody is deemed unfit to fight fires by an independent qualified medical practitioner rather than by a GP—in the old days, people used to complain that they had a bad back and got early retirement—the fire services have a duty to comply with the Disability Discrimination Act and should ensure that they use every method available to find that person a job in a service. But if that fails, why cannot people in the service look elsewhere? When we are talking about only 300 people in Nottinghamshire fire service, it is difficult to find someone a job; but when we are talking about 20,000 people in Nottinghamshire county council's employment, it is much easier to find a job for somebody. We need to think out of the box and look at how we guarantee those people jobs.

However, the bottom line is that when we cannot find a person a job, whichever way we have tried, and when we have applied the 2005 Act, chief fire officers should have the ability to let them be rewarded properly for what they have done for us.

10.31 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Parmjit Dhanda): I congratulate my hon. Friend the Member for Nottingham, East (Mr. Heppell)—he is a good friend, too—on securing this debate. I spent a happy year working with him in the Whips Office, during which I learned from his commitment to the people whom he represents, regardless of his job in government or outside government. That is a useful lesson to us all, whatever job we hold in government.

By way of introduction, let me set out an outline of the position, before coming to my hon. Friend's points. The Government's commitment to provide decent final salary pensions for those employed by local authorities and fire and rescue authorities is matched by the need to ensure that scheme members' pensions are secure, affordable and viable, and, equally important, fair to taxpayers, who guarantee their security. The Government see it as critical to maintain the stability of the costs of firefighters' pensions over the years ahead. Our policy is to ensure continuing solvency and cost stability, balanced against a good standard of benefit provision based on final salary pensions. That requires prudent stewardship by all interests: the Government, as regulator and guarantor, employers and scheme members—that is, the firefighters.

Occupational pension schemes and public service schemes are no different in the sense that they typically provide some form of cover for employees who suffer permanent incapacity or ill health before normal retirement age. For the majority of public and private

[Mr. Parmjit Dhanda]

sector schemes, that takes the form of an immediate payment of a pension and a lump sum, as is the case with the fire service. A contingent ill health retirement pension is, in effect, part of an employee's remuneration package.

I fully endorse the principle, therefore, that firefighters who are genuinely suffering from poor health and who qualify under the pension scheme's rules should be granted ill health retirement. That is an important right and a necessary protection for employees who fall ill, whether as a result of work or otherwise. However, ill health retirement should be granted only in appropriate cases and where no other means can be found of accommodating the employee in work.

The fire and rescue service has moved on a great deal in recent years. We should celebrate the fact that fire deaths are at their lowest level since 1959.

We should also celebrate the fact that about 80 per cent. of homes in England now have smoke alarms, and that the number is increasing. That is largely due to the work that the fire and rescue service do outside of what is known as operational firefighting. That is a growing role, and it is testament to the flexibility and the reforms that we have seen in the fire service in the past five years.

That changing role was particularly pertinent to the 2004 amendment that my hon. Friend talked about. When that amendment came into force, with the related guidance, in 2004, it took into account the new opportunities for us to bear down on the rate of ill health pensions, and to take advantage of the fact that our firefighters are particularly skilled men and women who can perform other roles. That is important, because we do have to bear down on the costs of the scheme.

The 1992 firefighters' pension scheme remains the most expensive public sector scheme, with an estimated cost of 37.5 per cent. of pensionable pay. While members pay a contribution of 11 per cent. of pensionable pay, the employing authorities pay the balance. The main reason for the high cost of the scheme is the fact that benefits are payable from the age of 50, and a full pension of two thirds of final pensionable pay accrues over 30 years of service. In the current financial year, staff costs for authorities in England are estimated to total £1.17 billion, of which £467.9 million, or 40 per cent., is attributable to the pension cost of firefighters. Pension costs are therefore significant and, unless we continue to ensure that they are properly managed, the continued viability of the 1992 scheme could be threatened.

However, in recent years we have seen a dramatic reduction in the number of firefighters claiming an ill health pension. At the turn of the decade, the figure was about 18 in every 1,000 employees. Perhaps largely due to the 2004 guidance and amendment, that figure has now been reduced to about nine in every 1,000. That is the most recent figure that I have seen. It still does not compare very favourably with the police, for whom the figure is about three in every 1,000. None the less, this is a good downward trend.

My hon. Friend mentioned that informal guidance was introduced in 2006. I want to reiterate the fact that it was informal. I fully understand the concerns expressed by the Fire Brigades Union, by members of the Chief Fire Officers Association, and by others, including Members of Parliament on both sides of the House. I have received more than 300 letters expressing concern about this issue. I know that some of my ministerial colleagues share those concerns. My hon. Friend the Member for Poplar and Canning Town (Jim Fitzpatrick), for example, has experience as a firefighter, and he has talked to a number of former colleagues in the fire service. Like my hon. Friend the Member for Nottingham, East, he knows people who are very worried about these issues. It is therefore really important for the record to reassure my hon. Friend the Member for Nottingham, East and the whole House that it was never the Government's intention for an injured firefighter not to receive an appropriate award or to be left with no job or recompense. It is really important to have that on the record so that fire and rescue services are aware of that when they take these decisions.

Mr. Dunne: Will the Minister provide a similar assurance in respect of retained officers?

Mr. Dhanda: I have had discussions with the Retained Firefighters Union and a different set of issues applies particularly primary employment, to which the hon. Gentleman alluded. Those firefighters are also affected by what I have just said. I hope that I have clarified the position, but let me say it again in order to be doubly certain for the record. Let me reassure my hon. Friend and the House again that it was never the intention of the Government that a firefighter who is injured should not receive an appropriate award or be left with no job or recompense. That is important, but I think that we can go still further.

I spoke earlier today to the chairman of the Chief Fire Officers Association and also to the general secretary of the Fire Brigades Union. I will be talking to other stakeholders in the coming days as well. It is my intention to set up a working group to map out the way forward from here in a short and sharp way. That will involve the unions, employers and other stakeholders.

There is a great deal of good practice out there among fire authorities. We must ask ourselves in all honesty why it is that some fire and rescue services have ill health pension figures below three in 1,000, while in others the figures are much higher. Is it because the authorities are ensuring that ill health pension is not used as a mechanism for tackling bad performance or not used out of a desire to reduce staff numbers, or is it due to something else? Is it to do with the way in which available fire prevention is being pooled? Can other things be done? My hon. Friend mentioned that Nottingham was a small area but had many local government jobs. Is there a way of ensuring that fire authorities and fire and rescue services can work together? I want to engage those key stakeholders in this working group and do some important work in the coming weeks. We will also look further into the 2004 and 2006 guidance and follow up the trends in the most recent figures according to individual fire authorities in order to get a better gauge of the pattern and find out what exactly is going on out there.

I hope that what I have said is helpful. I know that there is a great deal of interest in this matter. I have

received many letters from firefighters, who are understandably concerned, and their representatives. We will continue this piece of work with two key priorities or principles. First, we must continue to bear down on the number of ill health pensions, as we must ensure that the scheme remains viable for the future. I am sure that all stakeholders will want us to do that. Secondly, as my hon. Friend suggested, we must ensure fairness for firefighters. I hope that what I have put on the record today will ensure that we achieve that.

Mr. Heppell: I sensed that the Minister was summing up and I wanted to come in before he concluded. I believe that I have had a response that I did not expect and I want to welcome it. The Minister has clearly listened to representations from Members on both sides of the House and this provides a great example of Parliament working. I do not know where to go with this, but I agree with the Minister. As far as I am concerned, I do not want people who are available to work not to be working. I will do anything to help them achieve that as part of the principle that we are expressing—that where people can work, we want to get them there. This is not about putting people on the scrap heap. I fully accept that principle. I also believe that saving money for the taxpayer is another good principle. I would be happy to help the Minister in any way in that respect, too. The message he has sent out tonight will be welcomed by firefighters across the country, so I thank him.

Mr. Dhanda: I hope that it will be welcomed. I appreciate what my hon. Friend has to say.

John McDonnell (Hayes and Harlington) (Lab): Will the Minister give way?

Mr. Dhanda: I am going to conclude there, as that is a good point at which to leave the debate and we have only a few seconds left. I hope that in this of all weeks, as the Minister with responsibility for the fire and rescue service, I will be able to spend some of my Friday at Coventry cathedral, paying tribute to firefighters who have tragically lost their lives in Warwick. I am very appreciative of my hon. Friend's remarks and I hope that we can go forward in the way I have set out.

The motion having been made at fifteen minutes past Ten o'clock, and the debate having continued for half an hour, MR. SPEAKER *adjourned the House without Question put, pursuant to the Standing Order.*

Adjourned at fifteen minutes to Eleven o'clock.

House of Commons

Wednesday 23 January 2008

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

PRIVATE BUSINESS

BROADS AUTHORITY BILL

Order for consideration, as amended, read.

Amendments agreed to.

To be read the Third time.

Oral Answers to Questions

SCOTLAND

The Secretary of State was asked—

Broadcasting

1. **Mr. Michael Moore** (Berwickshire, Roxburgh and Selkirk) (LD): What recent discussions he has had with the Chief Executive of Ofcom on the future of broadcasting in Scotland. [179987]

The Minister of State, Scotland Office (David Cairns): The Secretary of State last met Ofcom's chief executive in September.

Mr. Moore: For decades, Border Television has successfully provided news and other regional services to thousands of communities across thousands of square miles north and south of the border. Will the Minister join MPs from different parties, north and south of the border, who oppose ITV's plans to dismember the news and other services at Border Television? When he next gets the chance, will he impress on Ofcom that it must not be allowed to wriggle out of the very tight licence conditions originally imposed on ITV Border?

David Cairns: I am aware of the considerable concern about this proposal. I know that the hon. Gentleman has met Ofcom and Digital UK, and with others, including the shadow Secretary of State and my hon. Friend the Member for Dumfries and Galloway (Mr. Brown), directly lobbied Michael Grade. I have to say that I have a great deal of sympathy with what the hon. Gentleman says. He will know that it is not, of course, for Ministers to tell private companies where they should or should not have their bases, but it is for Ofcom to do so. As the independent regulator, it has a duty to look into these issues very seriously. It is undertaking a public service review of ITV, and I am pretty certain that this will figure very prominently in it.

David Mundell (Dumfriesshire, Clydesdale and Tweeddale) (Con): I fully support the comments of the hon. Member for Berwickshire, Roxburgh and Selkirk (Mr. Moore) and I would like to reinforce the strength of feeling among viewers on both sides of the border and among politicians of all parties for the retention of Border news, which provides a unique and fiercely local service to this primarily rural area. Anything that the Scotland Office can do to influence Ofcom and support local campaigners who oppose Michael Grade's ill-thought-out merger with the Tyne Tees newsroom in Newcastle would be much appreciated. Does the Minister agree that Border TV is important not just as a local news provider, but as a demonstration that people in the south of Scotland and the north of England, who have common interests and common concerns, are best served by a cross-border United Kingdom approach to broadcasting rather than the separatist broadcasting agenda promoted by the Scottish Government?

David Cairns: On the hon. Gentleman's first point, I agree with much of what he says and cannot add much to what I said to the hon. Member for Berwickshire, Roxburgh and Selkirk (Mr. Moore) about the responsibility of Ofcom, which I hope it will take seriously. On the second point, the hon. Gentleman is absolutely right that it makes no sense to take Scottish broadcasters out of a UK market and make them foreigners in the English and Welsh media market. It makes no sense to take Scottish regulation of broadcasting, telephony and the internet away from Ofcom at a time when they are converging everywhere else. It makes no sense to embark on a course of action that would inevitably lead to the break-up of the BBC, and to the balkanisation of Channel 4, to be replaced by a Scottish broadcasting corporation that would be parochial, inward-looking and not what the people of Scotland want.

Miss Anne Begg (Aberdeen, South) (Lab): With the absorption of Grampian TV into Scottish TV, I hope that the Minister will continue to make the case to Ofcom that the two separate licences covering the old Grampian and STV areas remain separate. As with the borders, the north-east of Scotland has its own news agenda and its own identity. There are certainly some fears that the separate identity of the old Grampian service could be lost in the bigger STV.

David Cairns: My hon. Friend is entirely right to say that Scotland is a nation of regions. What I believe the Scottish people want to see on the news is not the hoary old chestnut of the Scottish six, but more news that is truly local to where they live—whether it be in the north-east, the west or the south-west of Scotland. If there is money to be invested in news and current affairs—I sincerely hope that the BBC, and, indeed, ITV, will increase investment in news and current affairs in Scotland—it should be invested in local news gathering in the north-east, the south-west and the other regions of Scotland. That is preferable to pursuing some narrow agenda to break up British broadcasting, which would lower the quality of TV that our constituents get to watch.

Banknotes

2. **Malcolm Bruce** (Gordon) (LD): What recent discussions he has had with the Chancellor of the Exchequer on the acceptance of Scottish banknotes outside Scotland. [179988]

The Secretary of State for Scotland (Des Browne): I have regular discussions with Cabinet colleagues on a range of issues.

Malcolm Bruce: May I suggest that the Secretary of State impress on the Chancellor and the Governor of the Bank of England that it is high time Scottish banknotes were fully legally acceptable throughout the UK? They are authorised by the Bank of England and should have exactly the same status. If dollars and euros are acceptable to traders in England, surely Scottish notes can and should be, too. Will the Secretary of State endeavour to ensure that this anomaly is brought to an end?

Des Browne: I am delighted to have the opportunity to expand a little on the status of Scottish banknotes.

Andrew Mackinlay (Thurrock) (Lab): And Irish ones.

Des Browne: And, indeed, banknotes from Northern Ireland. One of the great successes of the very successful financial services sector in Scotland is the privilege enjoyed by commercial banks to publish banknotes when other banks, including commercial banks in England, do not. The fact is that under the law Scottish banknotes enjoy exactly the same status as all other methods of payment throughout the United Kingdom, although that is not widely known. They are perfectly legal, and people should know and respect that. I know that on occasion some of my countrymen have had their banknotes refused, but I have been in London a great deal over the past 11 years, and in connection with my ministerial responsibilities have periodically had Northern Ireland banknotes in my wallet. No one has ever refused to accept one of them.

Mr. Ian Davidson (Glasgow, South-West) (Lab/Co-op): Does the Secretary of State agree that Scottish banknotes, collected by the Treasury in the form of taxes, could be used to pay for aircraft carriers from the Clyde shipyards? Did he see the headline in Monday's Glasgow *Evening Times*? It read "We're Sunk", and below that, "Delays set to kill off Clyde yards in 2 years". Does the Secretary of State agree that that is simply dangerous nonsense, deliberately designed to undermine the position of the yards, and that those engaging in it are being unhelpful?

Mr. Speaker: Order. I think that the hon. Gentleman should engage in a letter to the Secretary of State, who can then reply to it. His supplementary is far too wide of the main question.

Mr. Ben Wallace (Lancaster and Wyre) (Con): During his recent discussions with the Chancellor, did the Secretary of State discuss fiscal autonomy for the Scottish Parliament? Does he agree that handing over greater fiscal powers to Holyrood reeks of appeasement of the SNP, and that just one more devolutionary heave will not serve the Union or Scotland well?

Mr. Speaker: Order. These matters are far too wide of the question.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): The Secretary of State says it is a matter of fact that Scottish banknotes can be accepted throughout the United Kingdom, and he is right, but it is also a matter of fact that often they are not. That was highlighted in an excellent article in the *Sunday Mail* on 6 January. The paper conducted a random sample, and found that it was difficult to get notes accepted in Liverpool, Tadcaster, Coventry, Manchester, Ashton-under-Lyne and London, where even the railway ticket vending machines would not accept them. Will the Secretary of State acknowledge that although this may not be a massive problem, it is a source of embarrassment and irritation to many of our constituents every year, and will he use his office to address the problem?

Des Browne: I welcome the opportunity to repeat what I have already said. Scottish banknotes are legal, and enjoy exactly the same status as any other method of payment. The fundamental problem is that the law of contract throughout the United Kingdom allows people not to engage in a transaction at the point of payment if they do not wish to do so. I should be happy to join the hon. Gentleman and his party in a discussion about reforming the law of contract if that is what he wishes to do, although I suspect that we would find it difficult to obtain the necessary legislative time or the necessary support. But he is right: in the 21st century, this irritation should not exist for people who are tendering legal notes in payment. I think the best thing for us all to do is to take every opportunity to tell people that those notes are as good as anyone else's, and should be accepted.

Post Office Network Change Programme

3. **Mr. Mark Harper** (Forest of Dean) (Con): If he will make a statement on the progress of the Post Office network change programme in Scotland. [179989]

The Minister of State, Scotland Office (David Cairns): The Post Office launched the first of Scotland's area plans in October last year, and expects to complete the consultation process by September. Let me add, for the sake of completeness, that I understand that the plan for the Gloucestershire and Oxfordshire area, in which the hon. Gentleman's constituency falls, is due to launch a consultation next month.

Mr. Harper: I am grateful for the Minister's answer, which ranged much more widely than Scotland. Is it not the case, indeed, that the consultation process in all parts of the United Kingdom, including my constituency—and, indeed, Scotland—is divisive, because it effectively pits one community against another? It has become clear that if a community saves one post office, another will have to close in its place. This is all about numbers, not about communities and their vital services.

David Cairns: No, I do not accept that. There are criteria laid down under which such decisions are taken, but we are not leaving this to market forces. If we were, only about 170 of the 1,200 post offices in Scotland would be left open. We are intervening with enormous amounts of taxpayer subsidy because we recognise the value of post offices in the communities they serve. However, we also recognise that people's

shopping patterns have changed: people access services over the internet, which they did not do previously. To do nothing was not an option, but we are not leaving this to market forces; we are intervening, because we recognise that the post office plays a valuable role in many communities, particularly, but not exclusively, rural communities.

Mr. Eric Joyce (Falkirk) (Lab): Is my hon. Friend content with the performance of Royal Mail deliveries in Scotland? I understand that there are various problems—one of which is that there have been only a handful of replies to the Scottish National party's "national conversation". The reason for that problem might not lie with the Royal Mail, but does my hon. Friend have a view on this question?

David Cairns: I was shocked to see that despite spending hundreds of thousands of pounds of Scottish—or rather, UK—taxpayers' money on its so-called national conversation, the SNP has had only a couple of dozen replies. The problem might reside in the Post Office, or it might reside in the fact that the people of Scotland repeatedly, in election after election, reject the option of breaking up Britain and the narrow nationalist approach of the SNP.

Angus Robertson (Moray) (SNP): I think that people in communities the length and breadth of Scotland will note the fact that instead of standing up for post offices facing closure, the Minister engages in petty political posturing. Does he not agree that the consultation on closures is a complete sham? It offers the chimera of reprieve in one community, yet will close post offices in another. One community is pitted against another community; one village is pitted against another village. Why does the Minister not stand up for those post offices, instead of posturing?

David Cairns: The House will have noticed the hon. Gentleman referring to the national conversation as petty politics. I agree: it is petty, partisan, posturing politics of the worst sort. On the serious business of the Post Office, this Government have already committed £2,000 million to sustaining a post office network, and we have also committed a further £1.7 thousand million to that. That speaks of a Government who are passionately committed to seeing a post office network exist in Scotland and throughout the rest of the UK, in contrast to the hon. Gentleman's "do nothing" option, which would see the Post Office wither on the vine.

Mr. Charles Kennedy (Ross, Skye and Lochaber) (LD): May I draw the Minister's attention to the Post Office code of practice, particularly regarding temporary closures? There have been 12 such temporary closures in my area in the past three years, with a varying degree of outcomes; five of them are still outstanding. Does the Minister agree that it would be quite against both the spirit and the substance of the code of practice if the Post Office were to include such outstanding temporary closures in the current consultation, thereby denying local communities their say? Will he make that point in any discussions he has?

David Cairns: I shall be happy to make that point. It is important that there is a transparent process with objective criteria, so that local communities can see why a particular post office has been closed and why others have been kept open. I understand that in the highlands of Scotland there are 18 proposed closures out of a total of 198. If we were taking a purely commercial decision, that figure would not be anywhere near 198; it would be massively reduced. We are committed to providing the subsidy to make sure that the Post Office remains viable, but it is important that this is done in an objective way—that there is transparency, and criteria that are adhered to.

DARA (Almondbank)

4. **Gordon Banks** (Ochil and South Perthshire) (Lab): What discussions he has had with ministerial colleagues on preserving the skills base at the Defence Aviation Repair Agency, Almondbank. [179990]

The Secretary of State for Scotland (Des Browne): If I may say so, I find my discussions with Ministers in the Ministry of Defence among the most fruitful discussions that I have across Government. On a more serious note, any decision about the long-term future of the Defence Aviation Repair Agency will be based on what offers best value for defence and the best chance of longevity of employment for the work force. Accordingly, preserving the skills base at both Almondbank and Fleetlands is at the forefront of Ministers' minds in this process.

Gordon Banks: My right hon. Friend will be aware that the future ownership of Almondbank has been uncertain for some time. I seek an assurance that he will take into account all appropriate considerations about the skills of Almondbank's work force during the decision-making process, with a view to preserving those vital skills for the Scottish economy.

Des Browne: I do not think I can make it any clearer to the House that the shared priority focus of this decision is ensuring that the skill base is protected and preserved, and that the longevity of employment is at the heart of the decision. For very good reasons, which have been explained to my hon. Friend, the trade unions and others who are interested, it is the Ministry of Defence's view that the prospect of investment and additional work coming in to both Almondbank and Fleetlands is in the interests of work force longevity and the retention of the skills base. I am happy to tell him that Baroness Taylor of Bolton, the Minister with responsibility for this area, will be visiting DARA on Friday, and I am sure he will be able to have further discussions with her then.

Pete Wishart (Perth and North Perthshire) (SNP): Although Almondbank is in the constituency of the hon. Member for Ochil and South Perthshire (Gordon Banks), most of the people who work there are my constituents. They have great concern about the proposed privatisations. Will the Secretary of State take full account of the joint trade unions' proposals to keep DARA Almondbank within the public sector and reject a further privatisation, this time of this first-class facility?

Des Browne: I will not accede to the hon. Gentleman's request to make a decision on that basis. I shall make the decision on the basis of what best serves defence. That is my first priority and I am sure that it is

his, particularly when young men and women from this country are risking their lives in operational theatres. That is my priority as far as public spending is concerned, and I am sure that it is his. Secondly, I shall ensure that we do our best to retain the very skilled work force at the facility, and give them an opportunity beyond what the prospective work programme offers them at the moment. I will take into account all suggestions that they make, but I will make the decision based on those two criteria. I would be happy to join the hon. Gentleman in discussions about this if he wants to have them, but he will not change my mind about those priorities.

Broadcasting

5. **Ms Katy Clark** (North Ayrshire and Arran) (Lab): What recent discussions he has had on the quality of television reception in Scotland; and if he will make a statement. [179991]

The Minister of State, Scotland Office (David Cairns): I have regular discussions with Ofcom and Digital UK about a range of matters in relation to broadcasting.

Ms Clark: My hon. Friend will be aware that problems remain with television reception in parts of Ayrshire. Will he outline what steps are being taken to ensure good television reception in as many households as possible, both before and after digital switchover?

David Cairns: My hon. Friend is right. The whole point of digital switchover is to give people better television: better reception, more choice and more interactivity. I know her constituency well, because it borders mine, and I know that many people in north Ayrshire have difficulty accessing a decent signal. It is difficult to say with any degree of exactness what will happen before switchover, but I sincerely hope that they will see an improvement in the quality of their television reception and in the range and number of channels that they receive once we reach digital switchover.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): As the Minister knows, the other advantage of digital television is that audio description will enable those with poor sight to enjoy the experience of television far more effectively. The Government have set a very low threshold for what broadcasters have to provide. What are the Government doing to encourage greater take-up of audio description and to improve ease of access to the handsets for those with disabilities?

David Cairns: The hon. Gentleman is right. I mentioned the interactivity that comes with digital TV, and things such as audio description are a key part of that. I have had discussions with the Royal National Institute of Blind People Scotland, which has been campaigning on this for some while. Just as there is now complete acceptance of subtitles for the hard of hearing, audio description for people with visual impairment must become standard. That will happen, to any meaningful degree, only when we switch off the analogue signal and boost the digital signal. The hon. Gentleman is right to keep campaigning on the issue, and I shall ensure that Ofcom is aware of his concerns.

Mr. Brian H. Donohoe (Central Ayrshire) (Lab): As you know, Mr. Speaker, Tarbolton, in my constituency, is closely associated with Robert Burns—but none of my constituents could be called a

"Wee, sleekit, cow'rin', tim'rous beastie".

They are not slow at coming forward to tell me that the TV reception is appalling. What will the Minister do for the good people of Tarbolton?

David Cairns: In a week when we celebrate the great Ayrshire poet, Robert Burns, I am sure that the people of Tarbolton will be enjoying those celebrations. Of course, the first ever Burns supper was in Greenock, in my constituency, so we lay claim to having set the tradition. The people of Tarbolton, along with those throughout Ayrshire and the rest of Scotland and the UK, will benefit when digital switchover happens. It will provide more channels, more services, more interactivity and more choice.

Ministerial Meetings

6. **Daniel Kawczynski** (Shrewsbury and Atcham) (Con): If he will make it his policy to make a regular report to the House on his discussions with the First Minister of Scotland. [179992]

The Secretary of State for Scotland (Des Browne): I regularly report to the House on matters relating to the interests of the people of Scotland, and shall continue to do so.

Daniel Kawczynski: I thank the Secretary of State for that answer. It is important that those of us who are not members of the Select Committee on Scottish Affairs, if we have an interest in Scotland, be kept abreast of the Secretary of State's important meetings with the important First Minister. Will he ensure that we receive those regular reports?

Des Browne: Perhaps the business managers and others in the hon. Gentleman's party will consider that to be a bid to join the Scottish Affairs Committee. I know that his party has had difficulty recruiting people to that Committee in the past, so he may well shortly find himself on an elite list. He is right to say that Ministers should be accountable. I believe in that—and I know that he knows that. I have given an undertaking to the House that I will ensure that it is aware of such discussions when they take place, and I will do so.

Rosemary McKenna (Cumbernauld, Kilsyth and Kirkintilloch, East) (Lab): Will my right hon. Friend take the opportunity, when he meets the First Minister, to explain that the Government have doubled the budget of the Scottish Executive since devolution—with a real-terms increase this year—and to remind him that it is time to start delivering for the people of Scotland?

Des Browne: I agree wholeheartedly. I noticed a headline in the Scottish media this morning on the subject of Budget considerations in the Scottish Parliament. It stated that the Scottish Parliament would decide how to spend a £30 billion budget. I recollect that that is exactly double the amount that Donald Dewar had to

spend as First Minister when devolution first started in Scotland. That is a measure of the scale of the investment that the Government have made in Scotland and of the opportunities to build Scotland's infrastructure. The people of Scotland will not forgive the minority Administration if they do not spend that money wisely on the priorities of the people of Scotland, rather than on what the hon. Member for Moray (Angus Robertson) called a petty bit of political posturing. *[Interruption.]*

Mr. Speaker: Order. I appeal to both sides of the House, as the noise is far too loud.

David Mundell (Dumfriesshire, Clydesdale and Tweeddale) (Con): When the Secretary of State next has a discussion with the First Minister, will he convey to him in the strongest terms the anger and disappointment felt in constituencies such as mine because of the SNP Government's petty political posturing on nuclear power and their ill-thought-out approach to waste, which have already led to Scotland being written off by prospective investors in next-generation power stations? Will the Secretary of State make it clear to the First Minister that his policies will lead not only to questions about whether Scotland can be self-sufficient in meeting its fuel requirements, but to economic consequences through the loss of the skills and expertise that have been built up by the nuclear industry in Scotland over many years?

Des Browne: I am sure that the First Minister reads *Hansard* – he will certainly read Scottish questions. I shall refer him to the hon. Gentleman's question, among other things, when I meet him on Friday. The hon. Gentleman is quite right. We know that 40 per cent. of the electricity generated must come from nuclear. We know that the future of our energy and climate change policies depends on energy conservation, but it also depends on the sustainable production of energy. Those who have thought the matter through and understand that a balance is needed know that nuclear energy will have to contribute to that. We have to ensure that the people of Scotland do not rue the day that the nationalists tried to deny them the opportunity of that sustainable future.

Mr. Jim Devine (Livingston) (Lab): When my right hon. Friend meets the First Minister, will he remind him that full employment is this Labour Government's priority, and refer him to the report produced at the weekend, which was endorsed by Dr. Ewan Macdonald of Glasgow university? The report states that the impact of unemployment on a person's health is the equivalent of smoking 200 cigarettes a day.

Des Browne: My hon. Friend is absolutely right. Decades ago, the Black report said that there was a correlation between ill health and poverty, and there is an obvious link between poverty and employment opportunities. That is why we are so proud that the Government's economic policies and the stability that they have generated across the UK have made such a significant difference to employment, and consequently to unemployment.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [180919] **Mr. Stephen Crabb** (Preseli Pembrokeshire) (Con): If he will list his official engagements for Wednesday 23 January.

The Prime Minister (Mr. Gordon Brown): Before I list my engagements, I am sure that the whole House will join me in sending our profound condolences to the family and friends of Corporal Darryl Gardiner of the Royal Electrical and Mechanical Engineers, who was killed in Afghanistan on Sunday. His death reaffirms our deep gratitude to those who have lost their lives in the service of our country. Our thoughts are also with Corporal Gardiner's five colleagues who were injured in the attack.

This morning, I had meetings with ministerial colleagues and others, in addition to my duties in the House. I shall have further such meetings later today.

Mr. Crabb: I join the Prime Minister in paying tribute to Corporal Darryl Gardiner.

Will the Prime Minister please tell us what exactly is happening on Britain's streets when the Home Secretary needs an armed police escort to go and buy a kebab? *[Interruption.]*

Dr. Julian Lewis (New Forest, East) (Con): Skewered!

The Prime Minister: I want everyone in Britain to be, and feel, safe on our streets. Crime is down 32 per cent. since 1997, and violent crime is down 31 per cent. There are more police than ever in our country, and we will do everything in our power to ensure the safety of our citizens.

Q2. [180920] **Mr. Eric Martlew** (Carlisle) (Lab): My question is about flood defences. When a community has been flooded, the people there feel great fear and anxiety the next time there is heavy rainfall. That happened in Carlisle on Monday. Parts of the city have good flood defences, and extra defences will be put in place where they are needed, but what is happening nationally? The Government have massively increased funding for flood defences since last year's tremendous downpours, but that will not be enough. *[Interruption.]* Will the Prime Minister assure the House that he will look to the insurance companies and local authorities for other funding sources? Will he review—*[Interruption.]*

Mr. Speaker: Order.

The Prime Minister: I sympathise with those of my hon. Friend's constituents who are facing floods, and with everyone around the country who has been hit by them. Sir Michael Pitt has undertaken a review of our policies since last summer's floods, and we will implement all his recommendations. However, expenditure on flood defences was £300 million in 1997: this year, it is £600 million, and it will rise to £800 million in 2011. That means that more than £2 billion will be spent on flood

defences in the next three years, and of course we will consult with local authorities to ensure that the money is spent in the best way.

Mr. David Cameron (Witney) (Con): I join the Prime Minister in paying tribute to Corporal Darryl Gardiner, who was killed in southern Afghanistan on Sunday. He died serving our country.

Taxpayers have the right to know what their total exposure is under the Prime Minister's latest plan for Northern Rock. Let us be clear: the rescue package is as much for his reputation as it is for the business. If the bonds are not paid back, and if Northern Rock fails to meet its obligations, what is the total exposure? How much?

The Prime Minister: The loans and bonds are secured against the assets of Northern Rock, which, as everyone understands, has a high-quality loan book. It is our intention to get the best deal for taxpayers: they will get their money back, and make a profit.

Mr. Cameron: The Prime Minister will not tell us how much the taxpayer is in for, but the figure is £55 billion. Effectively, he has lumped every household in the country with a second mortgage. Taxpayers want to know how long it will be before they are off the hook, so will he say how many years it will be before the bonds are repaid?

The Prime Minister: We would be the first to be repaid under the scheme. The loans and the bonds are secured against the assets of Northern Rock. I think that the right hon. Gentleman should think very carefully about what he has been saying about Northern Rock. In September, he said that he was wholeheartedly behind our proposals to save the company. Then, in the last few weeks, he and his shadow Chancellor have toyed with nationalisation, administration and a private sale. Is it not about time that the Opposition were consistent in their thinking about Northern Rock?

Mr. Cameron: The Prime Minister talks about changing positions, but last week he was all in favour of nationalisation. Then, he gets a tough time at Prime Minister's questions, he gets on an aeroplane with Richard Branson and he drops the whole plan. The Prime Minister will not tell us how much taxpayers are in for or how long they will have to wait to get their money back. It is like a used car salesman who will not tell someone the price, will not tell them the mileage, and will not give them a warranty. He has gone from Prudence to Del Boy without even touching the ground. This deal depends on a massive effective subsidy from the British taxpayer to Northern Rock shareholders through either lower borrowing or a guarantee. So can the Prime Minister tell us how much that taxpayer subsidy is?

The Prime Minister: The loans and the bonds are secured against the assets of Northern Rock. It is as clear as that. If I may say so, the reason why we intervened is the reason why we still are intervening: to secure the stability of the economy. I believe that all parties in the House should be in favour of ensuring that what happened at Northern Rock does not spread to the rest of the economy. I believe that all parties in the House would want to ensure that the depositors of Northern Rock and other building societies are protected, but what we are now seeing is the height of opportunism on the part of the Conservative party. One day it favours nationalisation; another day it favours a private sale; then the shadow Chancellor says that his favoured option is now administration. Let me just tell the House what administration means. It means a fire sale of the assets, it means closing down the company and it means the Government losing billions of pounds. It is the worst possible solution and the Conservatives are not only guilty of inconsistency, but guilty of putting the stability of the economy at risk.

Mr. Cameron: The fact that the Prime Minister will not answer a single question just shows what a dodgy deal this is. He asks about administration. Does he not understand that administration and liquidation are different things? Let me put it this way. Administration is what the Government are in at the moment; liquidation is what is going to happen by the British people at the next election.

The more people hear about this deal, the more they realise that it is a complete con. The Prime Minister is taking a lot of debt, packaging it up and selling it off as bonds. This is a sub-prime deal from a sub-Prime Minister. Let us see whether he can just answer this one simple question. Can he at least tell us what fee is being paid to Goldman Sachs?

The Prime Minister: That is a matter of negotiation between the Treasury and Goldman Sachs, and it will be published at the right time.

Let us look at the Opposition's policy of administration. Administration means a fire sale of the assets; it means selling off the assets at the bottom of the market and losing billions of pounds of money. The shadow Chancellor rejected administration in November but is now proposing it in January. The Opposition's policy is the worst possible policy for dealing with the problem and they have flip-flopped between nationalisation, private sales and administration. They have no credibility on the economy and the reason why we intervened is the reason why we think that the economic record of this Government is a good one. For 10 years we have preserved the stability of the economy. The figures out today show that growth in Britain was 3.1 per cent. last year, and it is the highest growth of the G7. We have more people in employment than ever before and we have lower inflation than our major competitors. That is the recipe for moving forward, not the flip-flop policies of the Opposition.

Mr. Cameron: Only this Prime Minister could talk about low inflation when families filling up at the pumps are paying £1.07 for a litre of petrol. People wonder what planet he is living on.

The Prime Minister will not tell us how much the taxpayer is liable for, he will not tell us for how long the taxpayer has got to prop up this business, he will not tell us what the subsidy is and he will not say how much he will pay to Goldman Sachs. Will he at least say this: in retrospect, does he recognise that it was a complete error of judgment to get on an aeroplane with one of the principal bidders, Richard Branson, and fly round the world?

The Prime Minister: Not at all, and just remember that the Opposition supported our policy in September and October, but for opportunistic reasons, they have moved against it. Let me tell the right hon. Gentleman about inflation in the economy. Inflation in Britain is 2 per cent. In the Euro area it is 3 per cent., and in America it is 4 per cent. We have kept inflation low because we have made the difficult decisions that the Opposition would never face up to. As for the economy, his own adviser—the arts spokesman for the Conservative party—said only yesterday:

"in the 90s...what killed people were paying 15 per cent. interest rates on their mortgages."

That was under the Conservative Government. He continued:

"Now, there is no reason for interest rates to go up excessively...because we...still live in a low inflation economy."

That is what a Conservative party spokesman said. The right hon. Gentleman should acknowledge that that spokesman is right and he is wrong.

Mr. Cameron: What everybody knows is that taking one of the principal buyers of the business round the world was bad judgment. The deal is bad judgment, and the worst judgment of all was leaving Britain with the highest budget deficit in Europe at a time of economic difficulty. The Prime Minister is now synonymous with delay and dithering. Is not the Northern Rock deal just damaging, dodgy, extra debt from a failed Prime Minister?

The Prime Minister: It is not bad judgment to take British business men and British business women—*[Interruption.]*

Mr. Speaker: Order. Let the Prime Minister answer. *[Interruption.]* Order.

The Prime Minister: It is not bad judgment to take British business men and women to win orders for British exports in China and India. I have no apology to make for that. As for the right hon. Gentleman's policies, we get from him merely slogans, and no substance whatever. If I may say so, the record of this Government, as he will find when he goes to Davos this week, is acknowledged around the world. We have low inflation, low interest rates and high employment, and had the best growth of any industrialised country in the last year. We are determined to maintain the stability of the British economy; it would be put at risk under Conservative policies for instability. We are the party of stability, and will always remain so.

Mr. Andrew Smith (Oxford, East) (Lab): In contrast to what we have just heard from the Leader of the Opposition, given all the turbulence in global markets and the impact that that can have on people's everyday lives, is not the most important thing to continue with the Government's measures for economic stability, which have brought us low inflation, low interest rates and high employment? That is the best way of sustaining economic strength for the future.

The Prime Minister: Only yesterday, a former Chancellor of the Exchequer, while acknowledging the difficult conditions in the world economy and the problems of the last few days, said of Britain:

"we have maintained a good level of growth last year. The level of employment in the country is quite good. Some of our businesses are extremely competitive. The level of earnings remains quite high."

That is the record, acknowledged by a former Chancellor. Is it not about time that the shadow Chancellor and the Leader of the Opposition acknowledged that we are doing the right things by the British economy? In spite of their views, we will continue to do so.

Mr. Nick Clegg (Sheffield, Hallam) (LD): May I associate myself with the expressions of condolence and sympathy for the friends and family of Corporal Darryl Gardiner?

As we have heard, the Prime Minister this week unveiled his cunning plan to nationalise all the risks of Northern Rock, but to privatise the profits. How can he justify fleecing the taxpayer by handing a blank cheque to the private sector, when he knows, unlike the Conservatives, that temporary nationalisation is the right thing to do?

The Prime Minister: In the proposals that we put forward, we share in all the benefits as the Northern Rock company, or its successor company, does better. If he looks at the small print, the hon. Gentleman will see that we are protecting the interests of the taxpayer in the best way possible. Again, I am afraid that it is very difficult to listen to the Liberal party on economic policy. Yesterday he spent another £2 billion; a few weeks before that he said that he had £1 billion of extra spending commitments, but he could not justify them or explain how the money would be spent. None of his policies add up. Is it not time that he went back to the drawing board?

Mr. Clegg: Is not the real truth that the Prime Minister will not nationalise the bank because he is running scared of the Conservative party? *[Interruption.]* It has no solutions—*[Interruption.]*

Mr. Speaker: Order. Let the hon. Gentleman speak.

Mr. Clegg: The Opposition have no solutions of their own. When will the Prime Minister stop listening to them and do what he knows to be right? Or will he continue to insist that British taxpayers pay through the nose for years to come because of his own lack of leadership?

The Prime Minister: May I just say it in this way: nationalisation is one of the options that is open to us, as the Chancellor has made clear—nationalisation, public ownership, but it would be on the road back to private ownership, as the Liberal Democrat shadow Chancellor has acknowledged. But we are right to look at every option. If commercial companies come to us and say that they have proposals to run Northern Rock in a better way in the interests of the shareholders and depositors than it is being run at present, we are right to look at those proposals. It would be a mistake for us to reject proposals coming from the private sector, as the hon. Gentleman seems to want to do. All options are on the table. We will do what is best by the shareholders and the depositors of Northern Rock, and we are determined at all times to maintain the stability of the economy. We have done that for four months after Northern Rock went into difficulties. We have maintained stability and the difficulties have not spread into other companies and other institutions. We are determined to continue to maintain stability, and all our decisions will be made on that basis.

Q3. [180921] **Michael Connarty** (Linlithgow and East Falkirk) (Lab): May I ask the Prime Minister to focus on the plight of the working poor in this country? Is he aware that despite the clear intentions of the customers who leave tips to people in the hotel, restaurant and hospitality industry, the tips are not paid in addition to those people's minimum wage, but are paid as part of the minimum wage? That must be addressed. Will he agree to meet me and other MPs who have been campaigning on the issue, to discuss how his Government can at last end that shameful practice?

The Prime Minister: Of course I am happy to meet my hon. Friend and colleagues to talk about the future of the minimum wage. Where tips are paid directly to the employee, they go to the employee. Where they are paid through Visa or through a bill, that is a matter for the employer to negotiate with the employee. The great success of the minimum wage is that it has risen by 50 per cent. since 1999, faster than wages in the economy. The Conservative party said that the minimum wage would cost us 2 million jobs. We introduced the minimum wage, we have raised it by 50 per cent. and we have created more than 2 million jobs.

Mr. Kenneth Clarke (Rushcliffe) (Con): The Prime Minister has just quoted with approval the reasons that I gave yesterday why this year's sharp slowdown in the economy might yet not turn into a recession. I thank him for that. Does he also agree with my view that he handed on the public finances to his successor in a quite appalling mess, which means that fiscal policy cannot be used to help in the present situation, that his dithering and incompetence over Northern Rock have added very considerably to our existing indebtedness, and that the fiscal rules on which he used to rely when making his claims to economic stability are now quite incredible and have been shattered by his own policy?

The Prime Minister: I know that the right hon. and learned Gentleman is trying to rescue himself with his own party after his unguarded comments yesterday about the success of the British economy. As someone who inherited a very difficult economic situation from him in 1997, may I tell him that we have observed all our fiscal rules. We made the Bank of England independent against his advice. We have had 10 years of growth, which the Conservatives would never have had. He predicted a recession in 1997; there was no recession. We have maintained stability, which he would not have done.

Q4. [180922] **Mr. David Clelland** (Tyne Bridge) (Lab): The latest economic survey for the north-east shows high levels of business confidence, and there is no doubt that the region's economy has improved under the stewardship of my right hon. Friend, with massive reductions in unemployment and record levels of employment. Much remains to be done, however, to reduce the gap between the north-east and other regions. What does my right hon. Friend consider to be the greatest threat to continued progress—

The Prime Minister *rose*—

Mr. Clelland:—and will a slowdown—

Mr. Speaker: Order.

The Prime Minister: Long-term unemployment in the north has fallen by 70 per cent. Long-term youth unemployment has fallen by more than 70 per cent. More people are working in the north of England as a result of the Government's policies, and we are determined to maintain that. That success would be put at risk by opportunistic policies that risked the public services in favour of £10 billion of tax cuts and meant that we could not spend on health, education and the new deal in the interests of the people of the north. That is why I urge people to favour our policies against the policies of the Opposition.

Q5. [180923] **Mr. Mark Harper** (Forest of Dean) (Con): The Prime Minister was obviously able to answer that question, because it was one that he wrote earlier.

Last week, the Government announced that Gloucestershire would be a pilot area for short breaks for disabled children. My Conservative colleagues on the council are already working with local parents to develop that. The Prime Minister will know that in the comprehensive spending review he promised that NHS spending would match that coming from the Department for Children, Schools and Families. Can he confirm that my local primary care trust will indeed get £3.6 million over the next three years to pay for those short breaks?

The Prime Minister: I can confirm that primary care trusts will get money to make it possible for there to be breaks for carers of children. I agree that we have to do more for disabled children, about whom we have had a review, and for the carers of disabled children. I had a seminar with many carers in Leeds only a few days ago. There is support for more action on respite care, more help for carers' pensions, more for the carer's allowance and more support for carers in all their different needs. We are determined to move that agenda forward, and I hope that there will be all-party support for that.

Mr. Tom Clarke (Coatbridge, Chryston and Bellshill) (Lab): Given that reply, does my right hon. Friend agree that following the reviews conducted for this House on disabled children and their families, the £34 million allocated to Scotland should be spent on the relevant services, including the NHS—and those alone? That is happening in every other constituent part of the United Kingdom.

The Prime Minister: I am grateful to my right hon. Friend, who has taken a long-term interest in these matters and piloted through a major Bill for the protection of disabled people. The money allocated for disabled children and disabled people should go to disabled children and disabled people, and we will do everything in our power to make sure that, in every part of the United Kingdom, the needs of the disabled are properly recognised.

Q6. [180924] **Mr. Greg Hands** (Hammersmith and Fulham) (Con): With police investigations under way into four projects of the London Development Agency, and with millions of pounds of central Government money unaccounted for, will the Prime Minister join me, and colleagues from across the House, in calling for an independent investigation into corruption at the LDA and the role of Mayor Ken Livingstone?

The Prime Minister: That is a matter for the police. If we look at London, we see that jobs are up, police numbers are up, crime is down and transport is getting more investment. That is why we need a Labour Mayor.

Q7. [180925] **Mr. David Crausby** (Bolton, North-East) (Lab): Working people in my constituency are just as concerned about their employment prospects as those who come from abroad to work in the UK. Will my right hon. Friend protect both British and overseas workers by guaranteeing fair wages and conditions for all? In the absence of a European directive, will he ensure support for domestic legislation that protects agency workers?

The Prime Minister: My hon. Friend is absolutely right to raise the question of vulnerable workers in the United Kingdom—those who have come here to work or who were already in the United Kingdom. That is why we have created a forum to deal with many of those issues. As for the agency workers directive, we look forward to there being a European agreement on that. If there is not a European agreement, of course we will look at what we can do domestically to protect workers and ensure that they have the rights that they should have.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): In an age gone by, the Prime Minister might well have been a covenanter. Is he concerned about the current breach of the covenant with the military and about the breach, as we speak, of the covenant with the police services of England and Wales?

The Prime Minister: The Chief of the General Staff has said that there is not a breach. That is because we are spending more on defence than ever before. Over the course of the last year, we have made arrangements to give better allowances to those serving our country abroad. We are doing everything in our power to make sure that they are not only safe and well protected, but given the best allowances and accommodation. We will continue to do everything in our power to protect our military forces.

As far as the police are concerned, there has been a 39 per cent. rise in police pay over the last 10 years. People understand that in the fight against inflation it was necessary to stage public sector pay awards. I would like to have given the police more. I would like to have given the nurses more, and more to other public sector workers who found that their wages were staged. But if pay rises are wiped out by ever-rising inflation, no benefit will go to the police or anybody else who receives those pay rises.

I hope that over the course of the next year, we can move to a two or three-year pay agreement that will give stability and certainty to the police and other public sector workers. We believe that they do a great job. The important thing, however, is to recognise that in the fight against inflation it is necessary to take action at the right time. Others might not take that action. We did.

Q8. [180926] **Dr. Phyllis Starkey** (Milton Keynes, South-West) (Lab): If Britain's economy is to continue to meet the challenge of global competitiveness, we need to continue to upskill workers. In that context, the recent announcement on ELQ—equivalent or lower qualification—funding is a welcome recognition that the concerns of the Open university and others have been listened to. What more are the Government doing to help mature students and women returners, in particular, to access higher education?

The Prime Minister: No one has fought harder for the Open university than my hon. Friend. I congratulate her, as the MP for Milton Keynes, on what she has achieved in fighting for that institution. We have just allocated £100 million to give grants to 20,000 people to get their first degree. She is absolutely right: there are 2.5 million people in this country who have a qualification level just below higher education, many of whom want a second chance to get a degree. We want to do more, particularly for women and mature students, to make that possible, and over the course of the next few years we will set out plans to make that happen.

Q9. [180927] **Sir Nicholas Winterton** (Macclesfield) (Con): I am asking this question as an honorary vice-president of the Royal College of Midwives. With the number of midwives and student midwives falling, with last year's cut in NHS resources for maternity services, and with the birth rate in this country dramatically rising, what urgent steps will the Government take to ensure that there is no deterioration in maternity services for pregnant women; and how will they honour the guarantees in their maternity strategy?

The Prime Minister: I share with the hon. Gentleman the desire to do more to help midwives and maternity services in this country. I thank him for his work as honorary vice-president of the Royal College of Midwives. The figures show that between 1997 and now there has been an increase of 2,084 midwives and a 20 per cent. increase in the number of students entering training for midwifery. We accept that we need to do more, and we will do more, with 1,000 more midwives in the years to come. I hope that that answers the hon. Gentleman's question. Britain remains one of the safest places in the world for children to be born, and we will ensure that we do everything in our power, with the Darzi report and the announcements that we will soon make, to ensure that that remains the case, and we will ensure that midwifery is properly financed.

Ann Clwyd (Cynon Valley) (Lab): Would my right hon. Friend care to congratulate the miners of Tower colliery in my constituency, who over the past 13 years, after investing their own redundancy pay in a miners' co-operative, have been highly successful, despite the efforts of the Conservatives to shut them down?

The Prime Minister: I was pleased to visit Tower colliery and give support to the miners who had invested their own savings for all these years. We were able to support that colliery with operating and investment aid. I believe that some of the former miners will be able to continue their careers in deep mining, but the colliery is now exhausted. I want to thank them for their efforts, proving that working people can get together and make a success of a project that other parties said would never work, and to thank my right hon. Friend for her efforts in ensuring that Tower colliery was a great success during those years.

Q11. [180929] **Steve Webb** (Northavon) (LD): The Department for Work and Pensions holds records on tens of thousands of women in their 60s who would be eligible to boost their basic state pension under a very complicated scheme that most of them have never heard of. Will the Prime Minister ensure that the DWP simply tells those women what they are entitled to?

The Prime Minister: We will do what we can to ensure that women in their 60s have proper pension rights. As the hon. Gentleman knows, this is one of the areas where over many decades we have not done enough to secure rights for elderly women. Under the Pensions Bill, more women will get the basic state pension and will not have to have a smaller pension, as before, but we will try to do our best to ensure that women in their 60s get pension rights as well.

Q12. [180930] **Linda Gilroy** (Plymouth, Sutton) (Lab/Co-op): When the Prime Minister was in China recently, what talks did he have about co-operation in research and development in the science sector? Will he ensure that the UK marine science sector is as well resourced as possible so that it can make the most of its global reputation in partnerships with China and elsewhere?

The Prime Minister: In China, I was able to say that the marine centre in my hon. Friend's constituency has very strong links with that country. We will do what we can to sign more agreements with China on scientific co-operation. My hon. Friend understands that under this Government the science budget has doubled. Science has never been better financed. That would not have happened under the policies of the Opposition. We will continue to support the science and technology of Britain.

Richard Younger-Ross (Teignbridge) (LD): When the Prime Minister was in China, did he receive assurances that British journalists could visit Tibet, which is currently occupied by China?

The Prime Minister: On my visit to China, I made it clear to the Chinese Government that we believed that journalists should not only be free to move within China, but free to interview people during the Olympic games. I hope that the offer that the Chinese authorities have made will be sustained after the Olympics, and I hope that international pressure will back up our efforts to ensure that journalists have the right of free movement.

Obesity

12.31 pm

The Secretary of State for Health (Alan Johnson): The first ever cross-government strategy to tackle obesity is being published today. The House last discussed this subject in October, when the then chief scientific adviser, Sir David King, and his foresight team published the report "Tackling Obesities: Future Choices"—the result of two years' work by some of our most eminent scientists and academics, seeking to determine how we can deliver a sustainable response to obesity over the next 40 years.

I shall just remind the House of the challenges identified in that report. Foresight said that with 23 per cent. of men, 24 per cent. of women and 18 per cent. of children clinically obese, and with no expectation of any spontaneous reversal of obesity trends, those figures will rise to 60 per cent. of men, 50 per cent. of women and 25 per cent. of children by 2050. That will have a severe impact on the health of individuals, increasing the risk of diabetes, cancer, and heart and liver disease. The cost will be felt in every part of society, not just in headline financial or health terms, but in personal ways, by affecting the lives and opportunities of millions of people.

The overall cost to society is forecast to reach £50 billion over the next 40 years based on current trends, including a sevenfold increase to the NHS. However, as foresight said, such outcomes are not inevitable, and if we take action now the trends can be reversed. Halting the obesity epidemic is primarily about individual behaviour and responsibility—how people choose to live their lives, what they eat and how much physical activity they take. It is also, as I shall outline, a matter of the commitment of the private and voluntary sectors. However, the Government have the most significant role in expanding people's opportunities to make the right choices for themselves and their families, in ensuring that people have clear and effective information about food, exercise and individual well-being, and in ensuring that policies in a wide range of areas promote an environment that supports people in their desire to maintain a healthy weight.

The Government have set themselves a new ambition of being the first major country to reverse the rising tide of obesity in the population by ensuring that all individuals are able to maintain a healthy weight. Our initial focus is on children: by 2020, we intend to reduce the proportion of overweight and obese children to 2000 levels. To help to fulfil that ambition, foresight suggested that the Government should focus their action on five main policy areas. I should like to set out the initiatives that the Government are announcing today in each of the five policy areas. They will be financed with £372 million of extra funding between 2008 and 2011.

The first initiative concerns the healthy growth and development of children. The strategy begins from the start of a child's life, with early identification of at-risk families, and plans to make breastfeeding the default option for mothers. For school-age children, as my right hon. Friend the Secretary of State for Children, Schools and Families, who has worked closely with me, set out yesterday, the Government will continue to invest in healthy schools, including making cooking a compulsory part of the national curriculum. We will also take measures to increase participation in physical activity by the least active children, and develop policies to ensure that the lunches that children bring to school are as healthy as those now provided as school meals. To support and empower parents to make changes to their children's diet and physical activity at all ages, we will invest £75 million in an integrated marketing campaign.

The second strategy is promoting healthier food choices. It sets out a healthy food code of good practice, which we will develop in partnership with the food and drink industry and other relevant stakeholders. The code will challenge the industry to adopt voluntary practices to reduce consumption of saturated fat, salt and sugar. We will also ask Ofcom to bring forward its review of the restrictions on advertising unhealthy foods to children and report early findings by September. On the broader environment, we will promote the flexibilities already contained in planning regulations, so that local authorities can limit the spread of fast food outlets in specific areas, such as those close to schools or parks.

The third policy is building physical activity into our lives. The initiatives range from those focused on the individual—for example, a Walking into Health campaign, which aims to get 30 per cent. of the population walking at least 1,000 more steps every day—to those directed at whole communities and businesses. For example, we will invest £30 million in Healthy Towns, which means working with selected towns and cities to learn from the successful EPODE model used in France through a whole-town approach to promoting physical activity.

We will also set up a working group with the entertainment technology industry to incorporate devices that allow parents to manage the time that their children spend watching TV or playing sedentary games online much more widely. We will review our overall approach to physical activity, including the role of Sport England to ensure a clear legacy of increased physical activity up to and beyond the 2012 Olympic games.

The fourth policy area is creating incentives for better health. Individuals, employers and the NHS need to have stronger incentives to prioritise the long-term work of improving health. In that strategy, we lay out plans for working with employers and employer organisations to explore the way in which companies can best promote good health among their staff and make healthy workplaces part of their core business model. We will pilot and evaluate a range of different approaches to using personal financial incentives to encourage healthy living.

The fifth and final strand is personalised advice and support. When people are overweight or obese, they need access to personalised services that are tailored to their needs and support them in achieving real and sustained weight loss. We will support the commissioning of more weight management services by providing increased funding in the next three years. Our intention is that people have easy access to highly personalised feedback and advice on their diet, weight, physical activity and health, providing them with the information to encourage healthy behaviour. We will explore the potential to develop further the NHS Choices website so that it provides advice on diet and activity, with clear and

[Alan Johnson]

consistent information on how to maintain a healthy weight.

The measures in those five policy areas are only the first steps towards our objectives. We will continue to examine not only the best emerging evidence of what works, but whether everyone in society—employers, communities and individuals—can participate fully in the programme. Our research will be part of wider efforts to develop our knowledge through the newly established obesity observatory. We will publish an annual assessment of the progress being made and use that to develop and intensify our policy focus as we acquire evidence on what works best.

Foresight pointed out that there was at that time no concerted strategy or policy model that adequately addressed the problem of obesity anywhere in the world. It added that the work assembled for the project gives the UK a platform from which to become a global leader in tackling a problem that is challenging policy makers across the world. The report has been produced with the full participation of the interim expert group of distinguished scientists and academics, which was created from the foresight project and contains many of the leading scientists and nutritionists who worked on it. The expert group will continue to guide us, placing science at the heart of our policy response, so that we are better able to grasp this opportunity to tackle the most profound public health risk that this country faces. I commend this statement to the House.

Mr. Stephen O'Brien (Eddisbury) (Con): I thank the Secretary of State for supplying a copy of his statement during the past hour. I apologise for the absence of my hon. Friend the Member for South Cambridgeshire (Mr. Lansley), who was already on a tour in the north of England when the Secretary of State said that he planned to make this statement.

Reversing the trend of rising obesity is a social responsibility in which everyone has a role to play. The UK now has more obesity than anywhere in the Organisation for Economic Co-operation and Development except for Mexico and the US. England has a higher rate of obesity than anywhere else in the European Union, with a rate of 22.6 per cent. in the UK compared to 10 per cent. in France. Obesity could also cost £60 billion by 2050, on the Government's own forecast figures.

With the rising tide of obesity, hospital treatments for the condition have spiralled on Labour's watch, across all age groups and both sexes, with grave inequalities increasing among socio-economic groups. Most alarmingly, obesity among children is sharply on the increase, rising from 10 to 17 per cent. among children aged between two and 10 in the decade to 2005, with 31 per cent. of children in that age range in England now either overweight or obese. We therefore agree that there is a public health crisis in obesity, which is something that we have been urging the Government to prioritise for years.

The question is: how do we tackle it? Does the Secretary of State agree that we cannot leave the problem to doctors, thus recognising what Dr. Colin Guthrie has said:

"The GP's role has changed so much over the past 10 years. We have so much else to do in our practices. We are swimming under targets to meet so many things"?

Does the Secretary of State also recognise what Dr. David Haslam, the medical director of the National Obesity Forum, has said:

"I am rewarded"

by the quality and outcomes framework—

"for identifying an obese person. I then make a list, put it in a draw, close it and forget about it. It is good that obesity has made it into the GMS contract as a disease in its own right, but it is a catastrophic failure—a complete and utter waste of time—that it has done so in its present incarnation"?

There is no question but that obesity is a crisis that needs tackling, but what needs to happen without more overweening, nanny state, maddening lifestyle diktats?

We certainly agree that the Government have a duty to ensure that people have the information they need to make informed choices about the food they eat. The Government have so far failed in that duty, and the information is simply not available. At last we now have a commitment to cross-party working—again, something for which we have called for years. Indeed, my hon. Friend the Member for South Cambridgeshire wrote to the Secretary of State only yesterday, building on the many representations that he has made on the issue over the years.

Does the Secretary of State agree that current food labelling practices are fragmented and confusing, with different manufacturers using different systems and some using none at all? The traffic light labelling system, which the Government advocated in 2004, added to that confusion because it is based on the concept of good or bad food, when what matters is whether a person's diet is good or bad. The system does not work in practice, either. If a wholemeal bread roll is low in sugar, moderate in fats and high in salt, would it merit a green, amber or red light? If fruit juices, cheese or fish have red traffic lights, how will people understand that they can form part of a healthy diet? How does a crude traffic light system deal with the major differences between the diets of adults and children?

Since 2004, we have been calling for food labelling that is based on information about food's nutritional value and its contribution to a good diet. That means that people should be given information about the recommended daily amounts of calories, fats, sugar and salt. Such a system would be well understood by the public and would help people to put together a good diet. That is why for more than three years we have argued for a combined multiple traffic lights and guideline daily amounts system. In its food and health action plan in 2005, however, the Department of Health said that by early 2006 there would be

"a clear, straightforward coding system that is in common use, and that busy people can understand at a glance, to find out which foods can make a positive contribution to a healthy diet".

Does the Secretary of State accept, however, that little progress has been made?

Does the Secretary of State also accept that we should jointly advocate the traffic light GDA front-of-pack labelling system, making Britain a leader in the European debate on the issue? The matter has been handed over completely to the European Parliament to dictate directives on food labelling. As the Secretary of State well knows, I, on two occasions, and two of my colleagues, have introduced private Members' Bills that would have given the Government the opportunity to pick up the issues of both country of origin labelling and standards of

production. The question now is whether we can lead in that debate and ensure a common European position, given that the trade in foods requires standards that are recognised across Europe.

In 2005, the Government promised that they would take simple steps to clarify food labelling. They have not delivered. The Food Standards Agency has been strongly pushing the traffic light model, which the Department of Health strongly supported. As the Secretary of State well knows, food labelling is only a matter of voluntary practice.

The Secretary of State's statement is a series of repackaged announcements, which were in Labour's last obesity strategy but have not been delivered. Labour did not even attempt to tackle obesity until 2004, with its public health White Paper "Choosing Health: Making Healthy Choices Easier". A comparison between the 2005 report setting out delivery dates for the commitments in that White Paper, and today's strategy, shows that little progress has been made.

What of cooking in schools? Who could object to increased teaching of cooking in schools? We do not. But at what point does the curriculum allow teachers the discretion to balance cooking with enough physical education and sport? It is not the fault of teachers, but sport has been squeezed out by an emphasis on the core curriculum, obsessive health and safety rules and a mass sell-off of playing fields under this Government, especially in the late 1990s.

On the issue of junk food

Mr. Speaker: Order. The hon. Gentleman has gone over the time allocated to the Opposition. In fact, I have given him a minute over. Rather than being overweight, he is over time. *[Interruption.]* I am watching the clock as well. Back Benchers must get a chance to speak.

Alan Johnson: The hon. Gentleman can be described as Confused of Eddisbury, because on the one hand we are castigated for introducing an overweening nanny state, while on the other we are told that we have not taken enough action in this regard. I listened to him saying that we have made a commitment to cross-government working on the issue. I have looked through the document carefully, and I find that I have made no such commitment. Given the response from Conservative Members, I think that it would be a bit futile.

Let us deal with the questions raised. The constructive part of the hon. Gentleman's speech was his recognition that the issue is a real public health threat, and his acceptance that everyone has a role to play. That was absolutely right. As for the reference to GPs, this country now has 18 per cent. more than it had in 1997, and it will have yet more—we are creating 250 GP-led health centres across the country. When I talk to GPs, they do not tell me that they have to be incentivised to deal with someone who is overweight. Given that an overweight person who loses half a stone becomes half as likely to develop type 2 diabetes, GPs need no incentivising. I also remind Conservative Members that GPs now spend on average 10 minutes more with every patient than they did in 2000, so there is more time being devoted to this issue at primary care level.

The hon. Gentleman spent a large part of his contribution talking about food labelling, which is one aspect of a very wide-ranging debate. Let me pick up on the points that he raised. Yes, we have championed the traffic light system, and we have done so because consumers regularly tell the FSA that that is the system they prefer. It is clear, it requires no translation, and it is very accessible. However, we say in the report that we would like to move to a single system.

Incidentally, we are leading the world in that our food retailers and manufacturers have, to a large degree, accepted the need to put information on packets. We should congratulate them on that. The problem is that there are three different methods, and I think that we would all like a uniform system. Our view is that the expert independent group that we set up should look at the three systems and at all the evidence, and make a recommendation on which system we should adopt, whether it be the traffic lights, the monochrome system or the hybrid system. When we get that recommendation, we will work with the industry to try to establish a single system. That is the most constructive way forward.

The hon. Gentleman said that this strategy was a repackaging of old initiatives, and that there was nothing new in it. Let me remind Opposition Members that we are putting more than £100 million into cycling

The Minister of State, Department of Health (Mr. Ben Bradshaw): Hear, hear!

Alan Johnson: To the huge admiration of my hon. Friend the Minister. Cycling England has received about £14 million, and it is now going to receive something like £120 million, which will do an enormous amount to increase cycling levels.

Cooking has never been a compulsory part of the national curriculum at key stage 3. For the very first time, in this strategy we are announcing that it will become compulsory, and we are recruiting 800 extra teachers to ensure that it is properly taught. That is an enormous step forward. I also want to mention Healthy Towns. When we debated the foresight report, the hon. Member for South Cambridgeshire (Mr. Lansley) rightly looked at what was happening in France and Finland to see whether we could reproduce the kind of model that exists in those countries. The Thames Gateway presents a perfect opportunity for us to do that, by taking a whole-town approach. Such approaches have had startling results in France, using the EPODE model. That is just one of many new, fully funded initiatives in this proposal.

I want to make a final point to the hon. Gentleman about school sports and the myth about playing fields being closed. Playing fields closed under the previous Conservative Government. To close a playing field now, a school has to get the authority of the Secretary of State and prove that it will put the money back into new resources for sports and physical activity. Twenty-two per cent. of children in this country were doing four hours of high-quality sport and physical activity each week when we first measured it after coming into government; now, the figure is 86 per cent. We have a good record on this, and if we are going to take a cross-government approach to tackling this issue, I would ask for a less miserablist approach from those on the Conservative Front Bench.

Dr. Howard Stoate (Dartford) (Lab): I congratulate my right hon. Friend on this very constructive set of proposals. Experience shows that, provided we take the

[Dr. Howard Stoate]

public along with us at a speed they are happy with, we shall make much better progress, especially in areas such as smoking and environmental issues, where the public can be educated in order to improve the situation for the future.

May I ask the Secretary of State to concentrate on two issues? One is that we need yet tougher regulations on advertising to children foods that are high in fat, salt and sugar. I still believe that that is a major part of the problem. Secondly, will he see what he can do to help GPs to help people with weight problems by making more interventionist strategies available? At the moment, GPs can monitor people's weight but there are not enough interventions available to them to help people to manage their weight and obesity problems.

Alan Johnson: My hon. Friend is right to raise those two issues. This month, we have introduced the first restrictions on advertising to children. Ofcom said that it would review the situation after a year, but it has now agreed, as part of this strategy, to use just six months' information. We therefore have the prospect of having an evidence base for whether to move further by September. This is a delicate issue, and there are different views on all sides, but I think that that is the right way to proceed.

My hon. Friend asked about GPs. This is more than an obesity strategy; it is a public health strategy. The body set up to tackle obesity is very much a cross-government public health body. All the issues involved—from breastfeeding through to taking more exercise and having a healthy diet—apply right across the public health spectrum. We therefore need more interventions, and GPs need more resources for that. That is why we have announced £372 million over the next three years as part of this package.

Norman Lamb (North Norfolk) (LD): I thank the Secretary of State for giving me early sight of his statement. Last time we discussed this subject, I challenged him to join me in taking part in the 10 km London run. He has not come back to me on that yet. Perhaps the enthusiasm of the Minister of State, Department of Health, the hon. Member for Exeter (Mr. Bradshaw), for physical exercise in the form of cycling suggests that he might be more up for it. However, I am still waiting to hear from the Secretary of State and, indeed, from the Conservative spokesman.

We all agree about the scale of this problem. It is growing at a much faster rate than anyone anticipated, and this country has the worst rates of obesity anywhere in Europe. By 2010, there will be 1 million obese children, which is a pretty frightening statistic, and we are now seeing the onset of type 2 diabetes among children, which had previously not been the case. We must also consider the knock-on health consequences—including heart and liver disease, as well as the mental health problems and low self-esteem that go with obesity—as well as the cost to the NHS and the economy.

I welcome the statement's commitment to placing science and evidence at the heart of policy making in this area. It is always welcome when the Government are prepared to change the habits of a lifetime by moving away from gimmicky, headline-driven policy making to policy making that is based on science. I also welcome the focus on physical activity.

Is it not the case, however, that the Government are their own worst enemy? Their record so far has clearly been woeful. Of course it is absurd to suggest that they are responsible for all of these problems, but they over-promise and under-deliver. The 2004 White Paper made a grand spending commitment, but the Faculty of Public Health Medicine said today that only half the money that was promised has been put forward. Why should we believe the spending commitment that has been made today, when that previous commitment has not been met? Furthermore, the target of eradicating childhood obesity by 2010 has been quietly dropped in favour of a much vaguer commitment to achieving a target by 2020.

The main issue that I want to raise is the fact that the statement says absolutely nothing about growing health inequalities. That is more relevant in the area of obesity than in any other, and there is clear evidence of a growing divide in regard to weight. The foresight report was clear in raising that concern. Will resources be targeted at those disadvantaged groups in which the problem is the greatest? Low levels of breastfeeding are particularly prevalent in disadvantaged groups. Will resources be targeted at that problem as well, as there is a clear link with obesity?

The statement makes reference to tackling fast food premises, which hit the headlines over the weekend. What is the substance behind that proposal? The statement also talks a lot about the efforts to be made in schools, but the fact is that, since the Government's introduction of the healthy eating strategy, 425,000 fewer children are eating school meals. What are the Government doing to address that concern and to encourage more children to eat school meals? The statement then lurched into nanny state mode, when it proposed to

"develop policies to ensure that the lunches children bring to school are as healthy as those now provided as school meals."

How on earth are we going to do that? Will it involve the introduction of the lunch box police? How on earth can we dictate to people in that way?

The food industry clearly has a big part to play in all this, and it would be sensible to arrive at one system for food labelling. Will the Secretary of State assure the House that such a decision will be based on evidence? Different systems are being considered at the moment; will the decision be based on evidence

Mr. Speaker: To be fair, I must interrupt the hon. Gentleman.

Alan Johnson: That was a bit confused as well. The hon. Gentleman is trying to have it all ways. On his first point, I am tempted to say that my comments on whether I enter the cycling marathon will be delivered through a spokes person

Norman Lamb: It is a run, not a cycling marathon.

Alan Johnson: Yes, but that would not have made such a good joke.

At least we are agreed on the scale. I noticed that the Liberal Democrats very quietly dropped their commitment to free adult social care yesterday. If we had put resources into that, we would not have had enough money to invest properly in public health.

I welcome the hon. Gentleman's commitment to using the relevant science. Let me mention Professor Susan Jebb from Cambridge university, who played an exceptional role in the foresight review and is now the chair of our expert group. She has looked at all these proposals in great depth and approved them.

Let me deal with the more negative aspects—for example, the hon. Gentleman's comment that the Government's record was "woeful". We can always have a knockabout and say that we have not done all that we should have done. I accept that, but woeful? Let me just clarify on school sport that when I mentioned four hours, I meant to say two hours of high-quality PE in schools—*[Interruption.]* Well, the record has been put straight. Back in 2002, the first time it was measured, the figure for such provision was 22 per cent., but it is now at 86 per cent.—a massive increase, well ahead of our target.

For the first time ever, we have introduced restrictions on advertising to children. I accept that some would have liked us to go further, but this is the first time that it has been done. We have introduced front-of-pack labelling. Yes, there is confusion about the different systems, but we are far ahead of the rest of Europe in that respect. Furthermore, an enormous revolution has taken place in school food. As my hon. Friend the Member for Dartford (Dr. Stoate) said a few moments ago, we need to take the public with us. Pictures of parents putting fish and chips through school gates are depressing, but we are moving forward on all those fronts.

The hon. Member for North Norfolk (Norman Lamb) asks what we are doing to encourage take-up of healthy school meals, so let me remind him that Hull had three healthy school meal projects being run under a Labour administration; the incoming Liberal Democrat council cancelled them, setting us back in tackling obesity—yet here we have Liberal Democrat Members demanding to know what more we are doing to counter obesity.

The hon. Gentleman is also wrong to say that we have a more lax public service agreement target. In fact, we have a tighter target because instead of simply seeking to halt the increase, we want to reverse the trend in child obesity—a much more difficult task—by 2020.

The hon. Gentleman asked two further questions. On fast food outlets, there are restrictions, but there is flexibility in the current planning rules. We do not want to introduce unnecessary rules; we need to use existing regulations to allow local authorities to stem the increase in those outlets near schools and parks. As for lunch boxes, my right hon. Friend the Secretary of State for Children, Schools and Families is not suggesting that we need lunch box police. What we are talking about are the sorts of ideas that we saw working in the Green Dragon school in Brentford today. The head teacher and other teaching staff take responsibility for looking in a child's lunch box—it is much easier in a primary than in a secondary school—and if they find that the child has just a bag of crisps and a chocolate bar, they send a message back home. Some schools actually use a traffic light system, putting on a red, green or amber sticker to send an appropriate message to parents.

The hon. Gentleman's final point was about health inequalities—a crucial issue. Obesity is a health inequality issue, as well as a public health and prevention issue, so the most intense activity should be focused on the poorest areas. We announced a £72 million investment in a public information system that we will want to use throughout the country, but it will be targeted where the problems are the most serious. I accept that obesity is a health inequality issue, and I believe that we need to use this strategy to tackle the broader health inequality problems we face.

Charlotte Atkins (Staffordshire, Moorlands) (Lab): I very much welcome my right hon. Friend's positive statement, particularly his encouragement of breastfeeding and compulsory cooking lessons. How would he build on the very successful GP exercise on prescription programme, particularly its extension to younger patients? Also, how does he intend to build on the successful school cycling initiatives, which have done very well in some parts of the country but have not been taken up as enthusiastically as I would like in other parts?

Alan Johnson: My hon. Friend has hit on two really important aspects of the problem. Exercise on prescription is being looked into further as we speak; it is a very important part of our plans to encourage more exercise. On school cycling, we have a very good relationship with the Department for Children, Schools and Families and the Department for Transport and have sought to increase the number of children participating through Bikeability. Some of the extra resources we are putting in will be invested in that.

Mr. David Curry (Skipton and Ripon) (Con): It is obviously sensible to try to bring together the different systems of nutritional labelling and I am sure that the Secretary of State would accept that, in view of the food trade, it makes sense to attempt to achieve that on a Europe-wide basis. Does he also accept, however, that if we want to guide people's choice and help them to make informed decisions about what to eat, they need to know about the nutritional qualities of food as well as about its drawbacks? Should we not move towards a system of information that is about more than just deterrence, as that could make a contribution to people sustaining a healthy diet?

Alan Johnson: The right hon. Gentleman makes two important points, the first of which is the significance of European competency, which was, incidentally, given by the Conservative Government, who I believe took the right decision. Nestlé, for example, is based in Switzerland and distributes its goods across the world, not just in Europe, so we need an international approach to the issue. I would try to convince the Commission that we should have a derogation to do our own thing in this country rather than be held back by the slowest countries in the European Union—but that is a debate for another day.

The right hon. Gentleman's other important point was about deterrence and how to secure the best system. I believe that we should be looking into not only how a system of food labelling gives information to consumers, but how it encourages changed habits, so we need to highlight healthy food options. When items are labelled red under a traffic light system, it is not saying that people should never eat them, but that they

[Alan Johnson]

should take into account the fact that if they are to maintain a balanced diet, they should not eat items such as chips every day. I am sure that a system can be devised that the food industry will buy into and that will take account of the right hon. Gentleman's very important points.

Mr. Ian Cawsey (Brigg and Goole) (Lab): My right hon. Friend's statement was welcome, but does he agree that one thing that the Government can do to fight obesity, particularly in children, is to provide modern and inspiring sports facilities? Will he work with colleagues across Government to ensure that that happens so that an excellent school—albeit one that is some way down the list in Building Schools for the Future—such as Sir John Nelthorpe school in Brigg, that has no sports hall now, could gain funding for one? Government-inspired renaissance projects such as the one in Goole, which has an excellent sports village concept, could also gain funding. May I assure my right hon. Friend that should he be able to help with the Goole project—

Mr. Speaker: Order. There are quite a few supplementary questions there.

Alan Johnson: My hon. Friend is an expert in covert lobbying for schools in his constituency. I know from my experience in education and the work carried on by my right hon. Friend the Secretary of State for Children, Schools and Families that the school sport partnership is one of the Government's great success stories. Although Building Schools for the Future is an important element in replenishing all school facilities, including sports, it is not as if there is inactivity in the meantime. The school sport partnership is already an important part of what has happened and will be an important part of what happens in the future. On the matter of the school in my hon. Friend's constituency, my right hon. Friend the Secretary of State for Children, Schools and Families suggests that my hon. Friend meet the Minister for Schools and Learners.

David Tredinnick (Bosworth) (Con): Does the right hon. Gentleman agree that it is a sad reflection on this Government that one of their key objectives is to get the number of obese children by 2020 back to 2000 levels, yet they have been in power for 10 years and the problem has got progressively worse during this Labour Administration? Notwithstanding the importance of food inputs, is it not a fact that getting people to exercise every day is the most important issue? What is the Secretary of State doing to ensure that schools provide compulsory physical training and that people are made aware of the different exercise options—the relative merits of cycling, walking 5,000 steps and running, for example? What is he doing to introduce advertising—

Mr. Speaker: Order.

Alan Johnson: Obesity, as foresight pointed out, has trebled over 30 years. I am perfectly willing, representing the party of Government, to take whatever responsibility we have in that matter. However, as the hon. Gentleman seems to recognise, there is a much wider responsibility in society. In his final comments, he came close to expressing the overweening nanny state argument.

We have made huge advances in the provision of high-quality sport and physical exercise. There will be two hours a week in 100 per cent. of schools by 2010, and we will then progress to five hours a week.

Nigel Griffiths (Edinburgh, South) (Lab): As one who, 15 years ago, presented a Bill to introduce a harmonised system of nutritional labelling using the traffic light system, I warmly welcome my right hon. Friend's statement and the drive towards a single scheme. I am afraid my Bill received no support from the Government of the day, but it is good that it has received support from our Government. May I urge my right hon. Friend to ensure that he puts the health of our children above the health of the advertising industry?

Alan Johnson: Yes, we will put the health of our children before the interests of any group that is acting in a way contrary to the health of our children, but the advertising industry has worked with us to introduce the system that Ofcom implemented this year. It is the first time that we have had any legislation at all. If we are to move further, we would like to do so with the full commitment and continued co-operation of the advertising industry, although obviously the health of our children comes first.

Mr. Gregory Campbell (East Londonderry) (DUP): Does the Minister accept that in recent days, for good or ill, we have developed a celebrity culture, particularly among the youth of the nation? Would it not be appropriate for those in the public eye who have a particularly healthy and good lifestyle to offer their support, so that young people can look up to them as role models and take the exercise that they need?

Alan Johnson: We are considering using as role models people who had serious obesity problems when they were very young. At the weekend, there was a story in the papers about a male model who has shed about 10 stone and now appears in the kind of magazines that interest youngsters. The hon. Gentleman is absolutely right: we need such role models—including many Labour Members, I might add—as part of a national campaign to get the message home to young people.

Mr. David Chaytor (Bury, North) (Lab): I welcome my right hon. Friend's statement, but will he think again about the possibility of providing more space in the national curriculum? The progress made in providing two hours of sport a week is significant, but two hours in a whole week is not a huge amount. Should we not give sport the same status that we give to maths, English and science? Should schools not be assessed on achievements in running, swimming and cycling in exactly the same way as they are assessed on achievements at level 4 in key stage 2, or the gaining of five A-C grades at GCSE?

Alan Johnson: This is an important issue, but I remind my hon. Friend that we will progress from two hours in every school to four hours and then five. Furthermore, every school will be an extended school by 2010. That will provide huge opportunities for extra-curricular activities, not just in dance and drama but in sport.

I entirely agree with my hon. Friend about cycling. The extra money for Bikeability will enable it to help us in a number of ways, as it has wished to do for many years, and I am sure that its contribution will be enormous.

Sir George Young (North-West Hampshire) (Con): Does the Secretary of State recognise that the Treasury is a key ally in his Department's campaign to improve the nation's health through, for example, the taxation of alcohol and tobacco? In the context of his statement about obesity, will he contact his colleagues in the Treasury and find out why those who join fitness centres in order to reduce their weight must now pay VAT on their membership fees?

Alan Johnson: I am sure that the Treasury will be aware of points made by Members throughout the House about how we can use the taxation system in our drive to tackle obesity. The Budget traditionally deals with that, and I think that the example given to the rest of us by the right hon. Gentleman—a distinguished cyclist in the House—will be taken into account when it is presented in a few weeks' time.

Barbara Keeley (Worsley) (Lab): I welcome my right hon. Friend's statement. Will he join me in commending head teachers such as Anthony Edkins of Harrop Fold school in my constituency? He has focused on the three issues of obesity, under-age drinking and teenage pregnancy among his pupils. As part of the focus on obesity, he has brought in a celebrity chef to teach young people about food values and to make the subject enjoyable. Is that not a great example?

Alan Johnson: I agree, and there are other great examples throughout the country. We have picked up some of that best practice. Only this morning I was with young Lizzy Butler, a 14-year-old from Leeds. In her school, the Watch It campaign has been remarkably sensitive in dealing with youngsters who have Lizzy's problem of being overweight, and changing their lives completely. That initiative was launched jointly by the NHS and the school, and we can spread it much more widely with the resources that we are investing in the programme.

Alistair Burt (North-East Bedfordshire) (Con): I commend the expansion of cycling through a very successful network in Bedfordshire. May I also draw the Secretary of State's attention to the work of the Kids' Cookery School, a charity based in west London which for some years has been working with children from a variety of backgrounds to introduce them to cooking and eating healthy food? Will he assure me that the work of charities of that sort will be made available across Government, so that their expertise and success in bringing good food to the notice of children will not be lost in what might otherwise be a top-down state-run scheme?

Alan Johnson: I will give the hon. Gentleman that assurance. The Minister of State responsible for public health, my right hon. Friend the Member for Bristol, South (Dawn Primarolo), visited the Kids' Cookery School recently, and tells me that the Department learnt an awful lot from what is happening there. Indeed, organisations across large swathes of the voluntary sector are crucial allies in our strategy.

Michael Jabez Foster (Hastings and Rye) (Lab): I welcome the statement, but may I pursue the point about taxation? Given that incentives will be needed to get couch potatoes to the gym, is there not a case for tax relief on gym membership?

Alan Johnson: If I may, I will leave such questions to the Treasury. We have a Budget coming up. Representations can be made and questions can be asked of Treasury Ministers, and I am sure that my hon. Friend is as adept as any on these Benches at putting his view across.

Mr. John Whittingdale (Maldon and East Chelmsford) (Con): Does the Secretary of State agree that healthy minds are as important as healthy bodies, and that access to high-quality United Kingdom-produced children's programmes contributes to that? Will he bear in mind the damaging impact that restrictions on advertising have already had on the UK children's programming sector, and will he resist any moves to extend the advertising ban further? That would do little to tackle obesity, and would do more damage to an important part of the broadcasting landscape.

Alan Johnson: What we have there is the balance of the argument. The covert point made by my hon. Friend the Member for Edinburgh, South (Nigel Griffiths), who has now left the Chamber, is that whatever the effect on the advertising industry, we should plough on regardless in the interests of children's health. Now, the hon. Member for Maldon and East Chelmsford (Mr. Whittingdale) has made a point about the effect on the industry. We do not believe that there is currently any proof of such dire effects, but we must listen to the industry. We do not want there to be fewer high-quality children's programmes because we have taken certain measures. In that event, children might watch programmes made overseas and tune into channels on which there are no restrictions.

I understand the argument entirely, and so does my right hon. Friend the Secretary of State for Culture, Media and Sport. He is part of the ministerial team examining the issue, and will remain part of it. The voice of the DCMS will be an essential element of where we go next, after we have had the review in the summer.

Mr. David Kidney (Stafford) (Lab): I warmly welcome the determination to increase the promotion of breastfeeding. Evidence is becoming stronger all the time that babies who are breastfed are not just healthier, but protected from harmful weight gain in childhood and from obesity in later life. Is my right hon. Friend aware of the work of the Breastfeeding Manifesto Coalition, and will he consider implementing the seven points in the manifesto, which are consistent with his strategy?

Alan Johnson: As my right hon. Friend the Minister responsible for public health mentioned at a meeting last week, we are considering that seven-point manifesto. There is no difference between us on the importance of encouraging breastfeeding. We introduced the 26-week period of maternity leave so that we could be consistent with the World Health Organisation's drive in favour of six months of breastfeeding. Whatever we decide in relation to the manifesto, the coalition is crucial in helping us to implement the strategy. Breastfeeding is an essential part of beginning the process of good, healthy nutrition and tackling the problems of obesity.

Hugh Robertson (Faversham and Mid-Kent) (Con): The Secretary of State's third action point was to build physical activity into our lives, and I entirely endorse

[Hugh Robertson]

that; it is one of the crucial planks of the strategy. Why then did the Minister for Schools and Learners confirm in a written answer that this Government are cutting the number of places for physical education teachers from 1,450 in 2005-06 to 1,180 in 2007-08—a cut of 25 per cent. in the very people needed to tackle the problem?

Alan Johnson: If the hon. Gentleman will forgive me, let me say that he can ask that question when he has the relevant Secretary of State in front of him. My recollection from when I was doing that job is that we had a large increase in the number of PE teachers. *[Interruption.]* Well, I would have to look at that in detail. I will not take it as read from the hon. Gentleman. *[Interruption.]* I mean no disrespect to the hon. Gentleman—*[Interruption.]*

Mr. Speaker: Order. Let the Secretary of State reply. The hon. Gentleman might not be satisfied with the reply, but it is the reply he is going to get.

Alan Johnson: My recollection is that we had increased the number of PE teachers and people dealing with sports in our schools, although I do not know whether they come under the heading of "PE teacher". The situation might be similar to that in public health, where we have a huge increase in the number of people dealing with that but they are not categorised in our staff census in the same way as they were before. I think that the hon. Gentleman might be usefully be present for Department for Children, Schools and Families questions.

Mr. Andy Reed (Loughborough) (Lab/Co-op): I welcome the statement, especially as there is currently a debate about the role of Sport England, and therefore probably about the role of primary care trusts and others working with the county sports partnerships. In view of the fact that there is a tight timeline for that—it is expected to have a broad strategy very soon and to have its business plan in place by April—can the Secretary of State give an assurance that the policy review he mentioned in his statement will be implemented in parallel with it rather than at a later stage, especially as the National Institute for Health and Clinical Excellence recognises that physical activity is one of the most cost-effective ways of tackling the obesity problem?

Alan Johnson: We will try to do it in parallel, but there is some work to do. The basic discussion we are having is about whether Sport England should focus on sport alone. We could use its network and, importantly, its reach into local communities to focus on activity that might not be sport-related, such as more walking and healthier lifestyles. There is a lengthy debate to be had and many issues for us to address, such as finance. If we can go through that process in time to introduce the policies in parallel, it would obviously make sense to do so.

Mr. Robert Goodwill (Scarborough and Whitby) (Con): We have already heard how, sadly, the Jamie Oliver revolution has resulted in an exodus from school dinner tables, as children either bring in unhealthy pack-ups or leave the school premises to buy their favourite food: chips. In an effort to reverse this trend, will the Secretary of State discuss with Ministers responsible for school menus whether the status of oven chips in school meals should be reviewed? Although Scarborough's most famous product qualifies for three green traffic lights and is less than 5 per cent. fat, it is lumped into the same category as the unhealthy deep-fried alternative, which is why it is not served up more regularly in school meals.

Alan Johnson: It is chips with everything in this debate. That is a matter for the School Food Trust to look at. On the point about declining numbers, that always happens: in such circumstances, there is always an initial decline in the number of children eating school dinners. The SFT believes that although schools must pay more attention to whether their menus are attractive, the figures will gradually increase and things will eventually improve. That is certainly our experience in Hull, where we introduced the policy on school meals pre-Jamie Oliver. There should not be a counsel of despair because of the initial reaction of some children and some parents. If we keep at it, we can turn things around. I was at Green Dragon primary school in Brentford this morning. One big issue is that primary school children are much more receptive to these messages, and we need to ensure that the good habits continue when they go on to secondary school.

Tony Baldry (Banbury) (Con): Those of us who are overweight already get enough stick at home without having to come to work for another beating. What we need are some carrots and some incentives. If the Secretary of State will give an undertaking to come to Banbury to listen to concerns about the future of local NHS services, I will give an undertaking to lose a couple of stone by Easter.

Alan Johnson: The hon. Gentleman draws attention to the importance of carrots in this policy. The five-a-day campaign is important. He has started with carrots; there are another four to go. I am sure we will see a svelte Member for Banbury very soon.

Dr. Julian Lewis (New Forest, East) (Con): I sympathise with my hon. Friend the Member for Banbury (Tony Baldry), because the last time I dared to mention having lost a stone and a half, I was taken to task by one of the more delectable parliamentary sketchwriters, who disputed that at great length in her column. Having said that, I am a little puzzled by the idea of inspecting children's lunch boxes to remove forbidden fruits—or, rather, forbidden chocolates. Given that children, for good reasons, now have more disposable income than 30 years ago, how will that solve the problem of them simply going out afterwards and buying whatever unsuitable food they wish to purchase?

Alan Johnson: I am afraid that that suggests that if we cannot do everything, we should do nothing. Schools across the country are already doing what we seek to do on school lunch boxes: work with parents to ensure that they have information and advice. The hon. Gentleman will have seen what children in his constituency have in their lunch boxes. Some of them come to school, probably having had no breakfast, with only a packet of Hula Hoops and a chocolate bar in their lunch box. Irrespective of what they might eat outside the school, our responsibility is what happens inside the school. Having put, with all-party support, a lot of effort into getting school meals right, we should use—without introducing the lunch box police or being heavy-handed—the initiatives that teachers themselves are introducing and spread best practice. At all stages, we should work with parents rather than against them.

Points of Order

1.26 pm

Mr. David Curry (Skipton and Ripon) (Con): On a point of order, Mr. Speaker. Next week, we begin our consideration of the treaty of Lisbon. Some Members are strongly in favour, others are passionately hostile and the majority may well descend into a narcoleptic trance. Whatever our attitude, however, we need to know what we will debate on Tuesday. At present, no programme motion has been tabled. We do not know what is going to be debated and we cannot table amendments. Will you reprimand the Government, Mr. Speaker, for yet again being so blatantly disregardful of this House, and ask if we can have that information so that, whatever our attitude, at least we have something to debate?

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): Further to that point of order, Mr. Speaker. May I reinforce what my right hon. Friend has said, but not only from the perspective of Members of Parliament? It is important that outside interest groups know what we are debating on particular days, so that they can make representations to Members. At present, both Members and outside interest groups are entirely unaware of the programme.

Mr. Greg Knight (East Yorkshire) (Con): Further to that point of order, Mr. Speaker. I endorse what my right hon. Friend and my right hon. and learned Friend have said—that the fact that the Government have not tabled this programme motion is leaving perilously little time to table amendments that could be selected. In fact, the situation is worse than that: I understand that the Parliamentary Secretary to the Treasury has distributed to the Labour party a schedule of what he proposes for the debate, and yet Opposition Members have not had the opportunity to have that information.

Mr. Speaker: Let me say in reply to the points that have been made that, as I understand it, the situation is that there is to be a full debate on Monday on how we proceed in this matter. I do not know if that is of any help, and of course I am not a Government manager, but that is my understanding. Tomorrow, there is business questions and if Members catch my eye they are entitled to raise this matter with the Leader of the House.

Bob Spink (Castle Point) (Con) *rose—*

Mr. Speaker: The hon. Gentleman should let me finish. The Government will have heard the concerns Members have expressed through this point of order. I hope that this is of assistance to them. Members will understand that I have certain limitations in these matters, but these concerns will be heard.

Bob Spink: On a point of order, Mr. Speaker. I apologise for interrupting earlier; I thought that you had finished speaking. On Monday, at 11.45 am, the Government placed Command Papers 3710 and 3711 in the Vote Office for Members. Those Command Papers were central to the debate that started that afternoon and they were 356 pages long, so Members could not properly address that Second Reading debate. Will you, through your normal offices, make the Government aware that whatever we are going to debate on Tuesday and Wednesday next week, we need to receive the relevant papers and information in good time, so that we can have a meaningful and informed debate?

Mr. Speaker: The point was well made by the hon. Gentleman that all relevant papers should be available for hon. Members before any debate in this House starts, and I am sure that it will also be taken up.

Christmas Savings Schemes (Regulation)

1.30 pm

Anne Snelgrove (South Swindon) (Lab): I beg to move,

That leave be given to bring in a Bill to make provision for the regulation of Christmas savings schemes; and for connected purposes.

I am introducing this Bill as a result of the Farepak collapse, which in 2006 wiped out the Christmas savings of at least 122,000 small savers in this country. I am pressing for light-touch regulation for similar schemes, so that in future all savers' money is protected by law. Currently, the only bodies that do not regard as savers those who use Christmas savings schemes are this House, the Government and the financial services regulators in this country. In contrast, the people who offer the schemes market them as saving for Christmas, and crucially, the people who put their money in them regard themselves as savers just as much as those who save with building societies such as Northern Rock do. It flies in the face of social justice that this House should protect one set of savers and not the other.

In my first Adjournment debate, on 7 November 2006, I set out three complementary principles for the future of former Farepak savers. The first was to work for immediate relief for the savers. The second was to secure an explanation and justice for the savers. The third was to get better regulation of the voucher industry.

My right hon. Friend the Member for Makerfield (Mr. McCartney) introduced a voluntary regulation scheme, and it is to his credit that that was in place to protect savers for Christmas 2007. However, as memory fades and we move further away from the Farepak collapse—already 18 months have passed—the likelihood increases of new schemes that decline to join the voluntary scheme, or of existing schemes withdrawing from it. It is therefore the right time to move forward with proper long-term regulation, and I am very grateful for being granted the opportunity to present this ten-minute Bill.

At the time of the crisis, my right hon. Friend the Member for Makerfield, in his role as a Minister at the then Department of Trade and Industry, set up a charity fund that paid £6.8 million to savers at the national level. I was very pleased to be able to co-ordinate action to help savers in my constituency at the community level; many hon. Members on both sides of the House did the same in their areas. People in Swindon will always remember the success of that collective action as a reminder of how people get together when the going gets tough.

However, all our constituents are still waiting to receive the small amount of money left in Farepak after the collapse. I again urge the liquidator to hasten her work to bring a conclusion to this phase of the collapse and to bring closure for those affected. A gap of £29 million that has been lost to the Farepak savers remains. We know how Farepak savers were affected because of the excellent Unison-sponsored report that I helped to launch in the House last November. It found the following: women, particularly those on low incomes, were disproportionately affected by the Farepak collapse; Farepak customers were being 'prudent savers', using Farepak as a way of managing their low household incomes; and the victims of Farepak want justice, demanding adequate compensation for their plight and enhanced regulation, and demanding that those responsible be held accountable for the harms that have been committed.

Shortly after that launch, my hon. Friends the Members for North Ayrshire and Arran (Ms Clark), for Workington (Tony Cunningham), for Livingston (Mr. Devine) and for Bridgend (Mrs. Moon) joined me for a meeting with our right hon. Friend the Prime Minister, who undertook to examine the regulatory framework for the prepayment industry to see whether anything more could be done to give Christmas club savers protection in future. He gave a commitment to come back to us on all the issues we raised on behalf of those affected by Farepak, and we look forward to hearing from him.

Christmas 2007 could have been a tragedy for two other groups of people, because Northern Rock ran into trouble in September last year—we all know the outcome for thousands of investors, savers and employees—and Travelscope, the tourism company, went into administration just before Christmas, affecting 40,000 holidays and putting 250 jobs at risk. The Government have rightly acted swiftly to protect Northern Rock savers and investors. Travelscope customers' money was already protected by the arrangements in place to cover what happens when airline companies or tour operators go bust. The air travel organiser's licence model is based on primary bonds provided by banks and insurance companies, backed up by a common fund, the air travel trust fund, managed by the Civil Aviation Authority. All those people were safe, unlike the Farepak savers.

I am proposing that the Civil Aviation (Air Travel Organisers' Licensing) Regulations 1995 can be the model for regulation of the Christmas club and prepayment sector, and there are people in the sector who welcome that idea. I am happy to report to the House that last week I sponsored a briefing on the Post Office's new Christmas club. That product is due to come to market in the next couple of weeks. The Christmas club is the Post Office's response to the challenge laid down by Brian Pomeroy in his report on the Farepak collapse. The report suggested that the Post Office would be the ideal institution to produce a Christmas savings product, owing to the extent of its network and the trust that consumers have for the Post Office brand. Such a product will also give local post offices another product to offer customers, and will hopefully help keep open branches such as Guildford Avenue and Wescott Place in my constituency, which are currently threatened with closure.

Funds in the Post Office scheme will be locked away until 1 November 2008. The Christmas club card could then be used as a prepaid debit card with retailers signed up to the scheme or exchanged for gift vouchers at post office branches. I welcome this innovative product, because unlike hamper companies, the Post Office's product will be governed by strict e-money regulations. That is because it is based on a pre-paid card system. Money will be held in a protected account under the control of the Bank of Ireland, and the funds will be accessible only to club members.

The Post Office has told me that it would welcome regulation, and that its business model would be viable were this House to legislate in this area. The short-term

steps the Government took to provide protection for customers' payments have been good, with existing companies putting in place ring-fenced trust accounts supervised by a new trade association—the Christmas Prepayment Association.

The companies in the hamper industry have introduced new safeguards for consumers' money in the form of independently controlled, ring-fenced trust accounts. The trusts will safeguard customers' money should a company go bust. Although such measures are welcome, they are only short-term steps, so I welcomed last November's confirmation from the Department for Business, Enterprise and Regulatory Reform that, for the longer term, the Government have received advice from the Office of Fair Trading and the Financial Services Authority on the regulatory framework. They will consider that further in the light of the Companies Investigation Branch inquiry into the activities that brought about the collapse of Farepak and its parent company, European Home Retail. That is good news, and I hope that the Government will consider giving the green light to this ten-minute Bill.

My intention is that regulation will place future Christmas club savers on a par with savers using other financial products. It will close the loophole that currently exists, and enable Government to look at ways of closing the £29 million gap for the 122,000 people who lost their money with Farepak. It is the only solution, because without regulation we cannot be assured that something this devastating for low-income families determined to keep out of debt will not happen again.

Question put and agreed to.

Bill ordered to be brought in by Anne Snelgrove, Chris Bryant, Lorely Burt, Ms Katy Clark, Michael Connarty, Mr. Jim Devine, Mrs. Madeleine Moon, Mr. Lindsay Hoyle, Bob Russell, Martin Salter, Bob Spink and Mr. Mark Todd.

Christmas Savings Schemes (Regulation)

Anne Snelgrove accordingly presented a Bill to make provision for the regulation of Christmas savings schemes; and for connected purposes. And the same was read the First time; and ordered to be read a Second time on Friday 25 April, and to be printed [Bill 58].

Appointment of the Comptroller and Auditor General

1.40 pm

The Prime Minister (Mr. Gordon Brown): I beg to move,

That an humble Address be presented to Her Majesty, praying that Her Majesty will appoint Timothy John Burr to the Office of Comptroller and Auditor General.

The National Audit Act 1983 prescribes that the Comptroller and Auditor General should be appointed by the Queen on a motion by the Prime Minister with the agreement of the Chair of the Select Committee on Public Accounts. Such a motion has been used only once, in 1987, when the then Prime Minister, now Lady Thatcher, proposed the appointment of Sir John Bourn. I am sure that the House will join me in expressing appreciation for the achievements of Sir John Bourn over his 20 years in service as he leaves at the end of this month.

I first visited Sir John in the 1980s, more than two decades ago, and have always found him to be courteous in his dealings with Members of Parliament. I thank him for the work that he has done. The House will be aware that the Public Accounts Commission, under my right hon. Friend the Member for Swansea, West (Mr. Williams), is undertaking a review of the governance of the National Audit Office, which supports the Comptroller and Auditor General in his work. The commission has asked John Tiner, the former managing director of the Financial Services Authority, to advise that review.

The position of the CAG was established nearly 150 years ago and it has been some 25 years since the reforms that saw the creation of the NAO, so the Government fully support the review and will allocate space in the forthcoming constitutional reform Bill for any necessary legislation agreed on a cross-party basis. The Government have taken a series of steps to enhance the transparency and accountability to Parliament of public spending, including the introduction of resource accounting and professional financial management in central Government. We will also align budgets, estimates and accounts to a common format to allow expenditure to be better tracked from allocation to spend.

In our "The Governance of Britain" Green Paper we set out proposals for parliamentary scrutiny of certain key positions in which Parliament has a strong interest. I can announce that my right hon. Friend the Minister for the Cabinet Office has today sent to the Liaison Committee a list of public appointments that we propose should be subject to pre-appointment scrutiny by their relevant Select Committee. A copy has been placed in the Library of the House. The list includes the appointment of the future CAGs; the chairs of the Gas and Electricity Markets Authority and the regulators of water, communications, rail and post; chief inspectors; the Information Commissioner; the chair of the Committee on Standards in Public Life and senior ombudsmen. I am also grateful to the Public Administration Committee for its work on the issue, which is timely and relevant. We will welcome the views of the Liaison Committee on the list of proposed appointments. The laws governing certain appointments like that of the CAG will continue to apply.

[The Prime Minister]

The motion before the House recommends that Tim Burr be appointed as the new Comptroller and Auditor General with the agreement of the hon. Member for Gainsborough (Mr. Leigh), the Chairman of the Public Accounts Committee. I am grateful for his support.

Mr. Burr has been deputy CAG for nearly eight years, in addition to some seven years' previous service at the NAO managing the audit of Departments including the Home Office, Inland Revenue and Customs and Excise. That was preceded by a distinguished career in the civil service. I believe that Mr. Burr is eminently qualified to become CAG. Mr. Burr has undertaken to serve the House as CAG until the commission's new governance arrangements can come into effect. I commend the motion to the House.

1.44 pm

Simon Hughes (North Southwark and Bermondsey) (LD): We are grateful to the Prime Minister for his motion and his words of support. This is an important announcement regarding an important post, and a matter that Parliament has quite properly decided should be taken seriously. That is evidenced by the fact that the motion is in the Prime Minister's name and that he is here to move it.

I join the Prime Minister in thanking Sir John Bourn for his service. All those who have worked with him have a high regard for what he has done and for his organisation during his period of tenure. I also welcome the Prime Minister's statement that he will implement the announcement that he made last July about his wish, and that of the Government, for a new process to scrutinise appointments of this nature. If the Liaison Committee and other Committees can act speedily, this appointment will, I hope, be the last when, as a matter of formal record, we are presented with a name but not a full CV—even though we know the details of the career of the proposed new Comptroller and Auditor General—and when no scrutiny of the appointment has taken place. I hope that the Liaison Committee and the Public Accounts Committee will move quickly to implement the new system.

It must be right that senior public servants should be appointed only after Parliament has scrutinised their appropriateness for the post. It is right that when Parliament comes to vote on such motions, it should be assured that the proposal has been scrutinised by Members of the House and that a CV has been presented for consideration.

I want to make two other points about the accountability and openness to which the Prime Minister is committed. The only thing that, unfortunately, marred Sir John Bourn's career was the subject of expenses. That matter came into the public gaze last year, in particular. He was regarded as having spent more money than was justified in relation to his job. The same issue has surfaced once in relation to the proposed new—

Mr. Deputy Speaker (Sir Michael Lord): Order. I hesitate to interrupt the hon. Gentleman, but I must say to him and to the House that the motion is specifically about the appointment of a particular person. Although I allowed the Prime Minister a certain amount of latitude, this is not an opportunity for a general debate.

Simon Hughes: Of course I accept that, Mr. Deputy Speaker, and I was not proposing that it should be. My point was that I hope that the new appointee's period of office, which I believe will begin on 1 February, will see an open regime, such as that which the Prime Minister has advocated elsewhere. The expenses of the new CAG and his colleagues should be in the public domain as a matter of course, as they are for all senior public servants. Our expenses are in the public domain, and that is proper and right. I hope that the new regime will ensure that that happens.

We welcome Mr. Burr's appointment. We wish him well in his very important job. Scrutiny of the public accounts in this country by Parliament is very important and we all recognise that it is done better now than it has been in the past. We need to continue to do it well. We pay tribute to those on the Liaison Committee and the Public Accounts Committee who are part of the process. It is a good example of public service. It is important that Mr. Burr and his team do a good job to ensure that everything we spend is as well spent as possible, in the public interest.

1.48 pm

Mr. Alan Williams (Swansea, West) (Lab): Yesterday, I received the Tiner review of the governance of the CAG and the NAO, which was referred to by the Prime Minister, although I have not yet had a chance to read it. It is now being circulated to the members of the Liaison Committee and the Public Accounts Commission. The commission will consider it at our meeting with Mr. Tiner on 5 February. We are grateful to him for producing that report so early.

On the question of appointments, I thank the Prime Minister and welcome the pleasingly long list of appointments that will be referred to the Committees of this House. I shall have a response from the Liaison Committee within the next week or so, and we welcome what we have heard.

As the Chair of the House of Commons Commission, I very often work with the hon. Member for Gainsborough (Mr. Leigh), who is the Chair of the Public Accounts Committee. He will be involved in the selection and appointment, although the Commission will not.

Mr. Gordon Prentice (Pendle) (Lab): Has my right hon. Friend formed an early view on the suggestion made at the meeting in December by the outgoing CAG, Sir John Bourn, that his replacement should have a limited tenure?

Mr. Williams: That question was covered by the Tiner review. The Chair of the PAC and I believe that there should be a time limit. I have not read the Tiner review yet, but I suspect that the dispute will be more about the length of service than about whether there should be a limit.

David Taylor (North-West Leicestershire) (Lab/Co-op): My right hon. Friend will recall our recent discussions in this Chamber about the outgoing CAG, but is he aware that the typical tenure for parallel appointments in other countries is five years? It is never

more than 10; and certainly nothing like the 20 years that Sir John has enjoyed—the second longest tenure in the post's history.

Mr. Williams: Yes, I am aware of the tenure limits elsewhere. In preliminary discussions, the Chair of the PAC and I made it clear that we hoped that a limit would be adopted, and that up to 10 years would be appropriate. I therefore hope that my hon. Friend will be able to contain his impatience in that regard.

Mr. Richard Bacon (South Norfolk) (Con): There is widespread agreement that there should be a time limit, and Sir John Bourn himself thinks so, but does the right hon. Gentleman accept that it should be longer rather than shorter? In the US, the Budget and Accounting Act 1921 sets a term limit of 15 years for the equivalent post there. That may be a little long, but might not a limit of only five or six years be too short?

Mr. Williams: If I give any more commitments to the House, there will not be much point in having the report from John Tiner. I shall stick to what I have said already, which is that the Chair of the PAC and I feel that a limit of up to 10 years should be considered.

As Chair of the Commission, I should like to express the House's gratitude to Sir John Bourn. We are indebted to him for his 20 years of service. There may be disagreements about some matters, but right at the beginning of his tenure in the post he did something of supreme importance: he made the early and brave decision that the NAO would deliver to the taxpayer £6 in savings for every £1 that the taxpayer gave him to carry out his duties. That was a risky decision, but he achieved the target that he had set. In fact, he increased the ratio to 7:1. At the request of the Commission and the PAC, he then raised it to 8:1, and subsequently to 9:1, which is where it stands today. Under Sir John Bourn, the NAO is producing savings for the taxpayer that are nine times as great as his total annual operational budget. This year alone, the savings are likely to total £667 million, and I am sure that that is delightful news for the Prime Minister. Sir John should feel proud of that achievement, and he deserves the House's thanks.

Sir John Bourn has also recognised that the House of Commons has a wider responsibility in the world. Like the US, France and other nations, we have experience that is valuable for the emerging democracies. As the Chair of the PAC will no doubt say, our NAO and the system that supports it are greatly admired throughout the world. The NAO has fee-paying contracts with the UN and other international bodies to help emerging democracies establish systems of scrutiny and accountability. Sir John has taken some stick, including some from this side of the House, for the additional work that he has done, but I think that we owe the third world a duty to share our experience. We cannot tell countries what they must do; we can only share our experience, good or bad.

Switching to my role as Chair of the Liaison Committee, I should like to thank Sir John Bourn for a third thing that he has done. One source of grievance between the PAC and the other Committees has always been that the NAO is a PAC asset. The PAC has guarded it jealously over the years but, at the request of the Liaison Committee and with the approval of myself and the Chairman of the PAC, Sir John has changed the NAO's role. He has started to give support to the Select Committees in the form of evidence and witnesses and, most importantly, by making available specialist secondees who help with the Committees' staffing and background work. That is an invaluable role for the NAO, and one that is very welcome. I think that Sir John has every reason to be proud of what he has done for the House of Commons and for Parliament in his 20 years as CAG.

Finally, I welcome the appointment of Tim Burr. He is a delightful and very unassuming man, with integrity and great ability. He will do the job well, and I hope that he finds it a fascinating experience.

1.56 pm

Mr. Edward Leigh (Gainsborough) (Con): I am pleased to second the motion moved by the Prime Minister, for three reasons. First, it underlines the bipartisanship and the lack of party politics that should inform the work of the NAO and the PAC. Secondly, it underlines the supremacy of Parliament. The appointment to this country's oldest public office—it dates back to the 13th century, and has existed in its modern form for at least 150 years—can be made only on the Floor of the House of Commons by the Prime Minister of the day, with the support of the Chairman of the PAC, who is always a member of the Opposition.

Thirdly, I have worked with Tim Burr for a number of years. He is a man of incisiveness and integrity, and the NAO will be in safe hands under his stewardship until a permanent successor can be found.

I should like to pay tribute to Sir John Bourn, with whom I worked very closely.

Hugh Bayley (City of York) (Lab): I am concerned about how the continuity of work is maintained when one CAG retires and another takes over. First, the NAO has joined a consortium—along with the Westminster Foundation for Democracy, the Commonwealth Parliamentary Association, the Clerk's Department and other bodies—that provides advice on strengthening parliaments abroad. I hope that work will continue.

Secondly, I have been in correspondence with Sir John Bourn about how Health Ministers report to Parliament on independent NHS treatment centres, and he has commissioned an inquiry into that. Will the Chairman of the PAC give an assurance, to me and to other hon. Members with balls in the NAO's court, that there will be continuity in respect of work that is currently under way?

Mr. Leigh: I can absolutely give that assurance—the king is dead, long live the king! The work will carry on. While Tim Burr is CAG, he will have all the powers and prerequisites of that office, and the NAO will carry on exactly as before.

I should like to pay a short tribute to Sir John Bourn. In numerous private briefings, I have found him to be immensely patient and kind, despite all my shortcomings. He is a wonderful civil servant in that sense. He may be in his 70s, but he has the spark and energy of a man in his 40s.

As has been said, Sir John has been CAG for more than 20 years. He has overseen a revolution in public accountability. He set a very ambitious agenda for the NAO from the outset and he followed some guiding principles that are still adhered to.

[Mr. Leigh]

First, audit must be unfettered. Sir John fought a long, and ultimately very successful campaign, to secure access to all Government Departments and agencies. Secondly, auditors must be professional and expert and he has equipped the NAO well. Next, we must have sound financial audit that requires modern professional accounting from Government. This is the point that the Prime Minister made, and it is an excellent one. Sir John's active support for the introduction of accruals accounting—I pay tribute to the work that the Prime Minister did while Chancellor of the Exchequer in that respect—has helped drag Departments from the dark ages of the penny notebook system into the modern world, vastly improving the quality of information available to Parliament. In addition, audit should always be prepared to tackle the tricky issues of the day and not be deterred by vested interests. Sir John has reported on wars, on every major private finance initiative—PFI—deal, on waiting times in the NHS and, most recently, on major projects such as the Olympic games.

David Taylor: The hon. Gentleman mentioned the magic three letters PFI, and I am sure that what he says about the Comptroller and Auditor General and the NAO is true in so far as it goes. He says that the NAO has got to grips with modern techniques and methods, such as PFI, but why were the early and middle years reports so insipid and ineffectual? It seems that the NAO was being sucked into the received wisdom that PFI was a good—

Mr. Deputy Speaker: Order. I am sure that the hon. Member for Gainsborough (Mr. Leigh) will not be seduced down that alleyway. He should not go down that route.

Mr. Leigh: Suffice it to say that, in my view, Sir John has been quite robust, but I will leave it at that. Of course, he could not get involved in the politics or the policy issue of whether we go down the PFI route. That was not his remit.

Sir John and I think that audit should shine light on often neglected areas, and his pioneering work on hospital infections, on services to stroke victims and, just last week, on services to people suffering from dementia, bear testament to his success. As the Father of the House has just said, audit should be able to prove its value. Sir John has set very stretching targets for the savings derived from the work of the NAO; they should generate £9 for every £1 spent. In those ways, Sir John has made a profound and lasting contribution to public audit and accountability. I pay tribute to him.

Bob Spink (Castle Point) (Con): Does my hon. Friend anticipate that Tim Burr will be able to improve on those financial savings?

Mr. Leigh: It would be difficult to do so. The targets are already stretching and we do not want targets that start distorting the work of the NAO.

I am pleased to second the motion to appoint Tim Burr pending the Government's new arrangements that will be agreed, as the Father of the House has said, by the Public Accounts Commission, shortly following John Tiner's review.

Mr. Philip Dunne (Ludlow) (Con): Before my hon. Friend finishes his tribute to the outgoing CAG, will he say whether he agrees that the work that Sir John Bourn did to introduce public accountability to the BBC in undertaking its value-for-money audits is something that should go down on the record sheet as one of his great achievements?

Mr. Leigh: It certainly should, and we have a compromise at the moment. The Public Accounts Committee is strongly of the view that we should have full rights of access.

Tim Burr has been a public servant for 40 years. He worked at the centre of government until he joined the NAO 14 years ago, and he has been Sir John's deputy for eight years. Tim Burr is very well qualified and I am confident that he will continue to develop the NAO's work during his time in charge.

Mr. Gordon Prentice: On the appointment of Mr. Burr, did the Member have a pre-appointment hearing with Mr. Burr before my friend the Prime Minister appointed him?

Mr. Leigh: For Members who have just come into the debate, I should say that it is a temporary appointment, and I will talk about that in a moment if the hon. Gentleman gives me time. The governance of the NAO will be reviewed and the findings will be subject to debate on the Floor of the House, so we do not need to spend a lot of time on that issue now. However, needless to say, I think that we all recognise that the internal controls and administration of the NAO need strengthening. However, the cardinal principle that is very important for the House of Commons remains—that the CAG has the independence to write his own reports free from any interference from whatever quarter.

Bob Spink: Can my hon. Friend confirm whether Tim Burr will be an eligible candidate when the new and transparent appointment system is implemented?

Mr. Leigh: Of course Tim Burr will be an eligible candidate, but I have had no conversation with him. He will hold the appointment until a permanent appointment can be made.

This is only the second appointment under the current arrangements whereby the nomination is made by the Prime Minister with the support of the Chairman of the Public Accounts Committee. During the debate the last time this happened, there was considerable support for making the appointment entirely a matter for the House. That is not an unreasonable view, as the CAG is an Officer of the House and he must be independent of the Government. That point was not lost on the Labour party in opposition. Indeed, summing up in the debate on Sir John Bourn's appointment 20 years ago, the shadow Minister committed a future Labour Government to changing

"the method of appointment so that there is no ambiguity between the role of the Executive and that of the House." [*Official Report*, 16 December 1987; Vol. 124, c. 1201.]

My view, however, is that—I say this to the Prime Minister, to whom I am grateful for his presence—there is a need for the Government to have confidence in the person appointed because that person has unlimited

access to all private papers and persons of the Government. Therefore, my view—of course, the House can take a different view—is that the current situation, in which both the Prime Minister and the Opposition Chairman of the PAC have to agree is not unreasonable. I say that as long as the Government appreciate the difference between selection and appointment. They need to be involved in the appointment, but not in the selection. That should be the job of the House.

In this sense, I want to proceed according to statute and to precedent, and I want to follow closely the precedent set by my predecessor Bob—now Lord—Sheldon. He selected the candidate after exhaustive interviews and that selection was then put to Mrs. Thatcher and she approved it. Clearly the process now needs to be modernised in accordance with good practice. There needs to be openness, open advertising and transparency, and I would need to be advised by a senior board in accordance with modern practice. Although all that can be arranged in agreement with the Government, I hope that the board would consist of a recently retired very senior servant—perhaps a former permanent secretary—a senior accountant from private practice and perhaps a recently retired officer from the NAO. I would need to listen to and consider their advice, but the Government do not need to be involved in that part of the process; otherwise there is the danger that I could find myself steered in classic Whitehall fashion in the direction of a safe candidate. I am sure that that would not be good for the future independence of the position. The Government do not have a right to a final veto.

Needless to say, I want to assure the House that I approach the task with the utmost seriousness. We all want to find someone of the highest calibre, great experience and, above all, independence of mind and spirit. I believe that such a person should serve for a fixed, lengthy and non-renewable term of the order of eight to 10 years, and they should not be allowed to return to the civil service if they came from it. There can be no question of their independence being compromised. All that is for discussion, but I assure the House that I am immensely proud of the independence and the work of the NAO and the Public Accounts Committee. During my watch, I will seek to preserve that.

2.8 pm

Dr. Tony Wright (Cannock Chase) (Lab): I associate myself with the generous tributes that have been paid to Sir John Bourn. His record is a distinguished one and I regretted very much that his final period in office was distracted by stories of exotic expenses. They should not be allowed to detract from the extraordinary service that he provided to the House and to the audit of public money over the years. I am sure that the appointment of Mr. Burr will be an excellent interim arrangement; I have no difficulties with that.

I should like to pay tribute to a former Member of the House, John Garrett. He could sometimes be curmudgeonly, but he was an heroic and stubborn protector of the interests of the House when it came to public money. He died just a few months ago. Back in 1987—the only other occasion on which the House has had the opportunity to discuss a motion of the kind that is before us—he said:

"the arrangements by which he"—

that is, the Comptroller and Auditor General—

"is nominated pay inadequate respect to Parliamentary democracy". [*Official Report*, 16 December 1987; Vol. 124, c. 1182.]

That point has been picked up by the Chairman of the Public Accounts Committee. We have improved things since then, and I hope that we will improve them further.

I agree with what has been said about the need to ensure that the Executive and Parliament have a joint interest in the appointment, for reasons that have been given. It is essential that there be fixed-term appointments. The emerging consensus is that key constitutional posts ought not to have open-ended terms of office, and the terms ought not to be renewed. It should not be possible to influence the process, and the terms should be secure and reasonably long. I hope that the appointment of the Comptroller and Auditor General will conform to that—it is, I think, what the Government want—and that there will be a consistent pattern for all the constitutional watch-dogs.

Mr. William Cash (Stone) (Con): In light of the hon. Gentleman's reference to the historical importance of the democratic principle, perhaps he will find it worth while to recall what Gladstone had to say on the subject when he introduced the arrangements in, I think, the 1860s. Many of the eternal truths that he laid out in an important speech on the subject are well worth rereading today.

Dr. Wright: I am always glad to accept a reference to Gladstone. The period to which the hon. Gentleman refers was the great era of public service reform, which we should never forget. Until now, there have been difficulties and inconsistencies in how we make key public appointments. The issue of pre-appointment hearings has rightly arisen. I am glad that the Prime Minister said what he did, because it was slightly odd that when the Government came forward with their welcome list of suggestions for posts that would in future be subject to pre-appointment hearings by Parliament, the Comptroller and Auditor General was not on it, yet there could scarcely be a more pivotal position, as far as the interests of Parliament and the public are concerned. I am glad that we are attending to that.

Alongside the issue of the extent to which Parliament is involved in such appointments, there is the question of which appointments should require the approval of the official Opposition. That is another check that we should put into the system. There is also the issue that we are discussing now—the final approval by Parliament, on a motion in someone's name. At the moment, there is considerable confusion on all those fronts. The Government today presented a list of suggested posts for which there should be pre-appointment hearings. So far there has not been clarity on what the basis should be for such a list, but perhaps the list will help us with that point. We need clarity, and that certainly applies to the appointment that we are discussing, too.

There have been recent instances of the confusion that I mention. For example, Sir Michael Scholar's appointment as chairman of the Statistics Board was approved by both Houses of Parliament, but it did not

[Dr. Tony Wright]

have to be; it was just thought to be a good, constitutional thing to do, as indeed it was. That shows that there is inconsistency. The new chairman of the Committee on Standards in Public Life said recently that he would have liked a pre-appointment hearing, because it would have increased his authority, and that he would have liked his appointment to be subject to a resolution of the House, which would have allowed Members of all parties to support his appointment. We need to ensure consistency in the arrangements.

After the review of the governance of the National Audit Office, and when we have taken a view on issues such as term limits, I hope that we will have a clear system, in which there are reasonable term limits—a subject that has already been mentioned. I hope that the appointment process will be controlled by the Commissioner for Public Appointments; that is the system that we have put in place over the past 10 or 15 years to ensure the integrity of the public appointments process. The system should be supervised by the Office of the Commissioner for Public Appointments, and should be linked to pre-appointment hearings in the House, which would, I presume, be held by the Public Accounts Committee. That would give Parliament a role in the process. A motion should also be brought before the House, as has happened today. I hope that that is the process at which we arrive. In a sense, we are discussing an interim point on the journey to that destination.

Mr. Alan Williams: The Comptroller and Auditor General's independence from the Executive is of absolute, fundamental importance. The format that my hon. Friend proposes presents us with a problem, because of course the Government control the majority in the House. I foresee a danger, and I ask him to think about it, as I know that he is open-minded. There is a danger that if we demand a vote in the House—this may sound undemocratic, but I cannot see a way around that—and the Government used their Whips, we could end up with a Government appointee. That is a dangerous possibility, so I ask my hon. Friend to think twice about that.

Dr. Wright: My right hon. Friend's concern would be met if we insisted on parliamentary involvement in the process. The new element will be the direct involvement of Parliament through a pre-appointment hearing, in which Parliament assures itself that the candidate is robustly independent.

Mr. Cash: Will the hon. Gentleman give way?

Dr. Wright: No, because I am about to finish my speech, but before I do so, let me say that if anyone would like to read further thoughts on the subject, the Public Administration Committee has just issued an excellent report, "Parliament and public appointments: Pre-appointment hearings by select committees", which deals with many of the issues involved. I recommend it to the House.

2.17 pm

Mr. David Gauke (South-West Hertfordshire) (Con) *rose*—

Mr. Leigh: Will the hon. Member for Cannock Chase (Dr. Wright) give way on his last point?

Mr. Deputy Speaker: Order. I think that we ought to move on.

Mr. Gauke: Thank you, Mr. Deputy Speaker. I thought I was about to have the new experience of being intervened on before I had begun my remarks.

First, I join right hon. and hon. Members in paying tribute to Sir John Bourn for the service that he has provided in his 20 years as Comptroller and Auditor General. He has been an effective examiner of Government expenditure and provided outstanding service in identifying waste, as the Father of the House eloquently explained. Sir John also showed support for the Public Accounts Committee, which does so much to protect the interests of the taxpayer. As we have heard from my hon. Friend the Member for Gainsborough (Mr. Leigh), the Chairman of that Committee, Sir John has been an invaluable servant of the House.

The National Audit Act 1983 enables the CAG to carry out examinations of the economy, efficiency and effectiveness of public bodies and Government Departments. I do not want to shatter the bipartisan atmosphere, but I must say that never before has that role been so necessary or so relevant. Hon. Members of all parties recognise that although public spending may be very high, there are still great questions about the economy, efficiency and effectiveness of much of that spending. In that context, the appointment that we are debating is of considerable importance.

Sir John has undoubtedly learned a great deal in his 20 years as Comptroller and Auditor General. He wrote about his experiences in his recent book "Public Sector Auditing: Is it Value for Money?", which is so popular that the Library was unable to locate a copy of it when I asked it to do so earlier this week. It had been deluged with requests for it. He characterised public sector bureaucracy as something that

> "looks inward, not outward, to process rather than outcomes, to hierarchies rather than teams, to rules rather than initiative and to detachment from, rather than engagement in, human interests".

It is certainly not for the National Audit Office to solve all those problems on its own, or even by working with the Public Accounts Committee. Those problems need to be addressed through a more fundamental change to how government is run.

Mr. Cash: I endorse all the remarks that have been made about Sir John Bourn and the distinguished service that he has provided to the nation. As my hon. Friend is moving on to the subject of the Public Accounts Committee in relation to the NAO, may I reaffirm that it is essential that the chairmanship of the PAC is in the hands of the main Opposition party? That also deals with the question of parliamentary control, to which the Father of the House referred. Above all else, there must be maximum independence in such a vital constitutional area.

Mr. Gauke: My hon. Friend makes an important and valuable point. I shall shortly turn to the issue of the independence of the CAG. As part of the overall process, the chairmanship of the Public Accounts Committee is

rightly in the hands of a member of the Opposition. I do not believe that there is any desire on any side to change that. I am happy to reaffirm what my hon. Friend said.

The National Audit Office and the CAG can identify the worst examples of lack of economy, inefficiency and ineffectiveness in the public sector. Under Sir John's leadership, and in partnership with the Public Accounts Committee, they have consistently done so.

One of the reasons why Sir John has been successful is that he has been demonstrably independent of the Executive—a point made by a number of right hon. and hon. Members. He has done that in various ways. He has been straightforward in his reports, and he has not pulled his punches. In November, for example, he released e-mails demonstrating that senior HMRC staff were aware of the full child benefit database being provided to the NAO, and that the debacle could not be blamed entirely on one low-level official. That demonstrated, once again, Sir John's independence.

There are various matters in respect of independence that need to be raised in the context of the motion. On the first, I hope the House will forgive me for making a controversial point. The economics editor of *The Sunday Telegraph*, Liam Halligan, wrote at the weekend that it remains his view that Sir John

"has been hounded out of office—after a series of heavily spun leaks against him—by ministers tired of being held to account by Bourn and his auditing team."

I would be grateful if the Exchequer Secretary could confirm in the course of her remarks that, as far as she is aware, no Government Minister, official or special adviser has briefed against Sir John.

Another issue is the appointments process, which we have been debating for some time. Like my hon. Friend the Member for Gainsborough, the Chairman of the Public Accounts Committee, and the hon. Member for Cannock Chase (Dr. Wright), the Chairman of the Public Administration Committee, I have been reading the *Official Report* of the last time the matter was debated, in December 1987. As has been said, a number of Labour Members, including their Front Bencher, the Treasurer of Her Majesty's Household, the right hon. Member for Newcastle upon Tyne, East and Wallsend (Mr. Brown), who no doubt follows these matters closely and is present today, suggested at that time that Parliament might have a greater role in the appointments process to ensure independence from the Executive. Indeed, the right hon. Gentleman went on to state:

"The Labour party intends to give effect to this principle when in government" [*Official Report*, 16 December 1987; Vol. 124, c. 1201.]

There has been on the Government's part no unseemly haste to do so but, as we have heard, John Tiner is reviewing the corporate governance of the NAO and we may soon have proposals on these matters. Indeed, we have heard proposals from the Minister for the Cabinet Office. There seems to be a mood on both sides of the House in favour of greater transparency and parliamentary involvement in public appointments. We await Mr. Tiner's proposals with interest and look forward to examining the proposals from the Minister for the Cabinet Office. Contrary to what the Prime Minister said, we have just checked with the Library and details are not yet available there.

In fairness, we should acknowledge that under the current arrangements for the appointment of the CAG the Chairman of the PAC has a key role in the appointment, as we heard from my hon. Friend the Member for Gainsborough. No one doubts his independence from the Executive, or generally. The fact that an Opposition Member has an influential role in the appointment is important, as the Father of the House observed, allowing greater parliamentary involvement. We must ensure that the governing party, whichever party it may be, does not have too much control through the use of its Whips. There is clearly a balance to be struck, as the Chairman of the PAC recognised.

Mr. Leigh: That is an important point and it should be underlined. At present there is a complete balance because the Chairman of the PAC is, by definition, from the Opposition and the Prime Minister is, by definition, from the Government. It sounds very democratic. I say this to the Chairman of the Public Administration Committee—to hand the appointment over to a Committee, but under the rules of the House, a Committee would always have a Government majority so it would appoint somebody and that would be approved by the Government. The Government would thus effectively make the appointment, which would be dangerous. The present system, which was created under the 1983 Act, was probably quite a wise compromise.

Mr. Gauke: I am grateful to my hon. Friend. As has been mentioned, the fact that the Chairman of the Public Accounts Committee is an Opposition Member provides a degree of balance within the system. If that role is diminished to any extent, we need to consider the issue of balance.

In the context of the Tiner review, it is entirely understandable that the appointment of Mr. Burr is only temporary. A full explanation has been provided by the Prime Minister. Without any criticism of Mr. Burr—a man of integrity and incisiveness, as we heard from my hon. Friend the Chairman of the PAC—we should acknowledge that short-term appointments can weaken the perception of independence.

When appointees are waiting for a decision from the Executive as to reappointment, there may be a perception that that official is not entirely independent and that he is in some respect beholden to the Executive. In the current economic conditions, the point is particularly relevant to the delayed appointment of the Governor of the Bank of England, but I shall not dwell on that. The point should be taken into account in any appointment process where independence from the Executive is crucial.

Finally, I welcome Mr. Burr to his new role. As we have heard this afternoon, those who know him speak highly of him. He has already given a number of years of distinguished service to the National Audit Office. I know that going from No. 2 to No. 1 in an organisation is not always easy, as the Prime Minister may agree. None the less, we wish Mr. Burr well for the future.

2.28 pm

The Exchequer Secretary to the Treasury (Angela Eagle): I close the debate by echoing from my own experience the tributes that have rung out from all parts of the House this afternoon to the record, experience and public service of Sir John Bourn, who retires at the end of the month.

[Angela Eagle]

The most important Select Committee on which I served when I first entered the House, when we were in opposition in the 1992-97 Parliament, was the Public Accounts Committee. At that time, Sir John was relatively new in his period of service, and I found him an extremely courteous and sophisticated Comptroller and Auditor General, who was always willing to listen to questions from new Members and help them with the complexities of holding the Government to account through the work of the PAC and the National Audit Office. If anyone went to him worried about issues in particular Departments, he was always ready with an interested ear and an arched eyebrow, full of good suggestions about how to pursue the matter indeed, he often allowed the NAO to pursue it, to the benefit of the effectiveness of public expenditure.

I pay my own tribute to Sir John as Comptroller and Auditor General. As has been said, he served for 20 years, and it is not an inconsiderable achievement to establish and maintain an excellent record for leadership when in the public gaze for so long. He steered the NAO into becoming a body that, as many right hon. and hon. Members have said today, is regarded as world class by its profession. It is influential internationally and does an extremely good job in the UK in ensuring that we get best value for money from our public expenditure.

As there has not been a new CAG appointment since 1987, I take this opportunity to emphasise the Government's regard for the importance of the ability of the CAG and the NAO to secure their professional independence as auditors of the Government and, obviously, of the Government's accountability to Parliament.

As many Members have mentioned, it is especially important that the CAG be independent. In addition to supporting Parliament in holding the Government to account, the NAO helps to improve government through objective reporting and recommendations for improved management practices. Departments in Whitehall do best by taking a great deal of notice of such recommendations; after NAO reports are published, Departments put a great deal of effort into mending their ways and closing the loopholes that have led to inefficient spending. The NAO also helps citizens by providing greater transparency, bringing their concerns to light and prompting improvements in public services and public service outcomes. All of us in this House have an interest in that.

The NAO's role and responsibilities have substantially increased since 1988 and they continue to evolve. Since Sir John took up his post in that year, the number of financial reports has remained broadly the same at about 480. However, their scale and complexity have increased through the changeover to accruals-based resource accounting. In 1988, the NAO produced 31 value-for-money reports, seven memos to the Public Accounts Committee and two reports on the accounts. In 2007, it produced 60 value-for-money reports and 25 reports on the accounts. In addition, the NAO now reports on a range of other matters, including annual reports on budget assumptions and impact assessments.

In 1988, the NAO supported 30 meetings of the PAC; sometimes it seems as though that Committee now has more meetings than that in one week. In 2007, that number had increased to 58, with 61 PAC reports, and the NAO now supports 13 other parliamentary Committees. For me as the Treasury Minister with responsibility for ensuring that we try to increase our productivity as a country, the interesting statistic is that in 1988 the NAO employed 900 staff; by 2007, that number had fallen to 850. We are getting a great deal more effort, work and added value from a slightly reduced staff.

In 1988, 40 contracts had been outsourced; in 2007, that number had increased to 155, which amounts to about 25 per cent. of NAO resources. I have twice been a member of the Public Accounts Committee and my experience is that the NAO benefits greatly from the transfer of information from the private sector and other areas through secondments and outsourcing.

Since 1997, the CAG has reported annually on financial management in the European Union. In recent years, he has also been asked to undertake a range of substantial reviews at the Government's request, such as a review of the Financial Services Authority in 2007 and a review of Home Office statistics on asylum and migration in 2004. As to the future, the House will know that provisions in the Companies Act 2006 will enable the CAG to become eligible to audit non-departmental public bodies. That is likely to add a further 80 or more bodies to the audit portfolio.

I should reiterate what my right hon. Friend the Prime Minister said: in its July 2007 report, the Public Accounts Commission decided to review the corporate governance of the NAO to ensure that it is in line with best practice. We have heard from my right hon. Friend the Member for Swansea, West (Mr. Williams); he was probably the most long-standing member of the Public Accounts Committee and is chairman of the Public Accounts Commission, as well as being Father of the House - a triple whammy. John Tiner agreed to chair that NAO corporate governance review; my right hon. Friend said that its report has arrived on his desk, but that he has not yet had time to read it. Obviously, the corporate governance of the NAO is of great interest to all of us and we look forward to the Public Accounts Commission report, its response to Mr. Tiner's suggestions and its suggestions on how to take forward the new management arrangements for the NAO and the office of Comptroller and Auditor General.

As my right hon. Friend the Prime Minister said, the Government have agreed, if necessary, to enact reforms to the governance of the NAO that proceed from the Public Accounts Commission's decisions. I look forward to receiving the commission's detailed suggestions in due course.

Finally, I echo the widespread welcome today for Mr. Burr's appointment. I agree with right hon. and hon. Members from across the House that he is eminently qualified to assume the post of Comptroller and Auditor General. He has made a substantial contribution as Sir John Bourn's deputy over the past eight years, and I am grateful for his flexibility and understanding in stepping into the role while the Public Accounts Commission continues its work on governance. I note that Mr. Burr has indicated his intention to serve as Comptroller and Auditor General only until the reforms flowing from the process are completed and in place, and I thank him for that. I support the motion.

Question put and agreed to.

Mike Penning (Hemel Hempstead) (Con): On a point of order, Mr. Deputy Speaker. While the House has been sitting, tens of thousands of off-duty policemen have been demonstrating on the streets of London. Many are lobbying hon. Members of the House. They are demonstrating because the deal that they had with the Government has been reneged on and their pay agreement has been broken. Has the Home Secretary given any indication to the Speaker's Office whether she is going to come to the House and explain how the Government got into this mess?

Mr. Deputy Speaker: As I am sure the hon. Gentleman will realise, that is not a matter for the Speaker at this stage.

Orders of the Day

Sale of Student Loans Bill

As amended in the Public Bill Committee, considered.

Clause 1

SALE OF STUDENT LOANS

2.38 pm

Mr. Rob Wilson (Reading, East) (Con): I beg to move amendment No. 5, page 2, line 6, at end insert—

'(4A) Transfer arrangements may not confer on the purchaser the right to alter the repayment terms of sold debts.'.

Mr. Deputy Speaker (Sir Michael Lord): With this it will be convenient to discuss the following amendments: No. 6, page 2, line 11, at end insert—

'(6A) Transfer arrangements may not be made with an organisation underwritten by the Government.'.

No. 11, page 2, line 13, at end insert—

'(8) In advance of entering into transfer arrangements the Secretary of State shall

(a) examine the prevailing market conditions and ensure that a competitive market for the loans has been generated;

(b) provide the market with full information about the loan book in order that the assets can be efficiently valued;

(c) ensure that there has been a genuine transfer of risk from the public accounts to the private sector; and

(d) assess the proceeds that look likely to be achieved in the transaction, using full and clear market information and a comparison with keeping the loans on the Government books, in terms of both likely income flows and levels of risk.

(9) The Secretary of State shall make a written statement on expenditure incurred in connection with each transfer arrangement.'.

No. 7, clause 5, page 4, line 9, leave out

'a person acting on behalf of a loan purchaser'

and insert

'the Student Loans Company'.

No. 8, page 4, line 15, leave out 'another agent' and insert 'the Student Loans Company'.

Mr. Wilson: There are still some unresolved issues raised by hon. Members on Second Reading and in Committee that Conservative Members hope to clarify with our amendments. I am sure that the Minister will do his utmost to help the House by providing the clarity that we all seek.

The amendments have three important objectives: first, they would prevent loan purchasers from altering repayment terms; secondly, they would ensure that Ministers achieve value for money in any sale; and finally, they would strengthen the ability of this House to hold Ministers and the Government to account. That is key, because too much of the Bill is to do with the Minister and the Department saying to Parliament, "Trust us." The Opposition would not be doing our job if we left it at that, so our amendments would add a few checks and balances to the sale of the loan book.

Amendment No. 5 reflects our ongoing concern about a lack of safeguards in the Bill. Clause 1 enables the

[Mr. Rob Wilson]

Secretary of State to sell to a purchaser his rights and obligations relating to student loans and gives details of the rights and obligations that may be transferred if the Secretary of State so wishes. Throughout the Bill's passage, concerns have been expressed about the precise nature of the transfer of those competencies and what it will mean in practice. I know that the Minister shares our concerns, and my hon. Friend the Member for South Holland and The Deepings (Mr. Hayes) raised his concerns in detail in Committee. Let me make the point clearly: loan purchasers should not be able to alter the terms of repayment. The Minister entirely accepts that; he said himself, on Second Reading,

"I need to make one precise point clear at this stage. The Government will retain control of regulations, terms and conditions for all loans, and there will be no adverse change for borrowers, whether their loan is sold or retained." [*Official Report*, 22 November 2007; Vol. 467, c. 1391.]

I entirely accept his assurance about the Government's intentions—I am sure that they are entirely honourable—but this is not necessarily about the current Minister or the current Secretary of State; it is about how Ministers may use or interpret those powers in future.

Angela Watkinson (Upminster) (Con): My hon. Friend will understand that when students who already have loans hear about the sale of the loan book they will start to worry about the possible changes in terms and conditions of repayment. It is important that during the course of the debate we are able to secure agreement so that we can reassure not only students with existing loans but those about to take out loans.

Mr. Wilson: My hon. Friend makes a valid point. I hope that in the course of the debate we will get the reassurances that she seeks.

Clause 1 is ambiguous in that respect and needs to be tightened. It empowers Ministers to prevent loan purchasers from changing the terms of repayment, but that is not the same as offering an explicit safeguard against differential terms of repayment. The Minister has repeatedly stated that the Bill will have no material impact on graduates, but that proposition currently rests on the good will of the Government—the "trust us" message that I mentioned. Some would say that that is a pretty precarious safeguard these days. The protections that the Minister has cited are insufficient. There is nothing in the Bill to prevent different arrangements for loan repayments as long as those are made with a Secretary of State's consent. Although the measure enables the Secretary of State to protect student borrowers once loans are sold, a flaw remains—its reliance on optional rather than concrete safeguards. Our amendment would strengthen the Bill by ensuring that the Government's stated intentions are followed without any ambiguity.

It would be inappropriate to try to bind the hands of the Minister's successors in perpetuity, but we in this House have a duty to protect the interests of students and graduates. The amendment tries to strike the difficult balance between limiting risk for graduates and students and maintaining the commercial attractiveness of the loans to a purchaser.

In Committee, the hon. Member for Wolverhampton, South-West (Rob Marris) sought more information and asked significant questions about this matter. His constituency has a large number of students, many of whom are disadvantaged and therefore take out large loans. As an assiduous Member, he seeks to protect those students. If the Minister has time before he comes to the Dispatch Box, he may wish to reread the hon. Gentleman's remarks in column 47 of the record of the Committee proceedings.

The hon. Gentleman was rightly concerned that paragraph 16 of the explanatory notes says:

"For example, the Government does not intend to grant purchasers the right to alter the repayment terms of sold debts."

The key words are "does not intend". It reminds me of the saying, "The road to hell is paved with good intentions." Merely intending to good without actually doing it has no value, so what is said in the explanatory notes is not a guarantee; it gives students and graduates no reassurance about what may or may not happen in future.

The Minister agrees with us that the purchaser should not be able to alter repayment terms of sold debts, so I am sure that he will accept this very mild and minor amendment. If he does not, perhaps he can explain to the House why he does not want to do so—unless my eloquence has already changed his mind. We can then decide whether we wish to press it further.

2.45 pm

Amendment No. 6 deals with a matter that has been discussed in Committee, but not in great depth, and Conservative Members have not been reassured by the Minister's comments. It is still possible that a body buying part of the student loan book will in time sell it on and that, as a result of that process, the loan will end up in an organisation that is underwritten by Government. The amendment would therefore be an important safeguard.

The main justification that we have heard for the use of ministerial veto over onward sale is to safeguard the interests of students. We can therefore deduce that Ministers would use their powers of veto to protect interest rates or repayment terms. However, alongside students' interests we must consider the public interest more broadly. The Minister has said that one of the aims of the Bill is to transfer risk to the private sector from the public sector. At present, however, there is nothing in the Bill to prevent loans from ending up through a process of resale, being underwritten by the public purse. In Committee, the Minister said that the Bill provides tools for the Secretary of State to prevent that, but that is not good enough.

The Bill offers wide-ranging powers to Ministers but has very few checks or balances. As it stands, these assets could be resold to a Northern Rock-style company or an equivalent organisation—the Minister did not deny that in Committee. We must remember that we are talking about public assets worth about £18 billion, and growing. The Government want a portion of the loan book to be transferred to private hands, and our amendment would assist that process. Let me be absolutely clear: transfer arrangements should not be made with an organisation underwritten by the Government. Can the Minister tell the House how he plans to make a cast-iron case that that should not and cannot happen?

Amendments Nos. 7 and 8 relate to the collection of debt. We are anxious to ensure that only the Student Loans Company is authorised to collect debt. The Bill says that "another agent" or

"a person acting on behalf of a loan purchaser"

should be allowed to collect debt, but the amendments would replace those with the Student Loans Company. That is because, as debt is sold and resold, there is a risk that the propriety and suitability of the debt collector may become a matter of concern. The current provision will certainly cause a great deal of anxiety on the part of debtors who are accustomed to debt being collected by the Student Loans Company or by commissioners for Her Majesty's Revenue and Customs. Our amendments would eliminate those concerns.

Amendment No. 11 is the most controversial in this set of amendments. It is fair to say that Conservative Members have not been sufficiently reassured, either on Second Reading or in Committee, that the taxpayer will get the best possible outcome from the sale of the student loan book. The Bill empowers Ministers to sell off a very valuable public asset—currently worth around £18 billion and due to grow significantly in value over the next few years to as much as £25 billion—but it contains no provisions to ensure that the Government have a duty to get value for money.

Concerns about value for money are widespread and have been voiced by Members in all parts of the House, with the hon. Members for Stoke-on-Trent, South (Mr. Flello) and for Wolverhampton, South-West making telling contributions in Committee. However, we do not wish to tie Ministers' hands too tightly, as we are well aware that we may inherit the legislation and we understand its importance to future public finances. When we are in government, we may well need to deal with such issues.

Our amendment sets boundaries within which the Minister should operate. They are designed to ensure, first, that a competitive market is generated, thus achieving the best value; secondly, that the market has full and up-to-date information about the loan book for efficient evaluation; thirdly, that there is a genuine transfer of risk away from the public sector to the private sector; fourthly, that the Secretary of State will assess the market value likely to be achieved against keeping the loans on Government books; and finally, that the Secretary of State will keep the House informed of the costs incurred in selling each tranche of the loans to the private sector.

It would be difficult for the public to understand why the Minister would oppose any of those boundaries. Indeed, throughout the various stages of the Bill he has, at one time or another, accepted those points as valid. They are the same value-for-money criteria that were described to the Committee by the director of student finance and strategy, Michael Hipkins. However, such provisions were not included in the Bill. The legislation empowers Ministers to sell off a student loan book currently worth £18 billion, but it provides no clear mechanisms for holding Ministers to account for their actions. We would not be doing our job as legislators if we allowed it to pass with such a huge omission.

How do we ensure that the Government stay focused on getting the best value for the taxpayer, now and in the future? The economic storm clouds have been gathering. The markets are likely to be volatile for at least the next two years and financial institutions are therefore likely to take a very cautious approach. But we also know, as the Minister admitted in Committee, that the Government have £6.3 billion already written into the comprehensive spending review. That money is already allocated to be spent before anyone has signed on the dotted line—nobody has signed a contract. We have a duty to ensure that negotiations, as and when they take place, meet the Minister's high expectations.

In future, how will a Minister or Secretary of State withstand the Treasury juggernaut as it seeks to force a future sale of student loans to raise a fast buck? Is anyone in this House convinced that any Minister will be able to resist? How can we ensure that true value for money is achieved? In light of difficulties over Northern Rock, general volatility in the credit markets and pressure on public spending, we feel it necessary to set out some safeguard that will protect a Minister from Treasury pressure. It is a sensible precaution and one that the Treasury will not like, of course, but it is certainly in the best interest of this country.

Our amendment would add to the Bill a clear, value-for-money framework to which Ministers must adhere. Do not take my word for it—the basis for the wording is the Minister's own, taken from Second Reading. I do not intend to read all of his comments out. If our amendment were accepted, the Secretary of State would have to examine the prevailing market conditions and present full information about the loan book to ensure a correct valuation.

The Secretary of State would also have to ensure that there was a genuine transfer of risk to the private sector. That is an extremely important point, the significance of which has grown in recent weeks as the Northern Rock saga has unfolded. The hon. Member for Twickenham (Dr. Cable) encapsulated the point when he described the Government's dithering as the "nationalisation of risks and losses, combined with the privatisation of gains."

Stephen Williams (Bristol, West) (LD): Excellent.

Mr. Wilson: Indeed, it was excellent.

However, based on what the Minister said in the evidence session, such a transfer will not take place. He may remember that I asked him how student loans would be selected for sale, and he replied,

"we want to engage initially with loans where we can demonstrate a good track record of graduates repaying".—*[Official Report, Sale of Student Loans Public Bill Committee,* 4 December 2007; c. 31, Q87.]

In other words, the purchaser will not be taking on a great deal of risk because the best loans will be cherry-picked for them. There will be no random selection, just the crème de la crème of the loans. As the Minister said, only those loans with a demonstrable track record will be sold.

The Minister for Lifelong Learning, Further and Higher Education (Bill Rammell): Will the hon. Gentleman be very careful in quoting from *Hansard* and then inserting his own view? The way he read his description of my comments did not make the distinction clear at all. I made it perfectly clear in the evidence session that

[Bill Rammell]

individual student loan accounts would not be cherry-picked. There would be a tranche of student loans, with a good track record, evidenceable and demonstrable, of repayment across the board. It is not a matter of individual case by individual case.

Mr. Wilson: I will come to that, because I have reread the exchanges involving the Minister and Mr. Hipkins in Committee on several occasions, and I have two points that I think will answer his questions. First, the position of the Government seemed to alter through the exchange, and secondly, any loan that is high risk will not be put up for sale. That came across clearly during that exchange.

If the most reliable debts are sold off while the more precarious ones remain in public hands, is there really a transfer of risk at all? As with Northern Rock, the Government seem prepared for risk to be nationalised while gain is privatised. That is why it is important to include an assessment of the risks against the income flows in the Bill. It is vital that provisions that hold Ministers now and in the future to account are included in the Bill.

Finally, we are asking that the Secretary of State should also make a written statement to the House on the expenditure incurred in connection with each transfer arrangement. I understand that subsidies will not be paid to loan purchasers this time, so the overall cost of the sale may be comparatively small next to the £6.3 billion income. However, the Bill empowers the Secretary of State to incur expenditure in connection with any sale. It is only fair and reasonable for Ministers to report back to the House regularly on the expenditure incurred by the Government.

The amendments are not wrecking amendments. They are clear safeguards for graduates and taxpayers. There is enormous concern throughout the House about how we achieve value for money through the Bill. I hope that the Minister will agree that the only way to ensure that there is no ambiguity is to include provisions in the Bill. All we are doing is urging the Minister to accept what he has already approved in practice. Our amendments clarify weaknesses in what is otherwise a worthy Bill.

Stephen Williams: Several changes have occurred in my party in the past few weeks, for reasons that are obvious to everybody. I therefore took no part in the Second Reading debate or in what I am sure were exciting and incisive contributions from the Minister for Lifelong Learning, Further and Higher Education and the Conservative spokesman in Committee. I have only had sight of the amendments today, so if I make any points that have been answered in previous discussions, I apologise.

3 pm

Amendment No. 5 would provide that purchasers have no right to alter the repayment terms of any debts that are sold. That is a worthwhile condition to include in the Bill. Protection should obviously be in place for graduates for all their repayment terms—the threshold at which they begin, the rate at which they pay and the period over which they make the repayments. Only hon. Members, through the democratic process, should alter those conditions in future. We are therefore happy to support the amendment.

Amendment No. 6 refers to transfer arrangements, and would provide that they are not made to an organisation underwritten by the Government. When I read the bald phrasing of the amendment, I wondered to what the hon. Member for Reading, East (Mr. Wilson) was alluding—the Export Credits Guarantee Department or another organisation that the Government might underwrite. It was in fact an attempt to inject a further discussion about Northern Rock into parliamentary proceedings. Of course, the leader of the Conservative party has for several weeks been trying to steal my deputy leader's thunder on that during Prime Minister's Question Time. Leaving that aside, the amendment is logical. If we are considering a genuine sale of the loan book, there should also be genuine transfer of risk. There should be no danger of the risk becoming circular and travelling back to the Government and the taxpayer if the loan book were purchased by an organisation that had, now or in future, a direct connection to the Treasury or another part of Government.

Amendment No. 11, which, like two others in the group, would amend clause 1, would provide that the Secretary of State must ensure that he has examined the prevailing market conditions and that competitive conditions have been generated for the sale of the debt. That seems common sense. I am prepared to accuse the Government of many things, but I am sure that they would not wilfully sell off £6 billion of debt—if that is the true figure—at a substantial discount that would cause them to be examined by the National Audit Office and the new Comptroller and Auditor General, whom we discussed earlier.

The amendment would also provide that full information would be placed in the market. Again, I doubt that anyone would buy a chunk of Government debt if full information were not put in the marketplace. I should like an assurance from the Minister that normal due diligence procedures will apply and that full information will be provided to anyone who contemplates buying up to £6 billion of a current Government asset. Of course, there should be genuine transfer of risk. Finally, we obviously support the test of whether selling off the loan book, compared with keeping it in the state-controlled Student Loans Company, constitutes genuine value for money for the taxpayer.

Like me, the hon. Member for Reading, East got interested in politics in the 1980s—I believe that we were in the same party at that point.

Mr. Wilson: No, we were not.

Stephen Williams: We have been in the same party at one point.

Mr. Wilson: No, we have not.

Stephen Williams: We were both members of the Social Democratic party once.

Mr. Wilson: No, we were not.

Stephen Williams: I stand corrected.

Mr. Wilson: I was not!

Madam Deputy Speaker (Sylvia Heal): Order. May we please have order in the debate?

Stephen Williams: I find it ironic that Conservative Front Benchers have tabled the amendments, whatever political perspective the hon. Gentleman supported in the 1980s. In all its privatisations in the 1980s and 1990s, the Conservative party did not necessarily guarantee full value for money for the taxpayer—*[Interruption.]* The hon. Gentleman looks sceptical—let me give the example of the Royal Ordnance sell-off or even the railway sell-off.

Madam Deputy Speaker: Order. Let me remind hon. Members of the rules of procedure. If hon. Members wish to make a comment, I am sure that they will do it in the usual way, through intervention.

Stephen Williams: I shall move on, having made those points. We agree that there should be a statement of the costs of selling the loan book.

The final two amendments in the group would insert "the Student Loans Company" in the Bill instead of the unspecified person who may act for whoever purchases the loan book. We are prepared to support that because it gives comfort and certainty to students or graduates to know that, when they repay their debt, they are dealing with a consistent agent for collecting it and that the information and conditions are transparent.

Alan Simpson (Nottingham, South) (Lab): The amendments raise some important points, which I hope that the Minister will tackle. I believe that my concerns fit the same pattern.

They begin from the same question: who, in their right mind, would want to buy someone else's debt? Why would they want to do that?

Rob Marris (Wolverhampton, South-West) (Lab): Ask Northern Rock.

Alan Simpson: Indeed. The obvious answer is that it would be done for foolish or speculative reasons or on the calculated basis that the purchasers would make money. For most of us, if we try to move our debts around, we do so to avoid or reduce costs. People do that when they reschedule their mortgages or move their credit card debts between different companies. However, in the context of the transfer of student loans, we are offering the prospect of transferring those debts from the public sector—the Government—to the private sector, which must envisage opportunities to make money out of the process.

We, as the Government, have a duty to protect students who have entered into debt in the first place. The guarantees and protections of the students and the taxpayers, of whose interests we must take account, must be clearly bolted in position. My current difficulty is that I cannot see those belt-and-braces protections. It is clear from the comments so far that prospective purchasers cannot hope to make money through taking on increased risk because, as Opposition Members made clear, there will be some selection in the process to minimise the risk. It will be hard to justify the notion of selling the debts below value on the grounds that a risk element will be built into the calculation.

On the first tranche of student loan sales, the then Minister, my hon. Friend the Member for Leeds, East (Mr. Mudie), conceded that the loans had been undervalued. He said in response to a question on 9 March 1999:

> "The estimated cost to the Government of selling these loans will therefore be in the region of £85-£100 million or 25-30 % above the cost of keeping loans in the public sector over the lifetime of the portfolio."—[*Official Report*, 9 March 1999; Vol. 327, c.106W.]

That estimate was made of the increase in cost of transferring the loans from the Government to the private sector. It would be a somewhat strange and curious transaction if we sought to make those transfers at a cost, rather than at a benefit. I am therefore looking to the Minister to clarify the fact that we will not expose people to predictable additional costs to themselves, or to losses as taxpayers, through the three most obvious ways in which people can make money from the transaction.

The first way in which the banks could make money would simply be to do nothing, if the debts of the student loans are transferred at below their real asset values. The banks could then just sit on the debts, which will appreciate, because at some point they will be realised at their true market price. The second way would be to sell the debt at a higher price to another bank, so that the selling bank would make an immediate profit and the buyer would take on the cost of the risk. Again, that would happen only if we as a Government sold the debt at a below-par valuation.

The third way of making a considerable gain out of the process would be to have the ability to increase the interest rates being charged on the loans. That would transfer the risk to the students who had entered into those loans, at what they thought were guaranteed and defined interest rates. Failing to lock in a binding obligation to adhere to the original terms would leave the debts open to quite an attractive speculative purchase on the part of the banks, which would know that we as Government might walk away not only from the management of the loans, but from the protections that were attached to them, in terms of interest rate guarantees.

If the House fails to put in place those guarantees, we risk creating a huge potential to discredit the student loans system as a whole, because those who enter into those loan agreements need to be able to do so in the belief that what we say the terms of the loan are will indeed be the strictly adhered-to terms of that loan. If people believe that those terms are only the opening gambit and that they could in future face serious increases in the cost of servicing those loans, either they will be saddled with huge debts that they might not be able to service or the prospect of such increases will act as a deterrent against people taking on those loans and accessing the university system in the first place.

Mr. John Hayes (South Holland and The Deepings) (Con): Not for the first time in the 20 years in which I have known the hon. Gentleman and exchanged ideas with him, he is making a great deal of sense. He is

[Mr. John Hayes]

making a case for including a series of criteria in the Bill that would limit the Government's capacity to jeopardise either the public interest or, as he has so eloquently argued, the interests of those taking out the loans.

Alan Simpson: I am indeed making precisely that case. That is why I am inviting the Minister to give the House an undertaking that precisely those guarantees will be written into the Bill. The issue is not the integrity of the existing Minister, with whom I have no dispute and on whom I cast no doubts; rather, such an undertaking would be a recognition not only that ministerial appointments are, at best, something of a magic roundabout and that people's tenure is limited, but that Governments change. Unless the terms are set out clearly in the Bill, it would be impossible to prevent someone else from intervening in the parliamentary process and, as an act of political whim, completely rewriting the script.

Angela Watkinson: The hon. Gentleman is making some powerful points about guaranteeing the terms and conditions of student loans. Does he agree that currently under-represented groups whom we would wish to attend college—perhaps from low-income families—would be additionally cautious and therefore seek to ensure that they did not take on loans with open-ended conditions and repayments that could escalate to levels that involved them in debt collection?

3.15 pm

Alan Simpson: That is an important and serious point. I happen to have grown up on a different planet, where I went to university only because I could do so on a full student grant. Had my family been required to entertain the notion of taking out loans to go to university, they probably would not have done so. However, they certainly would not have entered into any loan agreements that included the prospect of the terms being spun away from them, by being changed in the middle of the repayment period.

Rob Marris: Will my hon. Friend give way?

Alan Simpson: I will happily give way, but I have been trying to finish for the past few minutes!

Rob Marris: Perhaps my hon. Friend has covered this point and I have missed it, but if I take out a loan from bank A, which then sells it to bank B, bank B cannot change the terms of the agreement unless the original agreement with bank A contained within it a provision enabling the creditor—now bank B, formerly bank A—to change those terms. Is my hon. Friend saying that the agreements that individual students have entered into with the Student Loans Company, via the Government, already contain such variation clauses? If there are no such variation clauses within those agreements, his fears will not be realised.

Alan Simpson: That is an important point. My answer is that as I read through the provisions in the Bill, it was not clear to me that such a legally binding lock was in place. If there is any ambiguity in the process, there is nothing wrong in putting those belt-and-braces locks in place—in fact, it would be irresponsible of the House not to do so. Those provisions would include specific arrangements covering variations of the terms of the loan, which would include interest rates.

Those are the points that I wanted to make. I hope that the Minister will take this opportunity to respond to them.

Bill Rammell: I am more than pleased to respond to this group of amendments, which covers transfer and collection arrangements after sales have been made. Let me start with the comments that my hon. Friend the Member for Nottingham, South (Alan Simpson) made. As a lifelong Tottenham Hotspur supporter who is in a very good mood today, I hope that his team does well this evening and that we meet at Wembley on 24 February.

My hon. Friend asked me who would seek to purchase the loans. We made it clear throughout the Committee stage that we believe that there will be a keen appetite for the loans in the private sector. The market will bid to purchase loans at a price that represents good value for money. A wide range of investors will be interested in buying the loans, because—we explored this issue at length in Committee—they are a new asset class that will enable investors to diversify their portfolios and meet specific investor needs. If they undertake that course of action, investors will receive the benefit of sustained income over a long period of time from a group of borrowers who, taken as a whole, are considered to be low risk.

My hon. Friend also raised the issue of changing the terms and conditions—this was more than adequately dealt with in the intervention that my hon. Friend the Member for Wolverhampton, South-West (Rob Marris) made. Let me be explicitly clear: as I said on Second Reading and throughout the Committee stage, there will be no different treatment of borrowers and debtors, whether their debt is owned by the Government or by the private sector. It is, of course, open to any future Government to change the terms and conditions; but they would have to do that equally for the loans that were owned by the Government as for those owned by the private sector, so there is no issue of unequal treatment.

The hon. Member for Reading, East (Mr. Wilson) started by saying that there was enormous concern across the House on the issue. I have been a Member of the House for only 10 and a half years, but in my experience the presence in the Chamber of representatives on the three Front Benches and six or seven other MPs does not constitute enormous concern. As was demonstrated in Committee, there is a broad consensus on the issues. It is right, however, that we respond to any concerns put forward.

I fully agree with the intention behind amendment No. 5. As I stated unequivocally throughout the Bill's passage, purchasers of loans will not be able to change the repayment terms. As is the case today, terms and conditions for all loans will be governed by the regulations scrutinised by the House. That is the explicit effect in statute, if the Bill is passed, of clause 4(1).

The regulations that govern the terms and conditions on the repayment of student loans are made under section 22 of the Teaching and Higher Education Act 1998. In terms of scrutiny, which was one of the issues

raised by the hon. Member for Reading, East, those regulations are subject to approval by Parliament under the negative procedure. Any new regulations with which the Government come forward would similarly be subject to such scrutiny. To that extent, amendment No. 5 is unnecessary, and I ask him to withdraw it.

Amendment No. 6 would include a specific restriction on organisations to which sales can be made. As time goes by, that will be classified as the Northern Rock amendment, and it has much more to do with the Conservative party's irresponsible desire to make political hay out of the current Northern Rock situation than with real concerns about the Bill. The drafting does not make clear precisely how the target for the restriction would be defined. I reiterate that we do not expect that any financial institution would want to own the loans itself, as was made abundantly clear throughout Committee. It is therefore highly likely that the loans would be sold to a special purpose company and that ownership would stay with that organisation. Therefore, it is not straightforward to see how the restriction might be applied.

Another difficulty is that the restriction would apply to onward sales as much as to initial sales, by virtue of clause 3(2). Government cannot exert substantial control over onward sales. If the proposed restriction on onward sales were included in a sales contract, the transaction would not constitute a sale. Under the current Office for National Statistics rules for classifying public and private debt, we would not see a transference of risk from public to private sector, and a capital receipt would not be available for reinvestment across Government public spending.

On amendment No. 11, let me respond to the hon. Gentleman's comments about the Red Book estimate of £6.3 billion of income from the sale of student loans over the coming three-year comprehensive spending review period. As I was at pains to make clear throughout Committee, that figure is not set in tablets of stone. If market conditions do not allow for it—although I believe that they will—and we are not able to demonstrate value for money, the sale would not go ahead.

Mr. Hayes: As Members on both sides of the House have said, there is no doubt about the Minister's integrity. We know, however, that the Government's estimates are set in stone. The Treasury has made it clear in the comprehensive spending review that it anticipates that income. If the sale does not go ahead, where will it find the money from?

Bill Rammell: I urge the hon. Gentleman to look to his own house before he casts stones and implies that there are black holes in the Government's spending plan. The income receipts in the Treasury Red Book are always based on estimates. As I made clear in Committee, if the environment is not appropriate and we cannot demonstrate value for money, the sale will not go ahead.

Amendment No. 11 refers to the overall value-for-money framework. All transactions will be subject to a rigorous value-for-money assessment. I fully agree with the amendment's description of the key features of that assessment; it would be odd and perverse if I did not, as I was at pains to read those very words into the record on Second Reading. As I have clearly set out the principles for the record, the amendment is unnecessary.

I note that hon. Members heeded my remarks at earlier stages that we could not sensibly include in the Bill any details of the Government's assessment of what price would constitute good value for money. That would reveal our hand in advance of the competitive sale of the loans. Just as we cannot put those details in the Bill, we should not try to translate the principles of our value-for-money approach into a set of statutory tests, as is proposed in amendment No. 11. Principles are not precise enough to serve that function, and we would not want to establish an exclusive list of such tests at the start of a long-term programme of sales.

We will want, rightly, to build on the experience of sales transactions and, for example, any evaluations by the National Audit Office. The value-for-money judgment on each transaction will, however, be open to parliamentary scrutiny in the usual way. I am more than happy to put it on the record that the Government will report to the House after each and every sales transaction. No doubt the National Audit Office will also report to the Public Accounts Committee on the sales programmes. A robust value-for-money framework is in place, along with adequate scrutiny procedures to ensure that it works.

John McDonnell (Hayes and Harlington) (Lab): This point might relate to value for money, but I want to take the Minister back to his helpful response to the earlier point about the assurances required on future control of the loan regime. He referred to clause 4(1), which refers to the loan regulations. My understanding of the loan regulations is that they will cover the overall regime, the basis on which the loans are developed, the percentage rate of charge, and perhaps the value-for-money issues. In relation to clause 4(4), he assured the House that any changes in the regime would be subject to the negative procedure. Will he provide some clarity—not necessarily today, although he might get inspiration from elsewhere during the debate, or he might write to me—on clause 4(4):

"Amendments of loan regulations may have effect in respect of transferred loans"?

How will those loan regulations be scrutinised, and perhaps amended, by the House? Will they be subject to the affirmative or negative procedure? In what way will they come before the House? They will establish the overall regime in terms of the nature of the loans and perhaps in terms of value for money.

Bill Rammell: Let me state this for the record; then if I need to follow it up with statements to other hon. Members, I will do so. The loan regulations that we establish through the negative resolution procedure in the House will apply equally to debt owned by the public sector and by the private sector. That is the fundamental reassurance: the graduate repaying their student loan will notice no difference whatever in the terms and conditions involved. Indeed, apart from receiving a letter from the Student Loans Company when the sale initially takes place, they are unlikely to notice any difference as, according to the requirements that we have set out, we will expect the SLC to continue

[Bill Rammell]

to collect on behalf of the owner of the debt, whether that is the Government or a private sector owner.

The value-for-money judgment on each transaction will, of course, be open to parliamentary scrutiny. Amendment No. 7 refers specifically to the Student Loans Company. Its effect would be that only the SLC and Her Majesty's Revenue and Customs would be able to be involved in collection activity on sold loans. Amendment No. 8 seeks to ensure that only the Secretary of State or the SLC could make payment of sums due to a loan purchaser—whether as principal, interest or penalty—to that purchaser. In so far as the hon. Gentleman's intention is to ensure that the SLC continues to fulfil its pivotal functions for all loans, I fully agree with the sentiment that gave rise to the amendment. The Government fully intend that the SLC will remain the administrator for all loans, whether sold or retained. The Bill, as drafted, allows the Government to insist that purchasers administer loans in this way through the contracts that we enter into with them.

The SLC is a private limited company, but not a statutory body. There are several technical reasons why it would be problematic to name on the face of the Bill an organisation of this sort. The drafting would have to cater for the possibility of the company's ceasing to exist—even though that is an unlikely eventuality—and so would have to provide a wider definition rather than simply referring to the SLC. For that reason, I do not believe that the amendment works.

3.30 pm

Angela Watkinson: Are we to understand from what the Minister is saying about the collection of defaulted loans that there will never be any involvement by unregulated bailiff companies? There is a lot of anecdotal evidence at the moment about unprofessional and bad behaviour. If the collection of unpaid loans is not regulated, there could be unpleasant consequences for young people who are simply struggling to pay their bills.

Bill Rammell: There are clear procedures and guidelines in respect of the powers available to the Student Loans Company to follow up and search out debt that has not been repaid. Those restrictions will apply to the SLC, whether it is administering that debt on behalf of the public sector or the private sector.

The current drafting will also enable us to cater for any future overall change in the administration of the student loans system. Although no such change is envisaged, we must bear it in mind that the Bill will enable a long-term programme. I am happy to emphasise again for the record that it is the Government's firm intention for the SLC to continue in its current role for all loans. I hope that, with those reassurances, the hon. Member for Reading, East will feel able to withdraw his amendment.

Mr. Rob Wilson: We have had a fairly brief, but good, debate. Some of the contributions, including that of the hon. Member for Nottingham, South (Alan Simpson), were extremely good. I listened carefully to what the Minister said in response to my amendments, and I appreciate the patient way in which he has dealt with the many questions on the Bill from both sides of the House throughout this whole process. I am happy to accept his assurances on amendment No. 5. It appears that there will be sufficient parliamentary scrutiny, which was a key factor in my tabling that amendment. I am also happy to accept his assurances on amendments Nos. 6 and 8—I hope that I have got those numbers right.

I do not feel, however, that the Minister has made a compelling case against our attempt to improve the Bill in other respects. On amendment No. 7, I am not reassured that, 10 or 20 years down the track, another agent or person acting on behalf of a loan purchaser will give sufficient reassurance to those who have taken out loans. His response on amendment No. 11 was also insufficiently robust. I listened carefully to what the Minister said about it and although his intentions may be noble—I do not doubt his integrity for a second—it is not only a matter of his viewpoint, as other Ministers will succeed him. As the hon. Member for Nottingham, South said, the ministerial merry-go-round does indeed go round and round, so where the Minister sits today may not be where he sits in a month's or a year's time. It is therefore important to have some guarantee built into the Bill.

The Minister also failed to reassure me about the Treasury's power in this respect. If £6.3 billion is bound up in the comprehensive spending review at a time when black clouds are gathering and the income from taxation may not be as high as the Chancellor hopes for, and given the increase in the power and influence of the Treasury in recent years, it may well push very hard to raise money through the sale of the loans. That may not offer the best value for money outcome for the country. I am not therefore going to press amendments Nos. 5, 6 or 8, but with your permission, Madam Deputy Speaker, I intend to divide the House on amendments Nos. 7 and 11.

Madam Deputy Speaker: Order. The only amendment before the House at the moment is amendment No. 5.

Mr. Wilson: I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Amendment proposed: No. 11, page 2, line 13, at end insert—

'(8) In advance of entering into transfer arrangements the Secretary of State shall—

(a) examine the prevailing market conditions and ensure that a competitive market for the loans has been generated;

(b) provide the market with full information about the loan book in order that the assets can be efficiently valued;

(c) ensure that there has been a genuine transfer of risk from the public accounts to the private sector; and

(d) assess the proceeds that look likely to be achieved in the transaction, using full and clear market information and a comparison with keeping the loans on the Government books, in terms of both likely income flows and levels of risk.

(9) The Secretary of State shall make a written statement on expenditure incurred in connection with each transfer arrangement.'.—*[Mr. Rob Wilson.]*

Question put, That the amendment be made:—

The House divided: Ayes 213, Noes 288.

Division No. 052] **[3.36 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Baron, Mr. John
Barrett, John
Bellingham, Mr. Henry
Beresford, Sir Paul
Bone, Mr. Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, Mr. Nick
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cormack, Sir Patrick
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davis, rh David *(Haltemprice and Howden)*
Donaldson, rh Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hermon, Lady
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Johnson, Mr. Boris
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Maples, Mr. John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McCrea, Dr. William
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Öpik, Lembit
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Russell, Bob
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Teather, Sarah
Thurso, John
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Wiggin, Bill
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Richard Benyon and Mr. Crispin Blunt

NOES

Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Armstrong, rh Hilary
Atkins, Charlotte
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy

Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Dunwoody, Mrs. Gwyneth
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Patrick
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Havard, Mr. Dai
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Mackinlay, Andrew
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Taylor, David
Thomas, Mr. Gareth
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Walley, Joan
Waltho, Lynda
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Winterton, rh Ms Rosie
Wood, Mike
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Mr. Dave Watts and Mr. Sadiq Khan

Question accordingly negatived.

Clause 3

ONWARD SALES

John McDonnell: I beg to move amendment No. 4, page 3, line 22, leave out 'may' and insert 'shall'.

Madam Deputy Speaker: With this it will be convenient to discuss the following amendments:

No. 9, page 3, line 24, at end insert—

'(6A) Transfer arrangements shall '.

No. 10, page 3, line 29, at end insert—

'(d) include provision to prohibit transfers to another person outside the jurisdiction of the Secretary of State;

(e) prohibit the making of further transfer arrangements under which rights in respect of student loans are transferred to multiple purchasers.'

John McDonnell: Amendment No. 4 stands in my name, and I see that amendment No. 9 is virtually the same as it—it would certainly have the same effect. I was not privileged to be a member of the Public Bill Committee, so—*[Interruption.]*

Madam Deputy Speaker: Order. Would Members who are leaving the Chamber please do so as quickly and as quietly as they can?

John McDonnell: When I get to my feet I usually speed the rush out of the Chamber, so it was surprising that those hon. Members delayed.

I was not a member of the Public Bill Committee, so I come to this debate as a humble seeker of the truth. I want to focus on the issue of onward sales. During the debate we have received helpful assurances that provide some security, in particular for people who have taken out a student loan but also for the Government in respect of the long-term future of student loans. However, the issue of onward sales remains a matter of concern and does not yet offer us the security that is required.

I welcome any correction if I have got this wrong, but I understand that the process from here on in is that a financial adviser will be appointed—I am not sure whether that has happened yet, but the last indication was that it would be Rothschild—a special purpose vehicle will be established, the sale will take place and the Government will pocket a sum. The loans will be protected, as my hon. Friend the Member for Wolverhampton, South-West (Rob Marris) has mentioned, by the contract on the loan itself and by the assurances given today by the Minister that the regime will be protected by, at least, a report to the House and the use of the negative procedure of the House. That still means that the Government will be able to vary things at a future date—I hope that such a variance will be beneficial when the rate applied at the moment is examined—and they still have the opportunity to go in a different direction. The argument is that this system will offer value for money via the terms of the sale and the contract that will then be issued by the purchaser.

Our anxieties are about onward sales. We live in a complex financial market and financial system, where we experience a range of what can only be described as "exotic financial instruments". They are complex, and in being so, they are increasingly precarious. So, a difficulty over regulation has emerged, as a result of which market conditions have become exceptionally difficult. In some instances, it would be difficult to envisage a purchaser of the loans, given the current market instability.

I do not want to dwell too much on Northern Rock, but the Bank of England, the Financial Services Authority and the Government charter have all been unable to control Northern Rock and to ensure predictable certainty. That has thrown up a number of regulation issues that the Government have responded to by undertaking reviews that may lead to reform. In that uncertain climate, the Minister rightly made it clear on Second Reading and in Committee that there was a perceived need for protection for all parties in the future. That protection certainly needs to be given to those who have taken out loans. For most people, a student loan will probably be one of the biggest loans that they will take out in their lives alongside their mortgage, their car loan—and, if membership rates keep increasing, their loan for membership of the Labour party.

It is vital that we secure the future financial arrangements beyond the initial sale. The positive decision on the initial sale will be made by the Secretary of State. Amendment No. 4 would ensure that an onward sale would require the same level of ministerial consent. The amendment would mean that the Secretary of State's consent "shall" rather than "may" be required. If it were accepted, the Bill would require that "transfer arrangements shall", rather than may,

"prohibit the making of further transfer arrangements without the Secretary of State's consent"

In Committee, the Minister said in response to that suggestion that it was doubtful whether there would be a sell-on given the experience in the past decade of the first tranche of sales. I believe that the world has changed, and it is changing rapidly. New financial mechanisms are evolving almost daily to enable swifter sell-ons in a variety of forms.

The Minister also said that there was no need to require the Secretary of State's consent because clause 3(6)(b) and (c) would provide satisfactory protection. However, it is uncertain whether those paragraphs would require the involvement of the Secretary of State. The Bill states:

"Transfer arrangements may...require further transfer arrangements to be effected by way of novation or other arrangements"

or they may

"include provision by virtue of which the Secretary of State is automatically a party".

The word used is still "may", and so the Secretary of State's involvement is still discretionary.

The crux of the matter emerged in Committee. The problem with the inclusion of the word "shall" rather than "may"—that is, a requirement for the Secretary of State's consent—is a result of the Treasury accountancy rules. In Committee, the Minister said that the inclusion of the word "shall" would prohibit the onward sale of loans as the risk would not be transferred from the public to the private sector so the result would not be full privatisation. The argument is that the word "shall" would mean that income received as a result of the sale would appear on the Treasury's books.

In Committee, that discussion prompted a debate about motivation. What is the motivation for the sale? Is it to raise funds? Yes. Is it to increase value for money in the management of the funds or, as my hon. Friend the Member for Wolverhampton, South-West asked in Committee, is it ideological—that is, political?

4 pm

It is clear that funds will be raised, but the anxiety is that they will not be hypothecated—that is, that they will not be dedicated to funding higher education, for example, or to increasing maintenance grants for

students. The National Union of Students has advised us today that the bursary schemes are failing to assist poorer students, and that there is concern that any funds raised will not be used in education.

If the Government's motivation is to achieve value for money—and my hon. Friend the Member for Nottingham, South (Alan Simpson) has explained some of the costs incurred in the past—it is doubtful that the measure will succeed. Many people believe that the public sector can manage these matters better than the private sector, and that any risks that might exist would be discounted in the sale price. That leads me to doubt that value for money is the Government's aim, and to believe that the motivation is ideological and political.

I believe that the Prime Minister and the Chancellor want to get the money involved off the Treasury books and to keep public sector debt below 40 per cent. of national income. The Government's refusal to use the word "shall" rather than "may" shows that they believe that requiring the Secretary of State's consent to the onward sale of the loans would undermine privatisation and ensure that income from the sale would appear on the Government's books.

My contention is that the Bill undermines the future protection of the Government, the taxpayer and those who have taken out student loans. It is based on an ideological and political desire not to offend against Treasury rules and to ensure that borrowing does not go above 40 per cent. of national income.

However, such rules are not unbreakable: as we have seen with Northern Rock, they can go out of the window when there is a need to protect people who have invested in, or borrowed from, a particular institution. Amendment No. 4 would ensure that the same protection that has been extended to Northern Rock's borrowers and savers is extended to the Government, the taxpayer and those with student loans if those loans are sold on.

In part, the amendment reflects the debate that took place in Committee. I hope that the Minister can give us some further assurance about the onward sale of student loans, as the taxpayer and those who have taken out such loans need more security in that regard.

Mr. Hayes: The amendments are simple but necessary. They would clarify the Government's position, defend the interests of those with debt, and maintain rigorous and appropriate accountability.

I am delighted to follow the hon. Member for Hayes and Harlington (John McDonnell), whose amendment No. 4 is very similar to the Opposition's amendment No. 10. There is an anxiety among hon. Members of all parties to ensure that the interests of the taxpayer and of those who have taken on a debt are protected. We can achieve that by making the wording of the Bill as tight as possible, even though we accept the Minister's good will and good intentions. Indeed, I should like to take this opportunity to say that he has handled this Bill with his customary professionalism and generosity.

Amendments Nos. 4 and 9 would require the Secretary of State to be party to onward sale arrangements, and they would also ensure that he was automatically a party to further transfer arrangements. On Second Reading and in Committee, concerns were expressed by hon. Members of all parties about the resale of the debt. I shall say a little more about that, as both amendments apply specifically to those circumstances.

Clause 3 gives the purchaser of a loan the right to sell it on to another buyer, subject to any limits on that right specified in the terms of the original sales contract with the Secretary of State. Although those who purchased the debt have a clear right to sell on the loans—one suspects they would not be able to buy them in the first instance unless that right is made clear—I think the whole House will agree that it is important that we have appropriate safeguards in place.

There are legitimate concerns about collateralised debt, and they were raised eloquently on Second Reading. History has taught us that loans can easily be repackaged and, in the end, involve a large number of different purchasers, some of whom, if they are known at all, could be outside the jurisdiction of the Secretary of State. Various scenarios were described in earlier considerations of the Bill. They include the horrific possibility of a loan or part of a loan book being purchased by an organisation underwritten by Government, by an offshore company or by an organisation in a distant place that would be outside the jurisdiction of the Secretary of State and therefore not subject to the important checks and balances that are to be written into the initial sale as part of the sales contract.

Rob Marris: Will the hon. Gentleman give way?

Mr. Hayes: I am delighted to give way to the hon. Gentleman, who spoke so eloquently on Second Reading and in Committee.

Rob Marris: I am grateful to the hon. Gentleman, who is presenting his case with his usual aplomb, as did the Minister.

Amendment No. 10 would introduce a new subsection (6) of paragraph (d) in clause 3 that would

"include provision to prohibit transfers to another person outside the jurisdiction of the Secretary of State".

Can the hon. Gentleman say a little more about what the phrase "outside the jurisdiction" means in that context? In particular, is he seeking to address the fear that I expressed in Committee that we could have another Mapeley-type situation and that the debts could end up offshore? Or is he looking at a wider interpretation of the phrase?

Mr. Hayes: I will come to amendment No. 10 in a moment, and I will endeavour to address that point. As the hon. Gentleman knows, I have already mentioned the risk of offshore organisations buying part of the debt. The picture that we fear may emerge is of the book being broken up into small parts. That is normal practice when purchasing and reselling debt. He is right to point out, as he has done before, that control is likely to be increasingly difficult to maintain as that process occurs. However, as I said, I will deal specifically with amendment No. 10 a little later.

I do not want to dwell on the Government's continuing misfortunes; this is not the time or place to do that. Although the misfortunes have been profound and have caused real fears and difficulties across the country and have hurt some of the most vulnerable people represented by Members of the House, it is not appropriate to dwell

on them here. However, it is certainly true that there are concerns about the leakage of data. Given the number of actors likely to be involved, there is surely an increased likelihood of a sensitive data leak. Unless strict safeguards are implemented, the audit trail could become complicated and possibly unreliable.

In Committee, the Minister explained that "may" rather than "shall"—this is the nub of the amendments that I and the hon. Member for Hayes and Harlington have tabled—was used in clause 3 in respect of the Secretary of State's involvement in transfer arrangements because, for accounting purposes, the debt would otherwise not be considered to have left the Government's books. Essentially, he argued that the word "may" appeared in the Bill for administrative reasons rather than as a matter of principle. He conceded that the safeguards that I have called for were important, but felt that, as the principal motive for the Bill was the transfer of risk from the public to the private sector, it was important in accounting terms that the debt should be seen to have shifted.

There are those cynics—I am not saying I am one of them—who think that the principal purpose of the Bill is to get some dosh to fund the Government's plans. There is nothing wrong with that, but there are those who feel that that might take priority over other considerations, such as the welfare of debtors or the public interest, as my hon. Friend the Member for Reading, East (Mr. Wilson) pointed out. I will not add my voice to those that put forward that cynical analysis, except to say that I have some sympathy with those who expressed a sceptical view about the Government's intentions.

I do not mean to insult the hon. Member for Hayes and Harlington in any way, but he missed a critical point: when the Minister for Lifelong Learning, Further and Higher Education clarified the position, he made it clear that the stipulation relating to accounting practices that I mentioned applied only to clause 3(6)(a), which refers to arrangements that

"prohibit the making of further transfer arrangements without the Secretary of State's consent".

For the sake of clarity, let me quote the Minister's precise words:

"Were we to insert the word 'shall' in respect of paragraph (a) so that in all circumstances we would have to prohibit the making of further transfer arrangements without the consent of the Secretary of State, it would contravene the rules of classification and it could not be classified as a transfer from public to private sector debt."

In respect of paragraphs (b) and (c), it is therefore quite clear that there is no administrative bar to changing the Bill.

For the record, when I asked the Minister why paragraphs (b) and (c) were grouped with (a), he said that he was

"always happy to consider constructive proposals."—*[Official Report, Sale of Student Loans Public Bill Committee*, 4 December 2007; c. 62-63.*]*

Well, amendment no. 9, which is in my name and the names of my hon. Friends, is just such a constructive proposal. It would separate paragraph (a) from paragraphs (b) and (c). It is clear, at least from what the Minister said during the Bill's earlier stages, that we could satisfy accounting rules while building in the additional safeguard that has been called for so eloquently by the hon. Member for Hayes and Harlington, by other Members on both sides of the Chamber and by the official Opposition. Our amendment is constructive as it would ensure ministerial involvement in onward sales, and would reassure the House and all those with student debts. It is on a matter of public interest, and we all seek to ensure that the Bill is in the public interest.

Having heard the intervention of the hon. Member for Wolverhampton, South-West (Rob Marris), I turn now to amendment No. 10, which would prohibit onward sale outside the jurisdiction of the Secretary of State. It would ensure that when student loans were broken up, creating the real doubts that I mentioned, the public's or debtors' interests were not jeopardised. I took on board his remarks about offshore companies; they certainly would fall into the category I described, but there are other circumstances in which the resale of the book might jeopardise debtors' interests or the public interest. He is an eminent lawyer, so he might care to contribute on the subject, either now or later. I see that he is nodding, so we can expect some sagacious remarks from him on the subject.

Through amendment No. 10, I hope to express my anxiety about ensuring that the Minister's assurances on the Secretary of State's powers to protect interests at a later stage of the process are meaningful. The amendment is very much in the spirit of what the hon. Member for Wolverhampton, South-West and I said in the Bill's earlier stages. I have no doubt about the intentions of the Secretary of State and the Minister, but if the debt were sold to a place—I use the term in the broadest sense—outside the Secretary of State's jurisdiction, it would be hard to guarantee that protection. Amendment No. 10 would therefore be a useful addition to the Bill, and would increase popular confidence in the Bill's efficacy.

My hon. Friend the Member for Daventry (Mr. Boswell), who always comments on these matters with both experience and insight, quoted the example of a hypothetical Lithuanian bank securing a package of loans. I made it clear then that I have nothing against Lithuania, but one can see what he was getting at. There would be real worries among existing and potential debtors if they thought that the loan book would be broken up and spread across the globe.

I hope that we might divide on amendment No. 9. As the hon. Member for Hayes and Harlington led on this group of amendments, it is his privilege to make his own decision, but that is ours.

4.15 pm

Rob Marris: On at least three occasions in the Public Bill Committee, the Minister was clear about "shall" and "may" and the Government's position on that. I shall quote from column 62 of our deliberations in Committee on 4 December, where my hon. Friend said:

"My clear understanding is that were we to insert the word 'shall' in clause 3(6)(a), that would make us unable to classify the debt as a transfer from the public to the private sector. However, there are other protections available to us in clause 3(6)(b) and (c) to enable us, through the contract, to protect the interests of the graduate."

I shall break that down into two parts.

To me, the easier and less intricate part, if I may put it that way, is in the second half of the quote that I just read out, where the Minister, as he had earlier in that

[Rob Marris]

debate in Committee, referred to "other protections". The other protections in clause 3(6)(b) and (c) in the Bill as drafted—in contradistinction to the Bill as it would be, were the amendments to pass—or, as the Minister also described them, the

"other tools at our disposal" [*Official Report, Sale of Student Loans Public Bill Committee*, 4 December 2007; c. 61-62.]

come under the permissive rather than mandatory rubric of the first line of clause 6, which contains the phrase

"transfer arrangements may"

The permissive word "may", rather than the mandatory word "shall", covers (a), (b) and (c), so I should like a little clarification from my hon. Friend the Minister as to how those other protections would not be potentially weakened, just as the protection in clause 3(6)(a) is arguably weakened, because they are all under the umbrella of "may" rather than "shall".

To me, the more intricate point, which unfortunately leads us to another "shall" and "may", is the clarification that my hon. Friend issued to members of the Committee, sending them a copy of the letter that he wrote on 12 December to the Chair of the Committee, my hon. Friend the Member for Aberdeen, South (Miss Begg), for the benefit of all members of the Committee. He stated on page 2 of his letter:

"The most important factors in deciding the classification are whether there has been a real transfer of risk and control to the private sector. Under the current classification rules, using Clause 3(6)(a) would provide evidence that the Secretary of State had retained an element of control over the loans in the event of onward sale, and would affect ONS's decision to classify the loans as having been sold."

I want to probe that a little further with my hon. Friend, which I shall do in a moment by way of an example. It is not clear to me whether the word "would" in the phrase

"would affect ONS's decision to classify the loans as having been sold"

is a permissive or a mandatory word—that is, whether the ONS definitely would say, "'Shall' means that the Government have control, therefore the loans do not go off the public books" or whether the ONS might so classify it if the House decided to use the word "shall" rather than "may" in clause 3(6). The wording in the Minister's letter relates to retaining an element of control.

My partner and I have lived in the same house for 23 years—bear with me on this for a moment, if you would, Madam Deputy Speaker. The house was built in about 1888. We bought it from another married couple, who had bought it from the Roman Catholic archdiocese of Birmingham. It had inherited the house from somebody who had owned it for a number of years; I know nothing about the chain leading back to 1888.

In the deeds, there is a restriction on brewing beer for commercial purposes. That is quite a common restriction for terraced houses built in the midlands in the 19th century; I saw it several times during the little bit of conveyancing that I did in my former career. Whoever has the benefit of that restrictive covenant will be the heirs and assigns of whoever imposed that covenant—possibly the builder—in about 1888. That family retains an element of control over how my wife and I can or cannot use our property. However, it would be clear to most lay people—and, I think, to most lawyers, although I am not much of a conveyancer—that the clear ownership of the property had been outwith that family for 120 years. So when I consider the student loan book that might be transferred, it seems to me that, were the word "shall" to be used in clause 3(6), the Office for National Statistics—I do not know all the rules—might not classify this as a prohibition on saying that the debt was off the books.

Shona McIsaac (Cleethorpes) (Lab): My hon. Friend is right; such restrictive covenants exist throughout the country. In the fishing areas where I come from, they restrict such activities as fish curing. Many of the properties involved are leasehold, which further complicates things.

Rob Marris: My hon. Friend is right, although I do not want to get into leaseholds, which would further complicate the matter. In a long lease, ownership of the land has not transferred, but let us leave that aside. My hon. Friend is right indirectly to get me to say what I have not said hitherto: our property is freehold. There is a restriction on our use of it. Someone else has an element of control, to use the Minister's words, as to what we do with the property. However, everyone would say that we own the property and that the property has been transferred into our names.

Madam Deputy Speaker: I appreciate the example that the hon. Gentleman has given, but we must not stray too far down that route and lose ourselves.

John McDonnell: I assure my hon. Friend that I desperately do not want to get involved in a discussion of my lease.

I should like to make a point to the Minister through my hon. Friend. As the Minister explained in Committee, the rules that are defined relate to control. If a controlling interest of some sort is involved, the loans are still on the Government's books and there is not a transfer of risk and a privatisation in that sense.

There must be a qualitative judgment; I think that my hon. Friend was getting to that. The Opposition have tabled a clever amendment, which, based on the Minister's wording originally in Committee, relates to clause 3(6)(a)—that is the qualitative judgment made on control. However, (b) and (c) are therefore not judged qualitatively as having sufficient control and therefore offending against Treasury rules.

The clear issue for many of us, though, is that there should be control. The ingenious Opposition amendment falls between the two stools—there either is or is not control. In my view and that of many others, if there is no control, we will not have sufficient power over the future. If there is control, the issue falls foul, like "shall" in regard to subsection 3(a); it would fall under the guidance of the ONS, as it would be classified as still being under the control of the Government and therefore, under Treasury rules, part of the Government's expenditure.

Rob Marris: I will be interested to hear what my hon. Friend the Minister says as to whether severing paragraphs (b) and (c) and putting them under a

mandatory "shall", but retaining the permissive "may" covering paragraph (a), is sufficient to address any concerns of the ONS or the political concerns of hon. Members.

Stephen Williams: It sounds as though the hon. Gentleman is describing a Quaker clause, which is common in my constituency, whereby there are no pubs on a particular swathe of land because of restrictions put on its sale. He is a lawyer and I am an accountant. He seems to be confusing contract law of restrictive covenants with accountancy law on what can be kept on-balance sheet, which I think is what the Minister is getting at. Does he recognise that he might be going down the wrong avenue?

Rob Marris: I might be; that is one of the things I am attempting to probe with the Minister. Ultimately, of course, accountancy law is still law.

Mr. Hayes: As ever, the hon. Gentleman is making an interesting case. The point made by the hon. Member for Hayes and Harlington (John McDonnell) seems to be the pertinent one. That is why I favour amendment No. 9 over amendment No. 4. If the Minister tells us that paragraphs (b) and (c) cannot be prefixed by "shall", he will contradict what he said during earlier consideration of the Bill when he explicitly talked about paragraph (a), which is supported by the correspondence to which the hon. Member for Wolverhampton, South-West (Rob Marris) referred.

Rob Marris: As always with this lucid Minister, it will become clear what can and cannot be done and what the consequences of certain courses of action might be. However, I would like him to clarify whether the use of "shall", as in amendment No. 4, would definitely lead to the ONS making a ruling that the student loan book, when sold, had not moved off the Government's books, or might lead to it making such a ruling.

Stephen Williams: We are having an interesting debate on the meaning of the word "shall" and whether it has a legal or an accounting effect. We will have to wait to hear what the Minister says. I hope that he has a corporate lawyer at hand with his officials to slip in some definitive advice. In privatisations, there was often provision for a golden share, and it seems the hon. Member for South Holland and The Deepings (Mr. Hayes) and the hon. Member for Hayes and Harlington (John McDonnell) are proposing a golden clause in the contract of sale. That might be a helpful analogy, but we need to wait for what the Minister says, based on the legal advice that I am sure he is in the course of receiving.

Amendment No. 10, tabled by the hon. Member for South Holland and The Deepings, would prohibit transfers to another person outside the jurisdiction of the Secretary of State. When I read the amendment, I wondered what that meant. The hon. Gentleman suggested, as did Labour Members, that it might mean a break-up of the loan book, and perhaps sales offshore as well. Is there a contradiction between that amendment and amendment No. 11, which sought a full market test for the sale of the loan book, and which I agreed with? If certain people are excluded just because they happen to be outside the jurisdiction of the Secretary of State or of our banking laws or any other laws, would that undermine the concept of value for the taxpayer that the Conservatives sought to achieve?

Mr. Hayes: To clarify for the benefit of the House and the hon. Gentleman, we clearly need to ensure value for money. I am not a lawyer or an accountant, but I was a business man. Buying and selling and getting value for money in doing so does not mean that one buys and sells to absolutely anyone, regardless of the consequences.

4.30 pm

Stephen Williams: I thank the hon. Gentleman for that intervention, but I am not sure whether it clarifies the purpose of his amendment. As a business man, I am sure that he relied on the advice of both lawyers and accountants to achieve good value for his business.

I hope that we shall get some clarification as to the purpose of the amendment. Is it to prevent sales of the loan book offshore? I am not sure that I agree with that or that I see the dangers implied, although I had some sympathy with the statement that there may be data protection issues for graduates if the loans were broken up. On the other hand, as long as the conduit for their payments and for advice and correspondence remained the Student Loans Company, which was the subject of amendment No. 7, that protection might remain in place. Earlier, the Minister said that that was the case, and I assume that is why amendment No. 7 was not pressed to a Division. Again, clarification would be welcome.

Mr. Hayes: There are other issues, such as debt collection, that we have debated previously, and they may be debated again when the Bill goes to the other House. There are all sorts of things relating to who handles the debt that might affect the welfare and circumstances of the debtor. Ownership is important in those terms as well.

Stephen Williams: I thank the hon. Gentleman for that clarification. I am drawing my remarks to a close, and I have to wait for clarification from the Minister as to the definition of "shall".

Rob Marris: The hon. Gentleman will correct me if I am wrong, but I understood him to say that he was not overly concerned about offshoring and was not sure what the concerns were. My concerns relate not only to the data protection issues to which the hon. Gentleman referred, but to the potential loss of tax revenue to the United Kingdom. With Mapeley, the outcome is that a load of Treasury buildings are now owned by a company in Bermuda that does not pay UK taxes. I am worried that something similar will happen in this case. That would mean a loss of revenue from profits made by a financial institution offshore—by which I mean outside the European Union—that is not getting taxed. We lose.

Stephen Williams: I thank the hon. Gentleman for that intervention. The purpose of my remarks was to get clarification of the amendments' meaning. The hon. Gentleman has participated in the scrutiny of many

[Stephen Williams]

Finance Bills, so he will know that such transactions could well be the subject of anti-avoidance rules—or they certainly should be. The transaction in question happened several years ago. A Finance Bill is probably the correct place to ensure that an abuse of the sale of a Government asset does not take place. None the less, I was only seeking clarification and I look forward to hearing what the Minister has to say.

Alan Simpson: It is difficult for someone who is not a lawyer or an accountant to speak in this part of the debate. For the record, I would like to make it clear that I am in favour of amendment No. 4 in principle, and in favour of amendments Nos. 9 and 10 and the strengthening of protection that is built into the Bill. It is perfectly legitimate to seek to include protections against the breaking up of the loans package, the transfer of loans outside the jurisdiction of the Secretary of State, or multiple purchases.

Northern Rock has been mentioned. Experience of the financial collapse in the United States has made us suddenly aware of the complex world of debt sales in which packages of debts are broken up. Good debt is mixed with bad debt, and when the system collapses, all debt goes down the pan. The question for the House is how do we protect those who have taken out debts—people who would be exposed if everything did go pear-shaped? That is a perfectly legitimate question. My difficulty is with the legal significance of the words "shall" and "may", and whether it makes any difference to the transfer of undertaking if a change is made in the opening line of clause 3(6), or between subsection (6)(a) and (b). I ask the Secretary of State to clarify that.

Rob Marris: He is not Secretary of State yet.

Alan Simpson: I mean the Minister.

During earlier exchanges, I thought that I was clear about the matter when the Minister's comments in Committee were read out. In the light of those comments, amendments Nos. 9 and 10 appeared appropriate, as they would give precisely the sort of protection that the House sought, without compromising Treasury rules about what amounts to a transfer of undertakings.

In principle, I oppose the sale of student debt—full stop.

John McDonnell: I should like to define my position because I do not want my hon. Friend to misunderstand. I wish to replace "may" with "shall" because I want future sales to take place by way of the Secretary of State's consent. Otherwise, there is no long-term assurance or security. I recognise the ingenuity of the Opposition amendments. If they gave us that control, it would satisfy me but fall foul of Treasury rules. They therefore fall between two stools. I humbly say that my amendment is simpler and clearer and that the Government should accede to it. If they did, we would all get the security that we want.

Alan Simpson: I agree with my hon. Friend but I am not sure whether the technical argument is that the amendment would preclude the whole process happening. Some of us may argue that that would be no bad thing, but I am trying to explore the next level of protection.

It is almost as if we are in a Catch-22 position. Those who have read the novel will recall a character called Major Major, whom one could get in to see only when he was out. If he was in, he was occupied, but if he was out, people were free to go and discuss whatever they liked with him. If the Minister says that including "shall" at any stage would compromise the transfer, and Treasury rules, we are embarking on a process that cannot offer any guarantees of protection in the new world of risk in which we are being invited to make rules. It leaves the process extraordinarily dubious on moral and practical grounds.

If we cannot build in the protections, we should not embark on a process that increases, rather than reduces, the risk of exposure. My preference is for amendment No. 4, which grants the "shall" protection to the whole clause. However, if the word "shall" were inserted after subsection (6)(a), would the transfer remain legal?

Bill Rammell: The debate is important. First, let me deal with the comments of the hon. Members for Bristol, West (Stephen Williams) and for South Holland and The Deepings (Mr. Hayes) about data security. The subject was debated at length in Committee, but, given that the concern has been raised again, it is important for the record to make it clear that there have been no breaches of data protection protocols in student loan administration. We are certain that no data have gone missing. Personal data are exchanged between the Student Loans Company and owners of sold, mortgage-style loans electronically, using a secure virtual private network or VPN. That VPN is facilitated using an internet protocol secure encrypted tunnel. As hon. Members who take an interest in such issues know, that method of data sharing is considered robust by industry standards.

In future, as we plan to require purchasers of income-contingent repayment loans to use the SLC to administer and enforce the sold loans, loan account data will not need to be transferred to the purchasers for day-to-day purposes. In the event of purchasers requiring access to data—for audit purposes, for example, as was mentioned in Committee—the method of data transfer would again be secure and encrypted. I hope that that provides the reassurance that was sought.

The intention of the amendments in the group is to ensure that borrowers continue to be protected in the event of the onward sale of student loans. I genuinely share hon. Members' determination to ensure that the protection for borrowers that we put in place must still hold good after any onward sale—were I not assured of that, I would not be putting forward these arguments today—so that the graduate can continue to experience no difference in treatment.

Let me turn to the points that my hon. Friend the Member for Hayes and Harlington (John McDonnell) raised. As I made clear in Committee, the motivation for the legislation is not ideological; rather, the Bill is about the transfer of risk between the public and the private sector. It is about securing for the public sector—for the Government and the taxpayer—greater certainty about the income that we get from loans. That will generate a receipt that can be used for a variety of public spending purposes.

I should like also to address my hon. Friend's comments about student bursaries. The student finance system cannot, in any shape or form, be described as not working, especially if we bear it in mind that applications for university this year are up in England by more than 6 per cent. and that the proportion of students from lower socio-economic groups applying is up too.

John McDonnell: We can talk about bursaries elsewhere, but the information that we have today is that 20 per cent. of bursaries in the Russell group of universities are not being used. That needs to be investigated, because those resources could be used to bring poorer students into higher education.

Bill Rammell: I certainly agree that all institutions need to communicate and market their bursary systems effectively. I urge my hon. Friend to study the Office for Fair Access report in detail, because it does not quite say what some pieces in the press suggest it does; rather, it says that the bursary system is working effectively. However, we are conscious of the need to ensure that the student financial support system is as effective as possible. I hope that my hon. Friend will support the changes that we announced to the student financial support system, starting from this September. We are significantly increasing the proportion of students who will receive non-repayable grants, so that eventually two thirds of students will receive such grants.

John McDonnell: Of course. I opposed the abolition of grants in the first place, and the amount of grant currently being awarded is a pittance in comparison with what some of us gained when we went to university. I therefore support the change in principle and will work with my hon. Friend to increase the amount and improve the system.

Bill Rammell: We are in danger of being diverted. The difference between when my hon. Friend and I went to university and now is that an absolute minority of the population used to be offered that opportunity—whereas in this day and age, we are talking about a mass system of higher education, in which there must be a balance of contributions from both the state and the individual who receives and is able to repay as a postgraduate on a fair basis, but with the additional support that comes from student grants.

Let me return to the substance of the amendments. I stress at the outset that once the loans are sold to a special purpose company and securitised, we expect it to be a rare occurrence—I would go so far as to say a very rare occurrence—that the loans will be sold on, because the sole purpose of the special purpose company will be to hold and receive income from them. The main market relating to sold student loans will be in financial instruments issued by the owners of the loans.

The loans sold in 1998 and 1999 were sold to major banks, in particular NatWest and Deutsche bank, which then created special purpose vehicles—thesis and honours—that hold the loans and issue the bonds. I understand that ownership of those loans has not been transferred, although there is an ongoing market in such bonds. However, in any sale the purchaser would expect to have the right to sell the asset. That is part and parcel of ownership. The Bill will therefore enable the SPV to make onward sales of the loans if so desired, even though that is unlikely.

Clause 3 makes such onward sales possible and provides for the repayment system functions to get the appropriate repayments to the current owner of the loans. It also provides very important protections so that the Government can ensure that borrowers experience no difference in treatment following a sale.

4.45 pm

Clause 3(6) provides three options for methods by which the Secretary of State can be a party to onward sales, ensuring that the Government have the flexibility, which is important, to provide protection for borrowers in future sales contracts. The Bill enables a long-term programme of sales, so we need to ensure that it gives us the options that we may require to achieve our aim of protecting borrowers, as transactions and contractual arrangements are likely to evolve over time.

As I explained in Committee, clause 3(6)(a) is an option that we may want to use in future contracts. It would require the Secretary of State's explicit consent for any onward sale of transferred loans. That option is rightly included in the Bill, in case future legal circumstances make such a provision appropriate. At the moment, however, we cannot include such a provision in sales contracts, because, under the current classification rules, the Government would not achieve a full transfer of ownership if the Secretary of State retained control over the loans in that way. Resources would therefore not be released for sustainable investment on the Government's priorities, negating one of the central purposes of the sales programme.

John McDonnell: The reality is that the resources would still be received, but they would be beyond the Treasury books. They would still be available. On what grounds, on what basis and in what circumstances would the Secretary of State intervene to require his or her permission, approval or consent?

Bill Rammell: I will address that issue, but we are seeking through one of a number of options a mechanism to secure the Secretary of State's interest that secures the graduate's and the repayer of the loan's interest. That is critical to ensuring that the terms and conditions for the repayer are not changed.

John McDonnell: I just asked a simple question: what would trigger the exercise of the power to demand the Secretary of State's consent?

Bill Rammell: It is an option that we may want to exercise in future if the ONS rules change. We could then use that mechanism as opposed to other mechanisms that can secure the Secretary of State's interest. I will describe how that would work.

I also want to address the comments of my hon. Friend the Member for Wolverhampton, South-West (Rob Marris). In Committee, he raised the issue of whether the use of the word "would" would mean that the ONS might, or definitely would, classify such matters—

Rob Marris: Within the letter.

Bill Rammell: I note my hon. Friend's comments from a sedentary position.

Let me be clear on the issue. The decision will always be one for the ONS, but the Government and I are confident that a statement as stark as, "You cannot sell the loans on without the Secretary of State's say-so," would, under the current classification rules, trigger a decision that it was not a true sale. That is our judgment, and we want to keep that option in case of a future change in the classification rules.

Clause 3(6)(b) and (c), which are addressed by the amendment, provide two legal ways of achieving the same end: to ensure that the Secretary of State can enforce the terms of the original contract against future purchasers. That might include provisions that, for example, purchasers must continue to administer loans though the Student Loans Company, or that borrowers continue to have access to a mediator in the event of dispute. Clause 3(6)(b) would achieve that end through contractual novation, which effectively means substituting the subsequent purchaser for the original purchaser in the contract with the Secretary of State. Clause 3(6)(c) would allow the Secretary of State automatically to be a party to any subsequent sales contract, so that he would be able to enforce its terms. It is important that we retain both those options so that we can use whichever is most appropriate at the time of a sale, bearing in mind the long-term nature of the intended sales process. I do not want to restrict our hand at this stage if, in the longer term, that would compromise the Secretary of State's interests and those of the borrower.

Mr. Hayes: Things are becoming clearer by the moment. In answer to the intervention by the hon. Member for Hayes and Harlington (John McDonnell), the Minister effectively said, in respect of clause 3(6)(a), that "may" means "won't". In respect of clause 3(6)(b) and (c), he is now saying that he wants to add "or" or "either". If we were to add "shall", "either" and "or", presumably he would be happy. Why will the Government not do that?

Bill Rammell: Happiness does not come that easily in these matters. I want to retain flexibility for future circumstances. I shall explain what I mean by that.

I understand amendment No. 9 to be intended to make it mandatory to follow one or other of the alternative approaches, although as drafted, it would make both mandatory, which makes no sense. We think it likely that one or other of those mechanisms will be appropriate, but it would not be right to make it mandatory to use one or other of them, as another contractual device to achieve the same end might be more appropriate, or become so in the future. For that reason, I cannot accept amendment No. 9.

Mr. Hayes: In that case, we only need to add "either", "or" and a suffix that says something like "or an equivalent vehicle to achieve the same purpose". This is a straightforward matter, yet we seem to be dancing on the head of a pin here. The Government are saying that they agree with us, and they are more than capable of wording an amendment of their own that would satisfy the House and the intentions of my amendments and that tabled by the hon. Member for Hayes and Harlington.

Bill Rammell: The only problem with that proposition is that that is not what is on the Order Paper. It is not what the hon. Gentleman tabled in his amendment. At first take, however, his proposal strikes me as being potentially reasonable. If his party were to table such an amendment in another place, we would certainly consider it.

John McDonnell: May I be clear, then, that if "shall" were used in regard to clause 3(6)(b) and (c), it would not offend against Treasury rules or ONS classifications, and that the proceeds would not therefore count as being on the Treasury books? May I also ascertain that, at the same time, such a provision would not give the same protection as would be provided by the use of "shall" in regard to paragraph (a), which would require the Secretary of State's consent?

Bill Rammell: Depending on the circumstances, all the options secure the Secretary of State's and therefore the repayer's interests. With regard to the use of "shall" in respect of clause 3(6)(b) and (c), that is a judgment for the ONS. My understanding, based on advice, is that that would not contravene ONS rules.

John McDonnell: So the provision would not contain the element of control that I am seeking in relation to clause 3(6)(a)?

Bill Rammell: I think it does. Each of the options is an option to secure the Secretary of State's interest over the longer term. I think that I have made that clear.

Finally, let me turn to amendment No. 10. I have already said that we think it unlikely that the loans themselves will be sold on. However, we have to allow purchasers to sell them. We cannot exert substantial control over such matters, since to do so would mean that the transaction would not constitute a sale. We cannot have it both ways. Once we have sold an asset, it belongs to someone else, so we cannot decide whether it is sold again or whether a subsequent purchaser will be resident in England and Wales. Indeed, any obligation to confine ownership to an organisation in England and Wales would contravene European Union law, as the Conservatives are aware. That is why it is so important to understand that we are not in the first place giving purchasers the right to change terms and conditions of the loans. What we are selling is the right to repayments of principal and interest outstanding on the loans. That is the borrowers' primary protection. Clause 3 also gives the Secretary of State the options that he needs to ensure compliance with any protections that are included in the sales contract.

Mr. Hayes: It seems to me that the Minister is moving towards a position that has been articulated across the House. For the sake of clarity, let me say that I shall not press amendment No. 9, given that, as the Minister acknowledged, it might be framed differently in the other place to make it more acceptable and to do the job better.

Bill Rammell: I am grateful.

To conclude, I am confident that the Bill as drafted provides the Government with appropriate and necessary flexibility to protect borrowers in the event of an onward sale and I am happy to go on the record once again to commit the Government to achieving such protection for all transfer arrangements. On that basis, I hope that the amendment will be withdrawn.

John McDonnell: I am grateful for the Minister's assurances, but I have to say that what he has suggested falls between two stools and does not give me satisfaction about the security of a Secretary of State's consent. If it did, it would offend against Treasury rules, so it would not be feasible in terms of how the Government would calculate what is on the Treasury books. If the two other paragraphs in the clause are amended in the other place, they will not provide the same security; if they did, they too would fail to comply with Treasury rules. My hon. Friend the Member for Nottingham, South (Alan Simpson) has already mentioned Catch-22, and we are in a Catch-22 situation here.

Mr. Hayes: I am not sure that the hon. Gentleman is right about that. Far be it from me to speak for the Minister, but I believe that when he described the Treasury rules, he was absolutely clear that he was dealing with paragraph (a), not paragraphs (b) and (c).

John McDonnell: Let me be very clear. The Minister has said that his advice from the Office for National Statistics was that paragraph (a) would be classified at present as falling against Treasury rules in giving too much control to the Government. He has also said that paragraphs (b) and (c) fall against my criteria because they give insufficient control to the Government. That is the Catch-22. I shall not press the amendment, but having heard expressions of the Government's good will in the Minister's response, let us hope that the matter can be resolved in the other place on the basis of some of the suggestions in the amendments that we have debated today. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 4

LOAN REGULATIONS

Rob Marris: I beg to move amendment No. 1, in page 3, line 42, after 'reimbursement', insert 'by a defaulting borrower'.

Madam Deputy Speaker: With this it will be convenient to discuss the following amendments: No. 2, page 3, line 42, after second 'of', insert 'the reasonable'.

No. 3, page 3, line 43, at end insert

'in respect of that default by that borrower'.

Rob Marris: I would like a quick walk round the block on these amendments, if I may put it that way. The amendments relate to clause 4(3) and they are not designed to bring about substantive changes to the Bill, but to clarify its wording. As I read clause 4(3), it allows reimbursement to loan purchasers of some of their costs—bidding costs, for example—a practice that has become fairly common in recent years. The Government often struggle to get people to bid on private finance initiative contracts because due diligence can cost tens of millions of pounds, so in order to encourage a range of bids, prospective bidders sometimes get their expenses met by the Government. That is what I thought the subsection meant, and I did not think that it was a good idea to reimburse bidders. Amendments Nos. 1, 2 and 3 were designed to re-focus what it meant in the light of our debates in Committee.

Since the Public Bill Committee sitting of 4 December, I have had an opportunity to look at section 22(5)(f) of the Teaching and Higher Education Act 1998, which is mentioned in clause 4(3). I think that I now understand what subsection (3) actually means, but I would like the Minister to clarify the cross-reference to section 22(5)(f) of the 1998 Act. If my first understanding of clause 4(3) was faulty, it is perfectly possible that my second understanding of it is also faulty. That is why I would like some clarification from the Minister before deciding whether to press my amendments.

5 pm

Mr. Hayes: As he said, the hon. Gentleman raised these matters earlier. His amendments make clear that

"reimbursement of costs or expenses incurred by a loan purchaser"

refers to costs in respect of a defaulting borrower.

I remind the Minister, who may not have the material to hand, that in Committee in response to the sentiments expressed by the hon. Gentleman, he said that he was

"sympathetic to the framing of that amendment, but I need to look at it in detail. If I can be reassured that it would not have an unintended consequence, I will be happy to accept it on Report." *[Official Report, Sale of Student Loans Public Bill Committee*, 4 December 2007; c. 64.]

My advice is that it will not have unintended consequences. I hope the Minister's will be the same, in which event we can accept what strikes me as a very sensible set of suggestions.

Bill Rammell: As my hon. Friend the Member for Wolverhampton, South-West (Rob Marris) is aware, I had an opportunity to discuss this issue with him between the Committee stage and Report.

My hon. Friend has said that neither the Bill nor the explanatory notes explicitly specify that the reimbursement described in clause 4(3) refers to amounts payable by a borrower. That is true, but as I think my hon. Friend accepts, the point is made explicitly in the Act to which the subsection refers. Section 22(5)(f) of the Teaching and Higher Education Act 1998 allows the Secretary of State to make regulations enabling the recovery of specified costs and expenses from the borrower incurred in recovering the outstanding balance of the loan. The wording of the existing legislation refers explicitly to borrowers. Clause 4(3) therefore simply enables those regulations to provide for the reimbursement that currently applies to the Secretary of State to be made to the purchaser of sold loans.

On that basis—and I have discussed this with my hon. Friend—I genuinely believe that the amendment is unnecessary. However, I should be more than happy to amend the explanatory notes to make the meaning and effect of the subsection clearer. That was really the issue at the start of the debate, and I hope that on that basis my hon. Friend will be reassured.

Rob Marris: Such are the little victories of Back Benchers! I do not get to amend a Bill, but my hon. Friend the Minister has generously agreed to amend the explanatory notes before it goes to the other place

[Rob Marris]

On that basis, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 5

REPAYMENT

Amendment proposed: No. 7, page 4, line 9, leave out 'a person acting on behalf of a loan purchaser' and insert 'the Student Loans Company'.—*[Mr. Hayes.]*

The House proceeded to a Division:—

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I ask the Serjeant at Arms to investigate the delay in the No Lobby.

The House having divided: Ayes 212, Noes 284.

Division No. 53] **[5.02 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Baron, Mr. John
Barrett, John
Bellingham, Mr. Henry
Beresford, Sir Paul
Bone, Mr. Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Campbell, Mr. Gregory
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Curry, rh Mr. David
Davies, David T.C. *(Monmouth)*
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Fraser, Mr. Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Johnson, Mr. Boris
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Llwyd, Mr. Elfyn
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Maples, Mr. John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McCrea, Dr. William
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Smith, Sir Robert
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stunell, Andrew
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Teather, Sarah
Thurso, John
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Wiggin, Bill
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Richard Benyon and Mr. Crispin Blunt

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Balls, rh Ed
Banks, Gordon
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Bell, Sir Stuart
Benn, rh Hilary

Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, rh Yvette
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Patrick
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Havard, Mr. Dai
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Jane
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Love, Mr. Andrew
Mackinlay, Andrew
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, rh Edward
Mitchell, Mr. Austin
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
O'Brien, Mr. Mike
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Walley, Joan
Waltho, Lynda
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Winterton, rh Ms Rosie
Wood, Mike
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Mr. Sadiq Khan and Mr. Bob Blizzard

Question accordingly negatived.

Order for Third Reading read.

5.18 pm

Bill Rammell: I beg to move, That the Bill be now read the Third time.

We have had a thoughtful debate today, as we did in Committee. I thank the members of that Committee for the constructive way in which they contributed at that stage. The Bill has enjoyed a good measure of consensus about its basic principles, with wide agreement that it is right for the Government to consider how the growing student loan book is managed so as to ensure good value for money and sound management of public finances.

It is accepted across the House that a sales programme for student loans is appropriate, provided that it yields good value for money and that the position of borrowers is not affected. Those two issues are the Government's policy objectives in proposing that we embark on a sales programme. During the course of the debate, hon. Members rightly sought to satisfy themselves that the Bill allows us to ensure that the proposed sales will meet those specific objectives. We have taken the view that the small number of amendments proposed should not be accepted, but we acknowledge that the intention behind them has been to ensure that the aims that we have set out for the programme of sales come to fruition.

I shall now reiterate the key commitments that I emphasised when we embarked on our consideration of the Bill in November. The terms and conditions for all loans will, as now, be governed by regulations scrutinised by this House. I confirm that there will be no adverse change for borrowers, whether their loans are sold or retained, and I hope that that gives some further reassurance to my hon. Friends the Members for Hayes and Harlington (John McDonnell) and for Nottingham, South (Alan Simpson).

The borrowers' experience will not change and the collection and administration systems will be the same, whether or not a loan has been sold. The Bill contains the provisions that we need to ensure that the enduring protection for borrowers is secured. All transactions will be subject to a rigorous assessment that good value for money is being achieved—a matter that has been the subject of much discussion, both in Committee and in today's debate.

Some hon. Members have asked whether material for testing value for money should be included in, or appended to, the Bill. As I have said, I do not believe that that can be done: it would be irresponsible to put in the public domain in advance of a transaction any details of the Government's assessment of what price would constitute good value for money, as that would undermine the competitive process. In any event, such an assessment would be different for each sale in what is a long-term programme, as the characteristics of each portfolio to be sold are unlikely to be identical.

What principles govern the value-for-money assessment, and what issues will be considered? I explained the Government's approach on Second Reading, and I am happy to do so again today.

Part of the value-for-money assessment will involve the gathering of full and clear market information, and weighing the value of keeping the loans in the public sector on the balance sheet of the Department for Innovation, Universities and Skills. That process will help us to compare bids for selling the loans against the value of holding them. Assessing those values will require various estimates of the level of repayments to be made by borrowers, stretching far into the future.

In addition, we will estimate the rate at which graduates will repay their loans, and the number of loans that will have to be written off because, for example, the people who have taken them out have become permanently disabled. Those projections will have to be based on assumptions and estimates, so it is clear that they have a built-in degree of risk. In assessing value for money, we will also have to take into account the value of transferring that risk from the public sector to the person who buys the loan. That is not something that lends itself to precise quantification, so the assessment will have to consider a range of values based on differing assumptions and estimates of risk.

That is only one part of the value-for-money assessment. The other elements include ensuring that a sale is competitive, that it takes place under normal market conditions, that potential bidders have enough information to make informed bids, and that there is a genuine transfer of risk from Government to purchasers.

We are making a clear commitment that sales will take place only where good value for money can be assured. It will be for the Government of the day to make a judgment about value for money for each proposed transaction. Some elements involved in that judgment may alter over time, for example as market conditions change and as the experience from earlier sales is built on. As I have said repeatedly, the judgments will be open to parliamentary scrutiny in the usual way. The Government will report to the House after each sale transaction, and no doubt the National Audit Office will report to the Public Accounts Committee on the programme of sales as a whole.

The debate on the Bill has been a constructive but rather technical discussion of how we can ensure that the programme of sales can proceed. It has also dealt with how we can fulfil our commitment that borrowers will notice no effect. I hope that I have been able to explain more fully how the Bill will achieve the Government's widely accepted policy objectives. No one should doubt our commitment to working in a thorough way to ensure that the sales programme is a success for borrowers, the Government and the taxpayer alike.

5.24 pm

Mr. Hayes: The Minister described this as a technical Bill and it is certainly complicated. That is not to say, however, that its provisions are not significant to a very large number of people and that they do not have political ramifications. The Bill is in line with Conservative intentions to move the student loan book to the private sector, but those intentions are not without qualification. Throughout—both during the Bill's consideration and earlier—we have made it clear that the transfer from the public sector to the private sector cannot be made unless proper safeguards are in place to protect both the public interest and borrowers.

I have no doubt—this point has been made previously, but it warrants reamplification—about the Minister's intention or integrity. However, when we pass legislation in the House, it is vital that we detach

that legislation from the characteristics or strengths of any particular Minister, because we do not know who the Minister might be in a year or two. Of course, in the happy eventuality of our winning the next election and my becoming the Minister, these matters will be in even more secure hands than they are now. However, we cannot rely on that happy eventuality, which is precisely why thus far and, I hope, in the other place, there has been and will be a determination to ensure that those safeguards are in place.

That brings me to the three or four central points that I want to make on Third Reading. The first is to reprise the argument about value for money. When giving oral evidence in Committee, the Minister said:

"Clearly, the Bill gives us enabling powers to undertake value-for-money assessments over a long period of time...we have said within the forthcoming three-year comprehensive spending review that we are looking to make sales to the tune of £6.3 billion. Having said that, if we do not judge that the market conditions are appropriate for those sales and we do not think that we will get value for money, those sales will not go ahead."—*[Official Report, Sale of Student Loans Public Bill Committee*, 4 December 2007; c. 3, Q1.]

This seems to contain a paradox, possibly even a dilemma. The circumstance could arise in which the Treasury says, "Where is our £6.3 billion?", but the market conditions and prevailing circumstances are not ideal for a sale. When the provision is set out for a three-year period, it is a bit rich to argue that if the circumstances are not right, one will ignore that and delay the implementation of the Bill to an indefinite future date. I cannot really believe that the Minister thinks that is likely. Just to be sure, Opposition Members have tabled amendments to make it clear for his benefit—he should see this not as a harpoon but as a lifeline—what the value-for-money criteria are and to place them securely in the Bill.

The Minister will argue, and no doubt has argued, that such a provision would be too inflexible and that it is dangerous to write into a Bill things that are, by their very nature, dynamic—in which case, why did he not come before the House and offer an alternative? He could have appended the value-for-money criteria to the Bill or guaranteed to provide it in guidance. He could have suggested that it would at least be made public. We hear that there is a value-for-money framework, which must include criteria, because the Minister has said so repeatedly on Second Reading, in Committee and again today. However, no one is allowed to see it. If there is such a framework, the debtors, the public and certainly the House have a right to know what it is, and it should be securely attached to the Bill in some form or another.

That brings me to my second point. We need to know something about the value of the loan book. My hon. Friend the Member for Reading, East (Mr. Wilson), in a remarkably eloquent speech, spoke about an assessment of the value—it is a changing value—of the loan book measured against the Government's determination to make £6.3 billion. Without, I hope, being impertinent, I suggest that the target of £6.3 billion might be achieved regardless of the true value of the loan book unless we are absolutely secure about the systematic criteria for the sale.

At the end of the financial year 2006-07, the student loan book was valued at about £8.1 billion. Perhaps the Minister will at some stage tell us of any subsequent valuations that are made, and say what the projected valuation of the loan book is for the next two or three years. Those figures should be readily available to the Department, because it can project based on information that is in the Government's hands. From that, we could draw conclusions about what portion of the book would need to be sold to achieve the £6.3 billion target.

We should consider the question of what parts of the book would be sold first. The Minister said that some parts of the loan book were more attractive than others. That is a perfectly plausible argument. He says that where there is an established record of repayment there is more security, in the eyes of a prospective purchaser. He further argues that the situation changes over time, because as people become established repayers, they become a better risk—a surer bet. My question to the Minister is: does that mean that the less attractive parts of the loan book are the bits that will stay with the Government? If we unload the most attractive, valuable bits first, are we not left, at the end, with the least attractive, least valuable bits? That does not seem to shift risk from the public to the private sector; it seems to shift benefit to the private sector, and retain risk in the public sector. We need to be absolutely sure how the book will be split up, how judgments will be made on what is sold and when, and what proportion of the book the Minister anticipates is likely to be sold over the next three years.

There was considerable discussion of the issue of resale, both today and previously. Members on both sides of the House expressed concerns about the possibility of debt being collateralised, broken into parts and sold to the highest bidder. The Minister assures me, and the House, that he thinks that that is unlikely, but the provisions of the Bill explicitly make it possible. Once again, he is on the horns of a dilemma: he dare not build in protection against resale, because that would make the product less attractive but, as a matter of public interest, he has to assure Members of the House that if debt were resold to an agency or body outside the Secretary of State's jurisdiction, or about whom we had the most severe reservations, there would not be a risk to borrowers or the wider public. That is a difficult circle to square, and I am not sure that the Minister did it convincingly today. There must be adequate protection, both for borrowers and from the point of view of the public interest. That is why we tabled amendments to attempt to ensure that resale was dealt with sufficiently, and in the most appropriate way.

In a similar vein, the collection of debt has been considered, although we did not debate the issue at length on Report. I think it is unacceptable to lose control over who collects the debt. The Bill suggests that an agent appointed by a purchaser could have control of debt collection. We need to be stricter in how we deal with the issue of debt collection. I think that the other place might take that view, too, but it is not for me to anticipate its standpoint. If there is one thing that will cause alarm and anxiety among current debtors and potential future borrowers, it is the idea that their debt might be collected by an inappropriate agency, so I am a little disappointed that the Government did not make further concessions on the issue of debt collection. I suspect that that is because, once again, it might make the sale unattractive to a potential purchaser, but when it comes to debt collection—a sensitive matter—we

[Mr. Hayes]

need to be sure who will be involved in the process. The Student Loans Company seems the most appropriate body to deal with these matters. Surely it could be written into the Bill.

When challenged on those matters during the witness session of the Public Bill Committee, Michael Hipkins, the Minister's adviser, who was a witness to the Committee, said:

"The point in terms of legislating for the long term is that the Student Loans Company might not exist in the long term, so there needs to be flexibility in the Bill to specify collection by whomever the Secretary of State would like".

But the Bill does not say that. It refers to an agent appointed by a purchaser, not to someone whom the Secretary of State would like or not like. In addition, the Minister, clarifying his position, said that the Government

"have no plans to do away with the Student Loans Company" *[Official Report, Sale of Student Loans Public Bill Committee,* 4 December 2007; c. 36, Q107.]

On the one hand we are told that we cannot name the Student Loans Company because it might go, and on the other we are told that it will not go, at least for the foreseeable future. Next we are told that the Secretary of State will be able to choose the agency that collects debt; then we are told in the Bill that he will not be able to choose who collects debt. That aspect of the Bill needs to be clarified by Ministers in the course of its progress.

We have had serious consideration with a diligent Minister, who seems to have listened to arguments and, as I said earlier, acted with professionalism and generosity. The Bill is technical, but its real significance should not be masked by its technicalities and complexities. It is about moving a substantial amount of money from the public to the private sector. It affects the lives of many millions of our countrymen—many of the people whom we represent. It is important that the House insist on appropriate safeguards, both in the public interest and in their interest.

Although the Opposition will not seek to divide the House on Third Reading, I hope that when the matter is considered in the other place, some of the arguments rehearsed in Committee and again on Report not just from the Opposition Front Bench, but from other parts of the House, are made once again, listened to and taken on board by the Government.

5.37 pm

John McDonnell: In response to the Minister's assertion that there is consensus about the Bill and the student loans system, I do not wish to disillusion him or to undermine our admiration for his powers of persuasion, but some of us do not support student loans, or the Government's legislative proposal, because it further embeds the student loans system.

That system has brought about an average debt of £15,000 for most students, which on average they take 13 years to pay off. The Minister's response was that the system had enabled a larger number of people to pursue a university education. My view, and that of many of my colleagues, is that in the fifth richest country in the world we should be able to afford to pay people proper maintenance grants to enable them to access university education on the scale that the Government envisage—50 per cent. of young people. To drive people into debt in this way not only burdens them with that debt, but undermines their enjoyment of the education that they receive while they are at university.

Apart from consolidating the student loans system even further, the Bill causes other anxieties. We know from the Red Book that it is envisaged that the Bill will raise £6.3 billion, but nowhere in the Bill does that sum become hypothecated to funding education; it could go elsewhere. If we are to sell off an educational asset that has been brought in as a result of the educational provision that we make for our students, that money should be used for higher education.

As is shown by some of the information that we have heard today, which I accept the Minister contests, the bursary system is not working as effectively as it should. We could use the money from the sale to increase maintenance grants at the same time—to improve provision overall.

The Bill allows the Secretary of State to retain control over the interest charges levelled against students who take out student loans, but it does not address the key issue—the bizarre situation of the Government's using so many different measures of inflation and interest rates to charge against loans. We use the consumer prices index, currently at 2 per cent., to award wages but the retail prices index to determine how much we levy on the burden of loans. I regret that the legislation did not address that matter.

I am not convinced that we have enhanced the Secretary of State's role within the system to give us in the long term the security that we have sought today. I am thinking particularly about onward sales, which are one of our key anxieties. If it is important to secure the detailed involvement and approval of the Secretary of State on the initial sale, it is even more important that we secure his involvement on onward sales. That might offend against Treasury rules, but as was mentioned earlier, when it comes to Northern Rock and other matters, Treasury rules seem to fly out of the window.

I hope that further safeguards will be applied in the other place and that we then debate them here to provide the maximum long-term security—not only for those who take out and rely on student loans, but for the taxpayer as well.

Mr. Hayes: The hon. Gentleman was not entirely satisfied with the Minister's assurance about what he might do in respect of accepting amendments in the other place. However, will the hon. Gentleman invite the Minister to reaffirm that willingness to consider the issue of onward sales and the Secretary of State's involvement in them?

John McDonnell: The hon. Gentleman need have no fear that I shall not pursue the matter in my comradely dialogue with the Minister. Others will as well, because the issue is significant.

There has been reference to other privatisations. We referred to the Mapeley incidents, and I had thought that we had learned lessons about whom we sell public assets to and about the requirements for detailed scrutiny

and the Secretary of State's accountability for sales of public assets. In the current state of the market, the Government will do well to achieve the money they estimate they will get from the proposed sale. At the moment, the market is so rocky and there is so much insecurity; we face credit crunches, particularly in the housing market, and we may face a downturn and recession.

I caution the Government to consider seriously whether the coming 12 months is the right time even to launch the asset sale proposal. I would welcome a Government commitment that 12 months after any action on the sale, we would receive a full report that could be debated, inform future measures on the privatisation of public assets and help us to decide whether we are achieving value for money. I have considerable doubts about whether we got value for money on the first transfer of sales in the late '90s, and I certainly doubt whether we will from this sale.

I want to leave the Minister with no illusions. I oppose the legislation and the student loans system. However, I am convinced that at some point, the Government – just as they have moved in the past two years on the restoration of some maintenance grants – will return to the happy position of a full maintenance grant system, and that we will be able to abolish student loans in the long term.

5.44 pm

Stephen Williams: It has been my duty on behalf of my party to carry the baton round the final lap of the debates on the Bill. I missed its Second Reading and Committee stage because I had a different responsibility at the time. I thank my hon. Friend the Member for Brent, East (Sarah Teather) for her work during the earlier stages of the Bill.

We have had a good discussion involving lawyers, accountants, business men and Back Benchers being mildly critical of their Government. We have also had an interesting discussion about the effect on balance sheet accounting of "shall" rather than "may". It is a shame that we must now leave it to the other place to sort out an acceptable wording. Throughout, we have all been trying to achieve safeguards for students, value for money for the taxpayer, and transparency.

This is a small and technical Bill, but it involves a huge amount of money for the Government. It raises in excess of £6 billion to be allocated over the current comprehensive spending review period, so it could release £2 billion a year. I hope that higher education might see the lion's share of that significant injection into the Treasury's coffers. The Government have made significant investment, in some cases through off-balance sheet financing, in the secondary school and further education estates, but there is an opportunity also to make further investment in the higher education estate, where some of the teaching facilities are perhaps not as good as youngsters now leaving school and college are accustomed to in their pre-18 learning experience. Higher education needs the investment to ensure that its teaching facilities match their expectations.

Debt is a very significant area of concern for students, as the hon. Member for South Holland and The Deepings (Mr. Hayes) rightly said, and that is reflected in the most recent attitude report, "The Student Experience Report 2007" put together by UNITE, the national private sector provider of accommodation that has its headquarters in Bristol. It showed that 74 per cent. of students currently have their borrowings from the Student Loans Company, but many of them have to take out secondary sources of finance as well, such that 41 per cent. also have a bank overdraft, 16 per cent. have outstanding credit card loans, 7 per cent. have a personal loan, and many others have second credit cards or store cards, or finance their university living expenses through unpaid utility bills.

Part of the problem is that the maximum amount by which students can benefit from the Student Loans Company is set at an unrealistic level. I was staggered to find that to live in my choice of hall of residence, or any other hall of residence, at Bristol university today would require the vast bulk of the maximum amount that the Government would allow me to borrow on cheap credit terms from the Student Loans Company, leaving me with only about £200 to buy my weekday lunches and to finance the purchasing of textbooks and the refreshments that are an essential part of the student living experience.

We need a fundamental review of how students' living costs are financed for the three years or more that they are undergraduates at university. The UNITE report showed that 38 per cent. of students who were first years last year, when the report was put together, were already seriously concerned about their levels of debt. Serious research needs to be done about the fear of debt, which is even greater among students from lower socio-economic backgrounds, and the effect that it has on drop-out rates in higher education. The Government are to have a full-scale review of the financing of higher education next year, and I hope that that review will include a serious look at how students finance themselves through higher education, so that we can ensure that the burden of debt does not drive people out of it and undermine the Government's otherwise laudable agenda for widening participation.

5.49 pm

Alan Simpson: I begin by reassuring my hon. Friend the Member for Hayes and Harlington (John McDonnell) that there is a consensus in this House – certainly between us – that the shift from grants to loans was undesirable, and that the plan to shift loans from being public debts to private ones, which are somehow seen as more morally virtuous, is not acceptable. We are at one. He can rest secure as part of that consensus. However, it is important to recognise that important concessions have been made during the debate. I do not think anyone in the House needs the Minister to repeat the reassurances he has already given. Some important amendments were moved and debated this afternoon, and I am hopeful and confident that when they are reconsidered in another place, many of the points on which we were reassured by the Minister will be discussed.

I shall focus on two points. First, at some stage, this House ought to consider Treasury rules – what is permitted and what is not. It seems perverse to me that we have moved to a position where debt is morally virtuous if it is in the private sector rather than the public sector. That shift has taken place on a much larger canvas in

[Alan Simpson]

society. We in this House are obsessed with the control of public debt, but we have turned a completely blind eye to the escalation of private debt that ultimately has thrown the economy into a severe crisis. I hope that we all recognise that the Government are a more competent borrower than any of us are individually. They can borrow at rates that none of us could. We ought to consider why we adhere to rules that make a debt virtuous simply because it disappears off the Government's balance sheet. Enron tried to work in the same way and got into an horrendous mess. There is a case for philosophically considering how we honestly address the levels of debt and the management of debt in society.

Secondly, an inequality and an injustice is embedded in the system. It would have been tackled by an amendment tabled by my hon. Friend the Member for Hayes and Harlington, but unfortunately, we were not able to debate it. It dealt with the interest charges relating to student debt. They are supposed to be inflation-only debts, but we have almost ended up in an "Animal Farm" situation, where some measures of inflation are more equal than others—and some measures are more manageable than others. I am talking about the benchmark measurement against which inflation is judged as it is applied to student debt. That has a crucial impact on the management of debt for the individuals involved, and the scale of it is about £20 billion. In the next 10 years, that debt will amount to about £55 billion—a figure ominously similar to the undertakings given to guarantee Northern Rock's survival. Those affected by the repayment of that debt are critically influenced by the calculation of inflation.

The Government measure for the calculation of inflation has been the retail prices index. That is a snapshot measure, taken in March, which judges the rate of inflation that is taken into account for student debt repayments. Last March, the rate doubled from 2.4 per cent. to 4.8 per cent. This was the subject of a huge number of complaints from students and graduates who are repaying debts. They pointed out that the Government use a number of different measures for inflation. The Prime Minister legitimately claims that inflation in the UK is 2 per cent. The consumer prices index measures it at just over 2 per cent. That is the benchmark against which the Government judge what is affordable for public sector pay increases. It leaves many students in a terribly anomalous position.

I tried to get the figures for students who, on graduation, move into some form of public sector employment. The latest figures that I could get were for 2005-06. In that year, more than 120,000 graduates went into public sector employment and carried with them their student loan debts. Since then, they have repaid the debts at the rate defined by the retail prices index, but their pay increases have been defined against the benchmark of the consumer prices index. Those 120,000 graduates—more than half the university graduates in the UK—find themselves in a position whereby the charges on their debt repayments increased at twice the rate of the inflation that was recognised in their pay settlements. That injustice built into the process has been a constant source of grievance.

I hope that the Government will take the opportunity when the Bill is introduced in another place to examine a mechanism that gives us a single benchmark measure. We must all live with what is judged to be the rate of inflation. However, it cannot be fair—I have yet to hear an argument that it is fair—to use one measure of inflation to judge the rate at which students repay and another, lower rate to determine the basis on which they are paid. It would help the House and the process enormously if we used a consistent measure, given that more than half the graduates who leave university are affected by the problem. We should at least have a consistent and equitable measure.

5.57 pm

Mr. Adam Holloway (Gravesham) (Con): I would like to say a little about the effects of the Bill on young people in low-income families because I was alarmed to learn that 18 per cent. of the population of my constituency have NVQ level 4 or above, compared with a national average of 27 per cent. and an average of 30 per cent. in the south-east. When I speak to young people in my constituency, I tend to get a stock response that they are worried about being saddled with excessive debt, which they have no realistic chance of repaying. A more fundamental problem is that they do not view higher education as worth the expense. That is not helped by press reports about the sparsity of well-paid graduate jobs. Although I support the principle that those who benefit from higher education should shoulder some of the cost, the statistics on participation rates in my constituency seem to represent a huge waste of talent. It worries me that the financial barriers to further education are still not being broken down rapidly enough.

I want to raise the potential for a new commercial owner of the student loans portfolio to increase interest rates on that asset to market rates, instead of maintaining the current subsidised inflation-linked rate, once the portfolio of student loans has ceased to be a public asset and been transferred to the private sector. We have all read in the newspapers about the impending credit crunch in the financial markets, which will bring the deteriorating availability of credit for companies and households and the increasing cost of borrowing throughout the economy. Clearly, the financial organisation to which the student loan portfolio will ultimately be sold as a result of the Bill expects to make a profit from the assets, and I wonder whether there will be a temptation in the current lending environment for it to boost interest rates on student loans to market rates once it has assumed economic ownership.

With the London inter-bank rate at around 6 per cent. and the interest rate on student loans at 4.5 per cent.—a differential that, according to estimates by Professor Nicholas Barr of the London School of Economics, equates to a subsidy of about £1.2 billion a year—I wonder how any commercial organisation can agree indefinitely to offer loans at more than a full percentage point below the rate in the wholesale financial markets. The risk is that students will at some point face commercial rates on their student loans. A rise in interest rates of 2 per cent. to bring the terms on student loans in line with those attainable in the

broader financial markets could equate to an extra £300 a year in interest charges on the average debt of £15,000.

Finally, I should like to talk briefly about publicity schemes for low-income households. The Government claim that they want a participation rate of about 50 per cent. by 2010, but given the low rates of participation in further education in my constituency, I wonder whether more investigation is needed of the accessibility and visibility of the information on bursaries for students from low-income households. If we aspire to a fully meritocratic society, in which the financial circumstances of a person's parents are no barrier to educational opportunity, and if the perceived cost of university or further education is dissuading many from attending, should we not analyse whether more needs to be done to publicise the financial assistance schemes that might be available to those on low incomes?

6.1 pm

Bill Rammell: I should like briefly to sum up the debate and to refer first to the previous speech, by the hon. Member for Gravesham (Mr. Holloway). There is an expression, "It's a bit rich," and his contribution was extraordinarily rich. The commercial rate of interest that he described was exactly that which was put forward in his party's manifesto at the previous general election. Had a Conservative Government been elected, I have no doubt that he would now be supporting that policy. During the Committee stage, I asked whether that was still the Opposition's policy, and I understand that it is. I am most emphatically against a commercial rate of interest, so if the hon. Gentleman wants to apply pressure on the issue, he needs to talk to those on his own Front Bench.

The hon. Gentleman also asked what we should say to students who do not aspire to continue into higher education. I think that we should tell them the facts. We certainly should not exaggerate or use terms such as "excessive debt". Under the postgraduate system of repayment that the Government have established, no student repays a penny until they are in work and earning more than £15,000 a year. On the average graduate starting salary of £18,000 a year, the repayments are as little as £5.19 a week. Those facts, along with the facts on the substantial graduate earnings premium—the average graduate will earn, net of tax, £100,000 more than someone with just two A-levels over the course of a working life—and all the other benefits of a higher education, should be at the centre of the arguments that the hon. Gentleman ought to be putting to his constituents.

The hon. Member for South Holland and The Deepings (Mr. Hayes), who leads for the Opposition, asked for reassurance and expressed concerns about the value-for-money framework. I have said on many occasions during the passage of the Bill that the value-for-money framework that I have read into the record is rigorous and robust. I have been wondering during this debate whether similar value-for-money frameworks were in place when much more substantial asset sales of public utilities took place in the 1980s. I do not recall that being the case.

The hon. Gentleman asked me about the projected valuation of the student loan book. We estimate that the valuation will be £21 billion next year—up from the current £18.1 billion—and £25 billion the following year. He also asked about the selection of the loans for sale, as did the hon. Member for Reading, East (Mr. Wilson). I want to nail this issue, because it is important—I made these points in Committee, but I will repeat them now.

From the outset, we will seek to offer for sale all those loans that we can sensibly expect purchasers to be able to value properly. We will be guided by the financial sector experts whom we are procuring to help us to prepare and execute the transactions. For initial sales, that might mean selecting for sale loans that are, for example, sufficiently connected with the repayment system through Her Majesty's Revenue and Customs. Over time, as the repayment history of the loan book lengthens, potential purchasers will be able to model with confidence the value of an increasingly high proportion of the loans. In contradiction of what the hon. Member for Reading, East said, we will explicitly not select loans for sale based on the individual characteristics of loans or borrowers, but just by category, such as being in the repayment phase.

Mr. Rob Wilson: There is some confusion about that in *Hansard*. At column 31, the Minister says of the picking of loans:

"It will not be on a random basis."

At column 32, however, Michael Hipkins, his director of strategy, says:

"we expect a random draw from the loan book." *[Official Report, Sale of Student Loans Public Bill Committee*, 4 December 2007; c. 31-32, Q88.]

The Minister can understand how we can be confused if his own director of strategy is confused.

Bill Rammell: That is not the case. If the hon. Gentleman reads the record carefully, he will see that the matter was made abundantly clear. When we talk about a random draw, we are talking in terms of the type of loan, not about picking and choosing between individual loans. It is important to make that clear.

The hon. Member for South Holland and The Deepings expressed a number of concerns about collection methods. Let me be explicitly clear. It is not, and will not be, for the purchaser to specify collection methods. Clause 1(4)(d) says explicitly that the Secretary of State may require the purchaser

"to make specified arrangements in connection with the administration of loans".

In response to the comments by my hon. Friend the Member for Hayes and Harlington (John McDonnell), let me assure him categorically that I have no illusions: I am clear that he disagrees with me and the Government on this issue. I hope that he will accept, however, that it is a legitimate disagreement. There is a respectable left redistributive argument in favour of the system of student finance and fees that we have created. That is not his view, but others on the left take that view.

My hon. Friend made a point about hypothecation of the proceeds from the sale of student loans. Let me make it clear that our record of investment in higher education is the best for a generation: it has increased by 23 per cent. in real terms over the past decade. I caution him against arguing for explicit hypothecation.

[Bill Rammell]

Were we to put forward the argument now that the proceeds from sales must go to the higher education budget, that would create the grounds and circumstances for a future Government, who were not as well disposed towards higher education as we are, to say that higher education expenditure was dependent on loan sales. That would be a dangerous road to go down.

My hon. Friend also said that there should be no real rate of interest. It is important to make it clear that our RPI mechanism means that there is no real rate of interest. I would wish to assure my hon. Friend the Member for Nottingham, South (Alan Simpson), who is no longer in the Chamber, that that RPI rate does go up and down, but for the vast majority of borrowers with income-contingent loans it makes no difference whatever to their monthly repayments, which will continue to be deducted at the rate of 9 per cent. of any income over £15,000 per annum. The interest rate affects only their outstanding loan balance.

John McDonnell: My hon. Friend the Member for Nottingham, South (Alan Simpson) and I have received representations from the National Union of Students, which informs us that it has written to the Minister and received no response as yet. It would welcome a meeting with him, and would be pleased if we could arrange that and attend as well. I welcome him to the left in the discussion about the funding of higher education. At some stage, we will also have a welcome discussion about direct taxation. He will have another opportunity to demonstrate his left credentials next week, when I seek to raise the bar on national insurance contributions to pay for such educational achievements.

Bill Rammell: My hon. Friend will forgive me if I do not commit myself to that at this stage. I meet the National Union of Students regularly, have discussed the issues with it and will do so in future. If he wants to be involved in that, and to talk to me directly about it, I would be happy for him to do so.

The hon. Member for Bristol, West (Stephen Williams), who leads for the Liberal Democrats, managed to produce a complete speech without revealing that, when they had the opportunity to do something about this issue when they were in government in Scotland, the Liberal Democrats supported a postgraduate system of repayment that is no different in principle from the system that we have in England. He also managed to complete his speech without making it clear that the Liberal Democrats have no policy whatever on student fees, because they are reviewing their position. One Liberal Democrat think-tank has actually said that it agrees with the Government's position. Indeed, it has gone further and said that we should now commit to lifting the cap on tuition fees. That is not a position that I support.

Stephen Williams: The Minister would not expect me to let him get away with that. Think-tanks can cause problems for all parties. The think-tank that he mentioned is independent of my political party, as are all think-tanks. Yes, we are going through a review. It is a full review of all our higher and further education policies, which will be discussed openly at a conference later this year. My party, unlike the Minister's, will have a full democratic vote on its future policies.

Bill Rammell: I was aware that the Liberal Democrats were undertaking a review. One of the most enjoyable experiences that I have had in a long time was reading the transcript of the interview that his predecessor gave to Andrew Neil at the Liberal Democrat conference, in which an attempt was made to explain the gyrations that were taking place over Liberal Democrat policy on higher education. And, for the record, it was a Liberal Democrat think-tank, supported by Liberal Democrats, that supported the Government's position.

Mr. Hayes: The Minister has not mentioned a point that was raised by a number of hon. Members. On the issue of onward sales, particularly in relation to transfer arrangements, is the Minister absolutely clear that the Secretary of State should be party to those arrangements? Is he determined to put in place changes to the Bill that will allow the Secretary of State to be party to them? Is he also clear that, in respect of onward sales, the loan book will not be sold – in part or whole – to any organisation or body that is offshore or that, in the judgment of the House, would not be an appropriate body to handle these matters?

Bill Rammell: I can give the hon. Gentleman a fundamental reassurance on ownership. The contracts will be based on English law and will apply to English law. That ought to give a significant degree of reassurance. He will forgive me if I do not rehearse the arguments that we had on Report about the opportunities for the Secretary of State to be associated with the sales. The amendment that the hon. Gentleman tabled today did not directly address the point that he subsequently went on to make, but if an amendment on that point is tabled in another place, I will give it my active consideration.

Finally, I want to reiterate that the proposals are about the sensible management of the public finances. They are not about impacting on the borrower. The Bill will entail no change whatever to the borrower. Whether the borrower's debt is owned by the public sector or the private sector, they will notice no difference whatever. On that basis, I hope that hon. Members will support the Bill.

Question put and agreed to.

Bill accordingly read the Third time, and passed.

EUROPEAN COMMUNITY DOCUMENTS

Motion made, and Question put forthwith, pursuant to Standing Order No. 119(9) (European Standing Committees),

EURO-MEDITERRANEAN PARTNERSHIP

That this House takes note of European Union Document No. 15869/07, Commission Communication, The Euro-Mediterranean Partnership: Advancing Regional Co-operation to Support Peace, Progress and Inter-Cultural Dialogue; and agrees that the Barcelona Process may have potential to help promote UK objectives, provided it focuses not on process but on effective delivery through partnership. *[Mr. Khan.]*

Question agreed to.

PETITION

Planning (Bedfordshire)

6.13 pm

Mrs. Nadine Dorries (Mid-Bedfordshire) (Con): I am presenting this petition on behalf of the residents of Aspley Guise village in my constituency.

The petition declares:

That the South East Region is seeking to take over planning authority for Aspley Guise, which is part of Mid Bedfordshire.

The Petitioners therefore request that the House of Commons urges the Secretary of State for Communities and Local Government to protect their democratic rights for the future of their village to be planned through the proper process of the East of England Plan and not dictated by a neighbouring Region, the South East; and further urges the Secretary of State to instruct the Government Office for the South East to remove any proposed housing numbers for Aspley Guise in any future revision of the South East Plan and to make arrangements for a future review of the East of England Plan to include consideration of any new housing development in Aspley Guise.

And the Petitioners remain, etc.

[P000108]

NHS Maternity Services (East Sussex)

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Khan.]*

6.14 pm

Mr. Nigel Waterson (Eastbourne) (Con): I am very pleased to have the opportunity to raise a subject of enormous importance to my constituents in Eastbourne, Willingdon and East Dean. This is far from the first time I have raised this topic in the House, as I have asked parliamentary questions about it, participated in debates and even had a meeting about it with the previous Prime Minister.

On 20 December last year, the local primary care trusts decided to remove consultant-led obstetrics and the special care baby unit from Eastbourne and to establish a single site at Hastings. Only last Wednesday, I raised that issue with the current Prime Minister at Prime Minister's questions. In his reply, he claimed that those changes were recommended by local doctors and were in the interest of patient safety, but I have to tell the House that the Prime Minister was grossly misinformed. Prime Ministers are busy people, so I would not expect him to have all the local details readily at his fingertips, but someone misled him. Every single general practitioner in my area—more than 100—and many consultants are firmly against the proposals. Particular credit should go to Dr. Simon Eyre, a member of the local PCT, who broke ranks at the crucial meeting and set out in great detail why he now opposed the decision.

In recent years, two respected consultant gynaecologists—Vincent Argent and Kent Ayers—left the local hospital trust, in part because of the proposals; the consultant advisory committee at the Eastbourne district general hospital has come out publicly against the proposals; paediatricians who recently met the PCT were against them; and at least three of the eight current consultant obstetricians were against them, too. Remarkably, a previous high profile and early supporter of those proposals, Mr. Mark Malak, the leading gynaecologist, withdrew his support and asked that his comments in support be withdrawn from the official documents circulated to the public, although that did not happen. The East Sussex LMC—local medical committee—representing all GPs in the county opposed the proposals and as recently as 5 December my local PCT's own professional executive committee voted for two sites for maternity services.

Only today, I heard from Mrs. Scarlett McNally, a consultant orthopaedic surgeon at Eastbourne DGH. She produced a letter yesterday objecting to the closure, which has already been signed by 34 consultants from across the range of specialties. Let us therefore put to bed once and for all the absurd spin suggesting that the proposals are somehow backed by, or even originated with, local clinicians. It is simply untrue. It seems to me that NHS bureaucrats, and possibly Ministers, are seeking to use local doctors as a human shield in this situation.

I want to pay tribute to the excellent campaigns running in parallel in my constituency and in Hastings—the Save the DGH campaign in Eastbourne and the Hands off the Conquest campaign in Hastings. I would particularly like to single out Liz Walke, one of my constituents, who has done a wonderful job in leading the campaign from the front, helping to

[Mr. Nigel Waterson]

organise marches, protests and petitions. Between them, the petitions have attracted some 80,000 to 90,000 signatures across Eastbourne and Hastings. The fundamental principle that has always driven our Hands off the Conquest campaign is not one of beggar my neighbour or competition with each other to be the one to end up with a full maternity unit. Rather, in meeting the health needs of our local populations, we believe that it is broadly right that we continue to have full maternity units in both Eastbourne and Hastings.

I also want to take the opportunity to thank neighbouring colleagues who have worked closely in support of our campaign: my hon. Friends the Members for Wealden (Charles Hendry) and for Bexhill and Battle (Gregory Barker) and the hon. Member for Lewes (Norman Baker). They have all been extremely supportive, while in one or two cases fighting their own border disputes in relation to facilities affecting other parts of their constituencies.

I remind the Minister that the biggest single issue is the 21 miles of poor roads between my local hospital and Conquest hospital in Hastings. National guidelines suggest that in the case of an emergency Caesarean, the ideal time from decision to incision—as the expression goes—is less than 30 minutes in the most urgent cases. Lord Darzi, I believe, suggested 10 to 15 minutes in his review "Healthcare for London", and I understand that in a recent edition of "Woman's Hour" the president of the Royal College of Obstetricians and Gynaecologists recommended a maximum time for transfer of 20 to 25 minutes. In a recent interview on BBC Radio 2, no less a person than the Secretary of State for Health said

"You shouldn't be going 20 miles. Twenty miles is a bit far."

I entirely agree with him.

It is precisely because of the dangers posed by a journey that can take an hour or more—as long as an hour and a half, depending on the traffic and the time of day—that we have been so concerned about the proposals from the outset. It emerged at an early stage in the consultation that the projections for journey times issued by the NHS locally were based on off-peak travel, but, having made the journey myself, I can tell the Minister with total conviction that it can take much longer than that.

Last week I raised with the Prime Minister the case of little Hermione Bateman. Hermione was born in my constituency in the early hours of new year's day, some 11 weeks prematurely. She was delivered in the family bathroom by her mother, while her father waited outside for the ambulance to arrive. Fortunately she was rushed to our local district general hospital and into the accident and emergency unit, where she received specialist care. She survived, and although she has had a rough time, she is still with us and doing well. I believe that if she had had to be taken all the way to Hastings in the middle of the night, she could not possibly have survived—and that is just an example of the sort of thing that may well be happening 15 months from now.

Nor are we simply talking about the health and well-being of newborn babies. In an e-mail, my constituent Mrs. Jane Booth-Clibborn wrote:

"In March 2006 my daughter suffered an abruption in the 30th week of her pregnancy. She was rushed to the DGH where I was told that it had not been possible to save the baby but that they would do all they could to save her. Thanks to the medical and nursing team's prompt and skilful actions she survived but it was a close-run thing. Had she had to be taken to Hastings she would not be here today."

I am sure that there are many other examples that I could quote.

Clearly the proposals must involve, if nothing else, a higher risk of deliveries en route to Hastings. Even according to the primary care trust's own projections, there could be as many as 100 a year, which cannot be good news for patient safety. Buried in the decision made last month was a proposal for ambulance crews to receive intensive training in acute obstetrics. Could there be a clearer admission that more babies will be delivered in the back of ambulances?

As part of my routine on Christmas morning I visit the emergency services, and as always this year I visited the local ambulance station. The crews whom I met were less than impressed with the suggestion that they should be trained to deliver babies in the back of ambulances on the way to Hastings. As I see that the hon. Member for Hastings and Rye (Michael Jabez Foster) is present, let me stress that the objection would be exactly the same the other way around. It is not as though there is a problem with existing maternity arrangements in East Sussex, as the Healthcare Commission's findings back in November show. The proportion of local women surveyed who said their care was excellent, very good or good was 90 per cent. during pregnancy, 88 per cent. during labour and birth, and 76 per cent. after birth.

At the recent joint meeting in December, the two PCTs made two crucial decisions: for the single siting of consultant obstetrics and the special care baby unit; and for that site to be in Hastings. I have explained how the first decision flies in the face of the evidence. I can only imagine the relentless pressure that was brought to bear, particularly on the non-executive members, to come to that decision. In fairness, it should be noted that one or two of them did speak up against the proposals. Had one more voted the other way, the proposals would have been sabotaged. The non-executive directors are meant to speak up for local people, but in this instance they failed to do their job.

However, the second decision—to single-site in Hastings—is even more inexplicable. The arguments about distance are, of course, precisely the same; that is why we have always argued to retain two sites. The deciding factor in favour of Hastings appeared to be social deprivation. The latest figures for deprivation in the whole county are depressing, and they are not simply a Hastings phenomenon. Those figures came out only a couple of days ago, and it seems that the national ranking for multiple deprivation has increased for every district in East Sussex; in other words, multiple deprivation has increased in all parts of East Sussex since 2004.

There is often an assumption, particularly by this Government, that East Sussex is a wealthy, well-to-do and fortunate county. No doubt that is why we are so badly funded for older people's services, even though we have the highest proportion of over 85-year-olds in the country, and it might suggest why this blatant attempt to save money is directed at our facilities. However, I can tell the Minister that there are some significant areas of deprivation in our county—she is extremely welcome to come to the sunshine coast and see for

herself. Some of them are in my constituency, and there are some in Hailsham, and other Members can talk about their constituencies. Almost 67,000 of the county's residents are income-deprived, and just under 25,000 experience employment deprivation. Eastbourne has dropped in the national ranking by 13 places since the last figures for deprivation were produced, nearly twice as much as Hastings, which has dropped seven places. There are pockets of serious deprivation across the county, including in my constituency—in Devonshire ward, for example.

It is also significant that, despite the unfair image Eastbourne sometimes has in the outside world, there are more births per year in Eastbourne and they are set to rise, not least because of high rates of migration to the town, from Poland and elsewhere. The evidence is that there are more induced births, Caesarean operations and admissions to the SCBU in Eastbourne. I understand that that is largely owing to first-time mothers being on average older. The fact remains that both hospitals have high safety ratings.

The other argument deployed is that larger units are somehow safer, but a single siting at Hastings would not necessarily mean that that unit would benefit from dealing with the existing combined total of births delivered at the two units. It is clear that more women would opt to go to Brighton, Crowborough or Haywards Heath or to have home births, rather than travel to Hastings.

What would be the effect of the large new development at Pembury, which is bound to have a disproportionate effect on Hastings because of the geographical proximity? In another part of last week's answer to me, the Prime Minister said:

"There are six new hospital developments in the whole of the region". [*Official Report*, 16 January 2008; Vol. 470, c. 922.]

Well I do not know where they are. The only one I know about that is in any way close to affecting us is Pembury, unless the Prime Minister is suggesting that pregnant women from Eastbourne go to Oxford, Milton Keynes or wherever else in the region is fortunate enough to be getting a new hospital. What we do know is that the Pembury development is going to happen, because that announcement has been made, and that it is likely to take flows of patients away from Hastings.

I do not wish to say much about the process involved in coming to this decision. I have called the consultation a sham before in this House, and nothing has happened in the interim to make me change my mind. It is worth reminding the House that as long ago as November 2006, the medical director of the hospitals trust, Dr. David Scott, was unwise enough to appear on TV to say that a decision to single-site had been taken six months previously. One therefore wonders why we wasted the time, effort and money in the interim having a public consultation that has not made a blind bit of difference to the outcome.

It is also worth making the point that the way in which the consultation has been conducted has been to downplay consistently the overwhelming view of the public and of local doctors, to rubbish to proposals set out in option 5, which had been produced carefully by a combination of local people and clinicians on behalf of our campaign, and in effect to argue that mass opinion as expressed at public meetings and in petitions was somehow less important.

In a masterpiece of drafting, the PCT produced an analysis of the consultation exercise in a document, which contrives to minimise almost entirely the overwhelming public and medical opinion in the area. In the latter stages of the consultation, as it became increasingly apparent which way the wind was blowing, the PCT was at pains to say that this process was not a vote as such and that it was just about asking people's opinions. Call me old-fashioned, but if one is asking someone's opinion on anything, one assumes that there is some purpose to doing so.

It is possible that there will be an application for judicial review. If there is, that will be the time to go into detail about the procedures that have been adopted in this case. I should perhaps tell the House that only last week, Eastbourne borough council voted unanimously, on a cross-party basis, to support the legal costs involved in a possible legal challenge. Incidentally, such a process might also be a good opportunity to investigate precisely how much ministerial interference there has been in the decision for a single siting and, in particular, in the decision for the site to be located in the marginal Labour-held seat of Hastings and Rye.

It is difficult to overstate the callous indifference to local opinion, the cynical manipulation of the consultation process and the ruthless determination to deliver a preset agenda that have all been exhibited by NHS bosses. Let me tell the Minister that it will take a long time to restore a sense of trust and confidence among my constituents in the people who are running our local NHS—indeed, there was a unanimous vote of no confidence in the PCT at our last march. I urge Ministers to re-examine this decision, taking into account all the aspects that I have mentioned and perhaps others besides. It may well be appropriate to refer this matter to the independent review panel.

Next Monday, East Sussex health overview and scrutiny committee will meet. I will be amazed if it does not vote to refer the matter back to the Secretary of State. I am a little unsure—perhaps the Minister can tell me—about the procedure to refer the matter onwards to the independent review panel, but that sounds like a good idea to me.

To conclude, the changes are not wanted by patients, doctors or local people. They are not based on patient safety or patient choice. They are based, I believe, on money and politics. A shameful decision has been made and, as a result, the lives of some babies and some mothers will be put at risk.

6.35 pm

Charles Hendry (Wealden) (Con): I congratulate my hon. Friend the Member for Eastbourne (Mr. Waterson) on securing this important debate. I am grateful that a number of us will have a chance to contribute.

I agree with every word that my hon. Friend said. He has expressed perfectly the views of local consultants, GPs, the public and the local media. They have all been simply appalled by the decision to downgrade the facilities at Eastbourne district general hospital. I join my hon. Friend in commending the campaigns that have been run by Liz Walke and Margaret Williams on behalf of both hospitals. They have made sure that this has been one united campaign to put the case for the hospitals along the East Sussex coast.

[Charles Hendry]

People in my constituency, which is right next door to Eastbourne, are mystified about how the decision has been reached. The area is fast growing. Hailsham is one of the biggest towns in inland East Sussex, and its residents would have a similar journey to the one outlined by my hon. Friend if they were required to go to Hastings or Brighton to have their babies. They are deeply concerned about that. In most cases, everything would be all right, but there would undoubtedly be anxiety at the time. A number of cases would be borderline, and some, we believe, would result in tragedy.

In Sussex, we have an outstanding ambulance service. Paul Sutton, who runs it, is one of the most outstanding public servants I know, as well as one of the most inspirational public figures in the health service. Those in the ambulance service tell us openly that they are good at dealing with a stroke, a cardiac arrest or a road traffic accident, but they do not have experience in dealing with pregnancy complications. The Minister might say that they will be trained in those areas, but the whole argument has been that maternity cases should be dealt with by people who have a specific expertise in the subject and who have sufficient throughput of cases to ensure that that expertise is enhanced daily. Relying on the ambulance service to deal with the most borderline and marginal cases is not the right way forward.

The decision also overlooks the fact that the part of the county affected will grow rapidly. We expect 10,000 new houses to be built in Wealden over the next 20 years, the bulk of which will be built in the area around Hailsham, Polegate and Willingdon. Further south are the south downs, while further north is the area of outstanding natural beauty—both areas are protected. We know that the population will grow. My constituents do not understand why, when we are experiencing such pressure from new housing and population growth, important public services, such as maternity services, are being reduced and downgraded.

Let me say a little about the process. When it started, I called on the East Sussex Downs and Weald primary care trust and the West Sussex primary care trust to carry out a joint analysis of the case. This point is particularly relevant to the hon. Member for Lewes (Norman Baker) and his constituents, as well as mine. Our constituencies are right on the border of East and West Sussex. We were told that that joint analysis was not necessary, that they could readily follow on from each other and that the two were significantly separate. However, we have ended up with a big question mark hanging over the Princess Royal hospital in Haywards Heath, which is where people from Uckfield and the surrounding area in my constituency go to have their babies delivered. If that hospital were downgraded, which is possible, those people would prefer to go to Eastbourne rather than anywhere else. However, the fact that the decision about Eastbourne was made first means that that option is not available. If we were to lose the Haywards Heath facility, the 20,000 people in Uckfield would have to rely on the hospitals in Hastings or Brighton.

I would love the Minister to join us in an attempt to drive into Brighton in the rush hour. It would not matter whether we started in Eastbourne, Hailsham or Uckfield, because she would quickly understand why the drive is simply not an option for a pregnant woman in an emergency. It is possible to reach the outskirts of Brighton quickly enough, but it can take another 30 or 40 minutes to get from there to the hospital in the city centre. The service is simply not good enough, and that is a source of profound concern to people expecting to give birth—a moment that is likely to be one of the most important in their lives.

A further concern has to do with the conduct of the meeting at which the decision was made. It took place in Uckfield, in my constituency. We were told at the outset that it was not a public meeting, but that it was a private meeting being held in public and that members of the public were therefore not allowed to speak. However, especially unattractive was the sight of a bouncer—6 ft 4 in tall, and 20 stone in weight—who had been hired to shut up members of the public who dared to speak.

The people who attended were predominantly elderly. They included midwives, nurses and GPs, and there were also a couple of Members of Parliament and a bishop in the hall. When my hon. Friend the Member for Eastbourne tried to address the meeting, the bouncer moved him to one side, but most despicable of all was having to see the Bishop of Lewes—a completely non-political figure, who speaks with passion about the community that he serves—also being moved aside when he attempted to speak at the end of the meeting.

I remonstrated with the bouncer afterwards. We expect such behaviour in Zimbabwe, where bishops are regularly beaten up on behalf of the Government, but what have we come to in this country when a public quango has to be defended from a bishop by a bouncer? I hope that the Minister will agree that it is not acceptable for decisions to be reached in the way that I have described. People were rightly angry at the decision that was made, but the way it happened was an appalling abuse of power.

I wrote to the PCT chief executive to remonstrate, and he responded by defending the right to have a bouncer present. For me, however, the fact that such a meeting could be conducted in that way will remain as one of the most horrific and abiding images of my time as a Member of Parliament.

My constituents feel a great sense of confusion about why we are having this debate at all. We are in the 21st century, and Britain is the sixth richest country in the world. The south-east contributes more to the country's wealth than any other region outside London and, given our rapidly growing population, we should be investing in our health and maternity services and not allowing them to be run down.

We appeal to the Minister to say, even at this late stage, that she believes the decision that has been taken is wrong. If it is referred to her, we hope that she will overrule it, as it is categorically wrong for all constituents across east Sussex.

6.42 pm

Michael Jabez Foster (Hastings and Rye) (Lab): I am grateful to have this unexpected opportunity to contribute to this debate, and I apologise that I was not here when it began. Most especially, I apologise to the

hon. Member for Eastbourne (Mr. Waterson) for not seeking his permission to speak, but I did not know that I would have the chance.

I sympathise with what the hon. Member for Eastbourne has said, and he is right to suggest that I would be jumping up and down, screaming and behaving in an antisocial manner if the decision had gone the other way. With respect to him, however, he is wrong to suggest that the decision was in any way political. When the matter came up for debate, I approached Ministers and said, "Will you make sure that we do not lose our maternity facilities in Hastings?" They replied, "No, this is a matter for the PCTs. We will get involved only if the matter is brought to our attention subsequently."

I am convinced that the judgment was not a political one. Indeed, I suspect that most members of the PCTs involved are card-carrying Tories. I know for certain that the chairman of the Eastbourne Downs PCT and some of the executive directors are leading Conservative figures, so it is bizarre to suggest that this was a political judgment. It may or may not have been right, but the idea that it was a Labour Government fix is entirely wrong. I hope that my right hon. Friend the Minister will discount that view entirely; it is simply not the case.

It is important to know the history. Some time ago the hospital trust decided—the hon. Member for Eastbourne referred to this—that it would like to operate on one site. It decided that that site should be Eastbourne, because there was a business case for that. It took the view that if prospective parents lost the Eastbourne site, they would go to Brighton or somewhere else whereas parents from Hastings would have no choice. The business case was to have the site in Eastbourne, and I was outraged by the suggestion that finances should somehow affect the judgment of social need.

Many of us believe that the right answer was to try to see whether it was possible to have a double site—a continuation of the site in Eastbourne and a consultant-led service in Hastings. That would have been my preferred option if it had been possible. Much of the campaign was about that. However, with respect to the hon. Member for Wealden (Charles Hendry), his local council voted in favour of a single site in Eastbourne. There was no unanimity. I hope I am wrong, but I believe that the council in Lewes also voted for a single site in Eastbourne.

Norman Baker (Lewes) (LD) *indicated dissent.*

Michael Jabez Foster: Perhaps I am wrong; I do not know. However, local authorities at one end of the county took one view while authorities at the other end took another. There was a bit of a turf war and not quite the unanimity that the House has been led to believe there was.

The real issue is whether the right decision was taken. Who should have received the benefit of the consultant-led service? There is no equality of value in the two claims. If it had been possible, I would have been happy to have had an Eastbourne consultant-led service and a Hastings consultant-led service, but I know that the Government are keen to improve maternity services and that they want greater coverage of consultants. We therefore asked the royal college a number of questions, and the answers that I heard were that there were no significant differences in the safety between small units of 1,500 and 3,000. That is an argument in favour of two sites, but the answers also said that there would be significant difficulties in recruiting and retaining consultants at very small sites. I do not know whether that is right or wrong, but that is what was said and it was a proper consideration for the PCT to take account of when deciding whether one or two sites would be feasible.

Of course we would like two sites but if that is not feasible, one has to make a judgment on where the site should be. If the trust came to the view that there should be single site, I unashamedly believed that that site should be in Hastings. Why? It is not simply a question of social needs. The hon. Member for Eastbourne referred to the social needs of Eastbourne, and I am sure that there are pockets of deprivation there. However, Hastings is the 29th poorest town in Britain. The social needs are so significant that it would be bizarre to suggest that Eastbourne should be preferred to Hastings on social grounds. That is nonsense.

I understand that Liz Walke and Margaret Williams, the leaders of the campaigns, did sterling work—Margaret Williams in the Hands off the Conquest campaign did exceptionally so—and I suspect that they reached an agreement that they would not give way on the two-site option. However, the PCT came to the view that there had to be a decision for one site. Once that was made, Hastings was clearly the right choice, and not just because of the social needs of the 29th poorest town in Britain

There is also the problem of the difficult geography. Getting 21 miles along the Marsh road is a challenge, although the word "challenge" might be a euphemism. It is almost impossible to do the journey at the wrong time of day. It is a problem and we need to consider how it can be resolved. However, the geography is also in Hastings' favour. My constituents do not all live in Hastings; they live in Rye, Camber, Iden and to the east of Hastings, where they would have no option if they were required to go to Eastbourne in an emergency.

I understand that the decision to save the accident and emergency departments at Hastings and Eastbourne, which was made some time ago, is an important factor. If there is proper training, true childbirth emergencies at the Eastbourne end of the county can be dealt with in accident and emergency, although that is not the preferred option. No one would go past an accident and emergency entrance if a mother was in distress. That is what I am told, but I would like the Minister to comment further on that, and to confirm whether that is the case.

Mr. Waterson: The hon. Gentleman is making an important point. Assuming that the loss of maternity services does not have a domino effect on accident and emergency and paediatric services in my local hospital, he is right to say that there is a real issue at stake: anaesthetists and those who are not gynaecologists or obstetricians may have to deal with difficult issues such as caesareans and related complications simply because there is not time to get the mother to Hastings. Does he agree?

Michael Jabez Foster: Yes, I agree that it is important that an arrangement be in place, so that there are facilities for dealing with such emergencies in the accident

[Michael Jabez Foster]

and emergency departments, which will continue to exist. Of course, that is not the first choice, because although it may well save the mother's life, the chance of saving the baby's life is smaller, unless expertise is readily available. That is understood. However, such cases are exceptional, although I do not say that the issue is unimportant. It is wrong to suggest that they will be a regular occurrence; they are exceptional occurrences, but we have to consider them when designing the scheme. I am sure that the hon. Gentleman has already written to the PCTs and the hospital trust, as I have done, to ask them what arrangements they intend to put in place to ensure that such emergencies are covered, if and when there is a single site—and it appears that there will be a single site in Hastings.

Of course it is disappointing if it is decided that there must be a single site, but we must consider what will happen if that judgment has been made, and made properly. I believe that the consultation was very thorough. I am sorry to hear about the problems in the final meetings, and they need explanation, but the consultation was certainly long and thorough. The Government kept out of it completely. I have to say that I have a view about that: I would not leave the matter to the PCTs. I would have the judgment made by Government, but that is not how it is. That is not how things happen these days. We have to rely on the PCTs, and they came to that judgment.

If the Minister accepts the PCTs' decision to have a single site, and if the Government's ambitions to improve maternity services and ensure greater consultancy cover make that inevitable, the PCT was right to decide that it should be in Hastings, but that should not be the end of the debate. The debate should now be about finding a way to ensure that those at the other end of the county in Eastbourne receive the back-up that is necessary if we are to ensure that there is no loss of life or discomfort as a result of the changes.

6.52 pm

Norman Baker (Lewes) (LD): I am pleased that the debate started early, as it gives me the opportunity to contribute. I apologise to the hon. Member for Eastbourne (Mr. Waterson), but I was caught slightly unawares and was two minutes late for the start. He and I do not agree on much, but we happen to agree on this subject, and I agree almost entirely with his comments this evening.

Let me deal with the point about politics that the hon. Member for Hastings and Rye (Michael Jabez Foster) made. I do not know whether politics has played a part or not, but he is most insistent that it did not. I have no evidence that it did, but I point out to him that the recommendations resulting from the consultations on health services in East Sussex and West Sussex mean that facilities in the very few Labour seats in the area will be left intact, while those in Conservative seats and those that my constituents use will be lost. It is therefore not surprising that on that evidence, some people have reached the conclusion that politics may be a factor. Of course, it may be a complete coincidence, but that is the conclusion that they have reached.

I am disappointed by the contribution of the hon. Member for Hastings and Rye. Of course he must stand up for his constituents; all of us in the House must do so. If we do not stand up for our area, who will? I thought the hon. Gentleman had recognised the value of the two-site option, but he seemed to be moving away from that in his contribution this evening.

The campaign was extremely effective and embraced all sections of the community, which was heartening for all of us who believe in democracy and people power. I do not believe that the campaigning by Liz Walke in Eastbourne and Margaret Williams in Hastings was tactical. I think the campaign was based on an analysis of the facts and a genuine belief that a two-site option was the best solution for those involved in the health service and particularly for expectant mothers. That is what has been driving the campaign, not some sort of back-room deal to try to keep two sites going.

The hon. Member for Hastings and Rye argued, rightly, that his constituents east of Hastings—his constituency stretches quite a long way east of Hastings—would have difficulty reaching Eastbourne. That is true, but there are constituencies west of Eastbourne—not least of all mine—which face a similar situation. I have constituents in Seaford, the biggest town in my constituency with 25,000 people, who are seeing maternity services at what they regard as a local hospital taken away from them. I have large numbers of people in Polegate who regard Eastbourne as their local hospital and who are seeing maternity services there taken away. I have in my constituency villages such as Alfriston, where people would take a similar view. They are to the west of Eastbourne.

What are the alternatives for my constituents? As the hon. Member for Wealden (Charles Hendry) correctly said, a parallel, but not connected, process is going on that is leading to consideration of the maternity services at the Princess Royal hospital in Haywards Heath. Many of my constituents will look to Eastbourne or to Haywards Heath, but not particularly to Brighton, and they may find out that both Eastbourne and Haywards Heath are losing maternity services. It is a disgrace that there has been no connection between those two processes. The case for a connection was made early on, but as the hon. Gentleman rightly said, a disconnect was put in place so that no proper consideration has been given to the impact of the closure at the Princess Royal, if it goes ahead, on constituents in my part of the world or, I am sure, in Eastbourne and Wealden.

The consequence if both go—it looks as though the Princess Royal at Haywards Heath may also lose its maternity services—will inevitably be to put more pressure on Brighton. As has been said, access to Brighton is extremely difficult. Nobody in their right minds would build the hospital where it is. They would build it on the outskirts, connected to the trunk road system. Instead, it has been built—some of it is pre-Nightingale—bang in the middle of town, on a very constrained site with little space for development other than upward. The site is difficult to access and already suffers extreme pressure. There are long delays at accident and emergency in Brighton, and sometimes at maternity services in Brighton. It not at all unknown for expectant mothers who turn up at Brighton to be

referred elsewhere. It is not clear where they will be referred to in future if we have lost Eastbourne and Haywards Heath, and if we lose Worthing on the other side. Where will those expectant mothers go?

The capacity of Brighton is a serious issue which I do not think has been factored into the decision by the primary care trust. If it has, it has been factored in incorrectly. I hope the Minister will pay attention and have regard to the situation at Brighton, which is entirely relevant to the future of the Princess Royal's maternity services and those at Eastbourne.

The hon. Member for Hastings and Rye spoke about the medical professional advice. Of course the primary care trust and Members of Parliament must have due regard for that advice, which is extremely relevant and pertinent. There is a belief that in some ways it is safer to have a single site than two sites. I understand that argument, but it is not overwhelmingly convincing. There are medical experts on the other side who believe that a two-site option is safer. The judgment is at least marginal.

What is not marginal, as the hon. Member for Hastings and Rye recognised, is that the travel distances across East Sussex to get from Eastbourne to Hastings or to get from Seaford to Hastings, to Haywards Heath or wherever it happens to be are extensive. I hesitate to say this as the hon. Gentleman might use it later, but the road from Eastbourne to Hastings is, as he says, not the most satisfactory road in the world for someone in an ambulance or for an expectant mother who has to get somewhere quickly. We all recognise that, yet people will have to rely on that road. It is no use the hon. Gentleman saying, "Well, we can sort it out in retrospect or bolt on something once we have decided to take away Eastbourne's A and E." That will not happen and he knows it. It is a county road and no way will the county council spend millions and millions of pounds to solve a problem on the A259 which has been exacerbated by the removal of a health service from Eastbourne. That simply will not occur.

It being Seven o'clock, the motion for the Adjournment of the House lapsed, without Question put.

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Khan.]*

Norman Baker: If the maternity department at Eastbourne goes, the consequences will be clear. People will be taken in ambulances and there will be more births en route—I referred to that in an oral question to the Secretary of State for Health a couple of months ago. We will have to ask ambulance service staff to exercise and demonstrate skills in which they have not been trained and which we should not expect them to acquire. Ambulance staff are wonderful—the paramedics and their ambulances are first-rate—but they cannot do everything and deal with every single complication, and some of the situations that arise will be extremely complicated. We should not ask them to do so.

I turn briefly to the process. I agree with the thrust of the comments made by the hon. Members for Eastbourne and for Wealden. What has not been mentioned so far is that on the day of the meeting in Uckfield, the strategic health authority was meeting in Horley, expecting to ratify the local primary care trust's decision. So secure were the SHA representatives in their knowledge of what the primary care trust was going to do that they had the recommendation, which had not even been discussed by the PCT, in front of them and were even prepared to meet early, before the PCT had reached its decision. The SHA representatives sat by the phone; as soon as it rang, they immediately ratified the PCT decision without much ado. If we want a definition of a rubber stamp, that is it.

I should also point out that in theory the SHA meeting was public, but even if the roads between Uckfield and Horley had been fantastic, people would not have been able to travel between both places in no time at all to be represented at both the PCT and the SHA meetings. Plenty of people wanted to be at both meetings, but they could not be. That is a travesty of democracy and an insult to the public. It is a way of saying, "The public consultation doesn't matter. We've got our little deal behind the scenes and are going to push it through. If you can't get there, that's tough." That is an insult to all those people who have marched through Eastbourne and elsewhere, attended public meetings and signed petitions. Frankly, the Government should tell the PCT and SHA to conduct themselves in a more seemly manner. The hon. Member for Wealden mentioned the bishop and the bouncer—the soundbite of the debate, and rightly so. It is appalling that a bishop and Members of Parliament can be shoved aside by a bouncer acting on behalf of an unelected quango that has made a decision that has no public support in the area that it is supposed to represent.

I hope that the Minister will not trot out the usual stuff about this debate being about a PCT decision that is taken in everybody's best interests. That is not how it seems in East Sussex. I hope that she will listen to the voices coming not only from my constituency and those of the other Members here, but from many thousands of people in East Sussex who have participated in a consultation exercise in good faith, done their best to make their case and put together an extremely good case, but have been thrown aside in a process that has treated them with contempt.

7.3 pm

The Minister of State, Department of Health (Dawn Primarolo): I congratulate the hon. Member for Eastbourne (Mr. Waterson) on securing this debate about the future of national health service maternity services in East Sussex, a matter of great concern to him and his constituents. Like the other hon. Members who have spoken in this debate, he has raised the issue repeatedly. I appreciate the comments that the hon. Gentleman and others have made. It is a testament to the enduring popularity and success of the national health service that we have institutions that are held so dear by the people whom they serve. As I am sure that the hon. Gentleman has repeatedly acknowledged and would want to confirm today, that is a huge compliment to the NHS locally and to those who work within it to provide the best possible care for their patients.

That means, however, that talk about potential change often triggers huge public interest and debate, which is of course important. I recognise that change can be difficult and acknowledge that it provokes powerful reactions. Nevertheless, I would say to hon. Members that having decided to devolve the decision

[Dawn Primarolo]

on these issues to a local level, the consultation process must be left to take place without interference from Westminster. I understood that principle of devolution to be supported by Members from both Opposition parties who have spoken in the debate.

When people talk about the reorganisation of services it is often suggested that it is about money, as has been asserted today. Let us therefore be clear about the position of East Sussex Downs and Weald primary care trust. In 2006-07 and 2007-08, its budget was increased by £70 million, it is 2.6 per cent. above its fair funding allocation, and in 2008-09 it is to receive an extra £25 million. It is not about money, nor is it about politics—that is, frankly, a ridiculous proposition. It is interesting how, when we respond to debates on different parts of the country, the allegation of political interference that Opposition parties make against the Government flexes in terms of whether they are in favour of or against the decision.

I know that my hon. Friend the Member for Hastings and Rye (Michael Jabez Foster) was disappointed by my reply when he and other Members from the area wrote to me asking to make representations to me before the local process has been completed. I have been clear that I am unable to meet to take those representations and express an opinion while the process continues.

It is not about politics—it is about saving more lives, providing better, safer services, and making care more convenient. That desire to see better outcomes for patients—increased safety and quality in care, allied with increased funding—is ultimately driving considerations of change.

Charles Hendry: Will the Minister give way?

Dawn Primarolo: I wonder whether I could make a little progress. It has been a long debate. I will gladly give way to the hon. Gentleman if he will first let me finish this point.

For example, some doctors have told us—it has been touched on in the debate—that specialist care needs to be concentrated in centres of excellence so that clinicians have the right expertise, experience and equipment and can treat those most in need quickly, safely and conveniently. Delivering the best possible services for all women and their babies will mean that changes will have to take place.

Charles Hendry: I am mystified by the Minister's reference to convenience. Closing down a hospital or a service and requiring people to go an extra 20 miles can scarcely be more convenient. During the first Sunday in June last year, the maternity facility at Eastbourne was full and had to close, and by the end of that day the maternity facilities at Hastings, Haywards Heath, Crowborough, Brighton and Worthing had also closed to new mothers. How can she say that we have to centralise these things when, on occasion, we do not have enough capacity at the moment?

Dawn Primarolo: I am not saying, as the Minister, that we should centralise these services—I am advancing to the House the argument that is put to the Government by clinicians and those who are expert in this area, and setting the scene.

Pregnant women talk about the services that are most convenient to them, as they have always done. Those services might be home delivery or midwife-led services, and where necessary, they might involve the centres of excellence we are talking about. I also have to say that this is one of the safest countries in which to give birth; the quality of services and the changes being made have continued to build on that excellence and safety. I absolutely accept that the point of today's debate is to consider the proposals being put forward relating to this change and whether it will deliver the best possible service for all women and their babies in that area.

That is precisely why the Government published "Maternity matters: choice, access and continuity of care in a safe service" last year. It is our strategy and our intention to modernise maternity services, placing safety, quality and the improvement of standards of care at the very heart of our vision. That is exactly what the Government have always said to this House. The process of improving services is continuous; it means that we have to look to the next stage review, which includes a specific maternity and newborn care pathway, in taking this forward.

I listened very carefully and with great interest to the points made by hon. Members on the consultation on maternity services in East Sussex, which I understand had been going on since 26 March, and ended on 27 July 2007. I also understand that, following consultation, East Sussex Downs and Weald PCT and Hastings and Rother PCT, referred to by my hon. Friend the Member for Hastings and Rye, announced on 20 December last year the decision to develop a single-site option for consultant-led services in East Sussex based at the Conquest hospital in Hastings. The special care baby unit and in-patient gynaecology services will also be based on the same site.

Under those proposals, Eastbourne hospital would continue to provide a midwife-led service—across the entire NHS, most women have an experience of giving birth safely and with support thanks to such services—and, in conjunction with the East Sussex Downs and Weald PCT, it intends to increase the provision of community midwifery services throughout East Sussex. It will do so to ensure that women do not end up going to hospital when they do not need to, and that they are supported in their homes. I am sure that the hon. Member for Eastbourne would support that.

We have always been clear that changes to service provision should be initiated only when there is a clear and strong clinical basis for doing so. I absolutely acknowledge that there might not be 100 per cent. agreement, and that doctors may have differing views, but in this instance the clinical case for change was based on the ability of a single, larger unit to provide safer, better-quality services, and on concerns about the sustainability of consultant-led services at the Conquest and Eastbourne sites. There was a recognition of the challenges, and the fact that they needed to be addressed.

Norman Baker: Will the Minister say whether she believes that that clinical assessment took into account the objections raised by hon. Members in this debate, including the difficulty of travelling and the capacity problems at Brighton?

Dawn Primarolo: I shall come to the hon. Gentleman's point when I deal with the point at which the decision becomes a matter for Ministers to consider, as opposed

to when the process of decision making and consultation is dealt with locally. I know that he has been a great champion for the devolution of decision making in a whole range of policy areas, not just the health service, and that he accepts the principle in this case. I accept that he is totally dissatisfied with the outcome of this process. However, the principle must be, as the Government clearly set out, decisions and consultations undertaken locally and based on local opinion, need and advice to ascertain what is best for that area. I will deal with what the process will deliver next shortly.

As my hon. Friend the Member for Hastings and Rye said, in evidence to the East Sussex health overview and scrutiny committee the Royal College of Obstetricians and Gynaecologists said:

> "It would be very hard for a unit delivering under 2,000 births a year to offer adequate training opportunities for junior doctors".

Neither the Conquest nor the Eastbourne sites currently deliver 2,000 births a year.

Furthermore, the East Sussex PCTs established a new options panel in response to the points that were made locally in the consultation about different approaches. The hon. Member for Eastbourne mentioned that. The new options panel was independently chaired by Professor Stephen Field to appraise clinically all the emerging alternative options that were submitted during the consultation. They included an option submitted by local campaigners for a consultant-led service on both sites. I have been informed that it was given full consideration by the PCT boards but did not prove to be the preferred option.

I am aware that the hon. Members present in the Chamber played an active role in the consultation process and I appreciate that they are dissatisfied with the outcome. They have made their feelings clear. However, reconfiguring the service will enable the local NHS to maintain safety and allow a single, bigger unit to offer improved quality of service at the Conquest hospital in Hastings. The Eastbourne unit will continue to provide ante and post-natal clinics and midwife-led care.

As the hon. Member for Eastbourne knows—he referred to the matter—the decisions made by the PCT boards are subject to scrutiny by local authority overview and scrutiny committees. That has not happened yet. Those committees comprise locally elected councillors whose role is to consider issues that affect the health of local people. When the OSCs are unhappy with the consultation process, or do not believe that the proposed changes are in the interests of the local health service, they can refer the proposals to my right hon. Friend the Secretary of State for Health for final decision and, if necessary, to the independent review panel. Given that the meeting will take place on 28 January and that the outcome needs to go through a proper process of review and independent consideration, it would be incorrect for the Government—indeed, it would constitute the very political interference about which the hon. Member for Lewes (Norman Baker) complained—to express an opinion or make a decision while the democratic process is going on.

Mr. Waterson: On that point of procedure, what criteria, based on recent experience, would make the Secretary of State unlikely to refer such a decision to the independent review panel? How many decisions get referred, proportionately?

Dawn Primarolo: I am happy to write to the hon. Gentleman specifically on that, but I understand that the Secretary of State has made it clear that decisions on reconfiguration that were not concluded would be referred to the independent review panel. I will ensure that that is correct and write to all hon. Members who have spoken in the debate. I know that, because of the expertise of the hon. Member for Eastbourne on such matters, he will understand that the process is independent, without political interference and based on revisiting all the issues, especially the clinical ones. The independent review panel is the final arbiter and the Secretary of State accepts its decisions. I think that covers the point that I was going to make.

What is obviously important, for every hon. Member who has spoken and for the health community in East Sussex, is, as the PCT has clearly said all along, to ensure strengthened antenatal and post-natal care across East Sussex, to develop more community outreach services and to ensure that pregnant women have access as quickly as possible to the high-quality intensive care that may be necessary. We are all required to ensure that maternity services remain a priority in East Sussex. I am sure that the hon. Gentleman will join me in welcoming the proposals regarding more support in the community for those parents who choose it, and access to the midwife-led units.

My final comment is about the various issues that the hon. Member for Wealden (Charles Hendry) raised with regard to a public meeting during a public consultation. He reported to the House that, in his opinion, the behaviour of some at that meeting would have been discourteous and inappropriate when directed towards any member of the public, let alone the person whom he cited. I have no knowledge of that, but it has now been raised. I certainly intend to take the issue away, because it is an entirely separate point, and to seek suitable explanations. Again, I will write to all hon. Members who have spoken on that, because if what the hon. Gentleman described turns out to be true, we would all want to be sure about how public consultations would be conducted in future by any public body, even in such difficult circumstances, where feelings are running high on both sides. Everybody—the PCT, Members of Parliament, the local community and the health community—is motivated to do what is best by those whom they serve. That is the principle that we must remember.

Question put and agreed to.

Adjourned accordingly at twenty-three minutes past Seven o'clock.

House of Commons

Thursday 24 January 2008

The House met at half-past Ten o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

TREASURY

Northern Rock

1. **Bob Spink** (Castle Point) (Con): What assessment he has made of the effect the run on Northern Rock has had on the attractiveness of the UK to financial institutions; and if he will make a statement. [181406]

2. **Mrs. Nadine Dorries** (Mid-Bedfordshire) (Con): What assessment he has made of the effect the run on Northern Rock has had on the attractiveness of the UK to financial institutions; and if he will make a statement. [181407]

The Chancellor of the Exchequer (Mr. Alistair Darling): With permission, I shall answer Questions 1 and 2 together. The United Kingdom remains in a fundamentally strong position. London remains the leader in international financial markets, and we are determined to keep it that way.

Bob Spink: Thousands of my constituents work in the City of London. They go up every day on the train. What reassurance can the Chancellor give them that his delay and dithering are not harming their job prospects?

Mr. Darling: I appreciate that London is important—not just important to the hon. Gentleman's constituency and the wider south-east of England, but crucially important to the whole United Kingdom.

We should recognise two things. First, what happened to Northern Rock arose fundamentally because of a mistake made by its management, who had a business plan that simply could not operate when the money markets dried up for them. In relation to London generally, it is recognised throughout the world that our regulatory regime is sound and that our approach is right. London is a recognised world centre for much of the world's financial trade, and I am determined that it should remain so in the future.

Several hon. Members *rose*—

Mr. Speaker: Order. I am due to call the hon. Member for Mid-Bedfordshire (Mrs. Dorries). Can the Chancellor assure me that it was made clear that her question would be linked to Question 1?

Mr. Darling: Yes, Mr. Speaker, and I understood that it was linked.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): Is my right hon. Friend aware that many people in my constituency, in the north of England, and indeed in the City believe that the Government's handling of the Northern Rock crisis has been first-rate? Jobs have been preserved, the bank is being preserved, and we have an opportunity to save the reputation of the financial services on behalf of our country and the economy. Is my right hon. Friend aware that some of us are sick to death of Conservative Members who could not in any way run the proverbial chip shop—

Mr. Speaker: Order.

Mr. Darling: I probably do agree with much of what my hon. Friend has said.

As I told the House in my statement earlier this week, we are in a difficult position to which, in an ideal world, it would have been good to find a purely commercial solution. Our problem, recognised by at least some Conservative Members, is that the very market conditions that precipitated the problems for Northern Rock are continuing, and it will be obvious to those who look at what is currently happening in the financial markets that those conditions are difficult.

I believe that what I set out on Monday was the right thing to do. I want to ensure not only that we protect the interests of taxpayers and depositors, but—importantly—that we maintain financial stability. As I said to the hon. Member for Castle Point (Bob Spink) a few moments ago, we should all bear it in mind that in the City of London we have one of the finest assets in the world.

Mr. Mark Field (Cities of London and Westminster) (Con): In view of the Bank of England's role in the Northern Rock saga, can the Chancellor give any reason why he feels that we should not appoint Mervyn King to a second term as Governor?

Mr. Darling: I have made it clear that the matter of appointments will be dealt with in due course. As I said on Monday, I intend next week to publish wide-ranging proposals to strengthen our regulatory and supervisory regime.

John McFall (West Dunbartonshire) (Lab/Co-op): I know from visits by the Treasury Committee to Washington, Frankfurt and Brussels that the pre-eminence of London as a financial centre is not in doubt, but we need to do two things: reform the tripartite arrangement and address the international dimension. That is the case whether we are talking about liquidity tests, which many countries have not undertaken, or rating agencies. Those two issues are paramount, and I hope that when the Chancellor receives the Treasury Committee's report on Northern Rock he will not only include it in the consultation exercise, but take our comments on both issues seriously.

Mr. Darling: I hope very much that we can do that. I understand that the Committee's report will be published fairly quickly, and once we have read its conclusions I shall accommodate as many as possible.

My right hon. Friend's other point is equally important. This is very much an international problem. Some of the problems that are affecting banks are affecting them all over the world. We need to look at early-warning systems, and also at the position of the credit rating agencies. As I have said before, I have always regarded them as simply a source of advice for

companies, not a substitute for their judgment. We also need to look at the recommendations for the Financial Stability Forum, which we will discuss with Finance Ministers when the G7 meet in Tokyo in a couple of weeks.

The last thing I would say is that although I can see that it is very tempting from the Opposition's point of view to run down the City, those working in the City and people in the country as a whole deeply resent it when the Conservatives attempt to do that. Actually, the City is very important to us.

Mr. Mark Hoban (Fareham) (Con): The Chancellor blames the situation on international turbulence, but it is only in Britain that the threat of nationalisation hangs over a bank, it is only in Britain that there is a run on a bank, and it is only in Britain that £55 billion of taxpayers' money is at risk. Is that not why the Chancellor's own advisers, Goldman Sachs, said:

"The Northern Rock factor has badly dented the UK's reputation for being the world's pre-eminent financial centre"?

[Interruption.] His own advisers said that. By damaging that reputation, has he not put at risk jobs not only in the City of London but across the UK, as well as tax revenues and economic growth, and all because of his dithering and delay in dealing with this crisis?

Mr. Darling: Mr. O'Neill is a widely respected commentator, but his view on that particular point is not universally shared. Indeed, many people who work in the City and in London recognise London's importance to the UK. I said a few moments ago that I thought the Conservatives' comments were unhelpful, and the hon. Gentleman has duly obliged by emphasising that point.

On the hon. Gentleman's other points, if he cares to look back over events of the past few months he will see that banks throughout the world have been affected by the current problem. That demonstrates that although there are huge advantages in globalisation, huge challenges can also arise, as we can see only this morning.

Mr. George Mudie (Leeds, East) (Lab): Olivant and Virgin were given preferred bidder status on the basis of a main feature of their bid being repayment of £10 to £15 billion-worth of debt. Now that that has disappeared, if another private sector bid comes in and, not having had months of scrutiny of Northern Rock's books, expresses a wish for the 4 February deadline to be shifted slightly, will the Chancellor look positively on that reasonable request?

Mr. Darling: First, when Olivant and Virgin put in their indicative bids, that was conditional on their being able to raise commercial sources of finance. That has proved not to be possible for the reasons I set out on Monday. I also said on Monday that if any other institution expressed an interest in participating in investing in Northern Rock, we would look at that. I said I wanted proposals by 4 February, and I do not see any merit in letting this process drag on indefinitely. Regardless of where they start from on this issue, I think most Members take the view that we need to bring matters to a head, not least because the state aid approvals will expire in March. If someone comes along on 3 February, of course we will listen to them, and inevitably in such matters there will have to be negotiation. So far, only Olivant, Virgin and the board have expressed an interest. We will be sensible, but I do not want the process to drag on and on.

Dr. Vincent Cable (Twickenham) (LD): Further to that last intervention, is not the risk of a rapid private sale that the Government will either be trampled by an Olivant or shafted by a Virgin? In order to reduce the risks to the taxpayer, will the Chancellor assure us that the security that will be offered against the Government bonds will not include any of the £8 billion dodgy, unsecured loans, or the even dodgier Together mortgages, and that the individuals within the bidding consortiums will each be required to put up at least 15 per cent. of the equity, as specified in Financial Services Authority rules?

Mr. Darling: That is an interesting piece of analysis, and I shall study the hon. Gentleman's remarks carefully—particularly the first part of his contribution. I have set out the principles that underpin our approach to any possible solution. As I said on Monday, we should receive proposals shortly, and thereafter we shall consider them. As I also said in the House on Monday, I very much hope we can reach a solution. A period of temporary ownership of Northern Rock remains a possibility, but as I said to the hon. Gentleman on Monday, many of the issues he raises now in relation to my proposals would also be relevant in relation to a temporary period of public ownership.

Jim Cousins (Newcastle upon Tyne, Central) (Lab): May I ask my right hon. Friend the Chancellor to avoid a situation in which either Northern Rock goes bust—that would be incredibly damaging to Britain's reputation—or he ends up as a sort of neo-Mr. Putin, operating Northern Rock as a kind of Gazprom of the north?

Mr. Darling: I had better be careful there for a number of reasons. Suffice it to say, as I have said on many occasions, both before the Treasury Committee, of which my hon. Friend is a member, and on the Floor of the House, that what I set out on Monday offers a constructive way forward for Northern Rock and that I hope that we can find a solution, but if that does not happen, public ownership remains an option. I would much prefer to find a solution whereby we can get private sector investment in it, because I think that in the long term that would be the better option for the bank, its employees and the north-east.

Value Added Tax

3. **Mr. Jim Cunningham** (Coventry, South) (Lab): How many companies Her Majesty's Revenue and Customs has taken action against for failure to pay value added tax correctly in the last 12 months. [181412]

The Financial Secretary to the Treasury (Jane Kennedy): There is a range of figures on this, and it is difficult to give an exact answer, because a range of actions can be taken. HMRC aims to help business pay the right tax due at the right time, and it tailors its response to the circumstances when that does not happen. Businesses in temporary difficulties can agree time-to-pay arrangements, but those who underpay may face sanctions.

Mr. Jim Cunningham: I thank my right hon. Friend for that answer. Will she say what assistance she is giving small business to help with the VAT burden?

Jane Kennedy: My hon. Friend raises a very important point. To assist VAT administration for small businesses, HMRC has introduced a variety of special schemes, which may be used individually or in combination. Each of the VAT schemes addresses a slightly different aspect of the tax, and will have different benefits and costs depending on the individual business. The schemes are specifically designed to assist small businesses in their dealings with HMRC.

Mr. Henry Bellingham (North-West Norfolk) (Con): How long does it take a new company to register for VAT now?

Jane Kennedy: As the hon. Gentleman and the House know, there have been difficulties with registering new businesses for VAT, but HMRC has put a tremendous effort in to address the problems that arose. He knows that HMRC has targets to achieve. It is on course to hit those targets by the end of January, which is a week away, and its performance has improved enormously, as businesses seeking to register will discover.

Departmental Performance

4. **Michael Fabricant** (Lichfield) (Con): If he will make a statement on the findings of the Cabinet Office report on the performance of his Department and Her Majesty's Revenue and Customs. [181413]

The Exchequer Secretary to the Treasury (Angela Eagle): The findings of the reviews of Her Majesty's Treasury and HMRC were accepted in full by the Treasury's permanent secretary and by HMRC's acting chairman. Both Departments have responded in detail to the findings of the reviews in their respective reports, which were published by the Cabinet Office on 17 December 2007.

Michael Fabricant: I thank the Minister for her enthusiastic answer. Does she recall that in 1998 the then Chancellor of the Exchequer, now our Prime Minister, said:

> Money will be released only if Departments keep to their plans." [*Official Report*, 14 July 1998; Vol. 316, c. 188.]

He said that in respect of public service agreements. Is she aware that the HMRC capability review says that only three out of 10 targets are likely to be reached? If that is the case, how much money will now be withheld from HMRC?

Angela Eagle: The capability reviews are a new, honest, robust and open way of focusing on delivery. They are published, as are the responses to them, and I am glad that the hon. Gentleman is so interested in them. We want this public focus on capability so that we can ensure that the civil service can deliver much more effective and efficient government to make the best use of the money that this House allocates.

Rob Marris (Wolverhampton, South-West) (Lab): Tax credits introduced by this Government have helped millions of families around the country, but the administration of them has, on occasions, been poor. Tax credits involve a Kafkaesque situation, because if one gets on to them, one cannot voluntarily withdraw from them. I understand that the only way to get out of tax credits is by dying or by having a substantial increase in one's income. One cannot simply say, as one of my constituents tried to do, "I want no more to do with this." Will my hon. Friend please examine the issue?

Angela Eagle: My hon. Friend knows about Kafka and I can tell him that HMRC has found a way out of the Kafkaesque situation as part of its transformation project. His constituent should therefore be able to withdraw from tax credits if that is what he or she wishes to do.

Mark Pritchard (The Wrekin) (Con): How can cutting 600 HMRC jobs through Capgemini in Shropshire help the performance of the Minister's Department?

Angela Eagle: The capability review had no criticism of the changes in staffing that have gone on in HMRC. On the contrary, it praised HMRC for delivering in core business and making efficiency savings at the same time. I am surprised that the hon. Gentleman seems to think that the Government should not be working to improve the productivity of public service.

David Taylor (North-West Leicestershire) (Lab/Co-op): In its report on HMRC data security, the Cabinet Office urged that in the longer term electronic data transfer should be expanded significantly to reduce the use of removable media. Will the Minister tell us what preparations have been made for that? What training might be provided for HMRC staff in the light of the fact that ICT experience in the Treasury and its broader agencies has been reduced over many years by the continued adherence to outsourcing computer products?

Angela Eagle: My hon. Friend should be assured that the interim Poynter review has already identified some of those issues. The management of HMRC are working to establish data security while the review is ongoing. We await the final findings, which will deal with those issues in more detail. I can assure my hon. Friend that I shall take on board all his points, which are fair, and that we will make changes to structures and systems in order to ensure that the highest standards can be guaranteed in future.

Mr. Philip Hammond (Runnymede and Weybridge) (Con): The capability review of HM Treasury at the end of the Prime Minister's decade in control of it noted, among other things, that there is

> "a pressing need for greater inclusiveness and humility in its dealings with others."

Who does the Minister think is responsible for that deficiency?

Angela Eagle: We have seen an extraordinary period of success with a stable economy, strong growth, increased employment, record investment in public services and one of the strongest economic records in the G7. In 2007 we had the highest growth rate in the G7. We are determined to maintain that economic stability and success.

Bingo

5. **Mr. Malcolm Moss** (North-East Cambridgeshire) (Con): What recent discussions he has had on the taxation regime for bingo clubs. [181414]

The Exchequer Secretary to the Treasury (Angela Eagle): Treasury Ministers and officials have met a range of stakeholders, including representatives of the bingo industry, to discuss gambling taxation issues.

Mr. Moss: Bingo is the only mainstream gambling product that is doubly taxed, by VAT as well as gross profits tax. That level of taxation has been a primary cause in the closure of 81 clubs and the identification of a further 108 clubs as at risk. Since each club closure costs the Treasury some £700,000 in lost tax revenues, does not the Minister see the sense in removing this unfair imposition of VAT on bingo? That would be tax revenue-neutral, would prevent further club closures and would secure this popular leisure activity for thousands of people.

Angela Eagle: Obviously, we keep all taxes under review and decisions about gambling taxes are made at the Budget. It is not at all clear that removing VAT on participation fees would be enough to make some of the marginal clubs viable. I must correct the hon. Gentleman, as bingo is not the only gambling sector to face both duty and VAT. Gaming machines are liable to VAT and amusement machine licence duty. I must also tell the hon. Gentleman that in 2003, bingo saw a big reduction in its effective tax rate from 35 per cent. to a rate that ranges between 20 and 25 per cent. That is in line with all the other tax impositions on other forms of gambling.

Paddy Tipping (Sherwood) (Lab): Last autumn, I had the very great privilege of calling the numbers at the Byron bingo and social club in Hucknall. Will the Minister listen to the concerns of staff and customers at the Byron and across the sector, about the effects that the smoking ban and the taxation system have had on the industry's future? Will she look closely at bringing forward proposals in the Budget to help secure that future?

Angela Eagle: I assure my hon. Friend that we keep all such matters under close review. The Government have done good things for bingo, not least among them the fact that we lowered the higher rate of tax in 2003. In addition, we have removed the 24-hour rule and the membership requirements, and we have allowed maximum stakes on prize gaming machines to be doubled. We have also allowed rollovers and created the potential for much larger prizes. My hon. Friend mentioned the smoking ban, so he has not fallen into the trap of thinking that all of bingo's problems are the result of VAT rates. They are not.

Stewart Hosie (Dundee, East) (SNP): In a recent answer to me on this subject, the Minister said:

"The Government consider all relevant factors when establishing and maintaining fair regimes for the gambling taxes and keep all taxes under review." [*Official Report*, 14 January 2008; Vol. 470, c. 907W.]

Bingo clubs provide important social benefits in many communities. What relevant factors did the Treasury consider that led it to conclude that bingo clubs should be taxed more than licensed betting offices and internet gambling?

Angela Eagle: The issues with internet gambling and offshoring are obvious, but I must correct the hon. Gentleman: the changes made in 2003 knocked 10 per cent. off the effective tax rate for bingo and brought it into line with other forms of gambling. Bingo is not discriminated against.

Climate Change (Economic Impact)

6. **Mr. Jim Devine** (Livingston) (Lab): What recent representations he has received on the economic impact of climate change. [181415]

The Chief Secretary to the Treasury (Andy Burnham): The Stern review assessed a wide range of evidence on the impact of climate change and its economic costs. It concluded that the benefits of strong and early action far outweigh the economic costs of not acting. The intergovernmental panel on climate change has also assessed the economics of taking action, and come to similar overall conclusions.

Mr. Devine: I am grateful to the Chief Secretary for that answer. As he knows, the Stern report is iconic—a word that I understand could be attributed to my right hon. Friend! The report states that the Government should spend 1 per cent. of gross national product to mitigate the effects of climate change. Have we met that target? When can we hope to do so?

Andy Burnham: I am not sure that I have done anything to deserve such lavish praise from my hon. Friend, but he is right that the Stern report on the economics of climate change has changed the debate, in this country and around the world. It made it clear that the people who could suffer most from a failure to tackle climate change, or from a lack of ambition in our approach to it, are those living in the developing countries. They are the most vulnerable, and he is right to say that Stern said that the cost of not acting would be large. That is why the Government took various measures in the recent spending review to ensure that we are prepared to face the challenges posed by climate change.

Tony Baldry (Banbury) (Con): Should not the committee on climate change be set up now, as a matter of urgency? It is not due to report on the 2050 target or the inclusion of aviation in that target until late 2009, and the fact that it has not been set up yet gives an impression of a lack of a sense of urgency on the Government's part. Setting up the committee as soon as possible would send out a very good signal that the Government are intent on taking this matter forward as fast as possible.

Andy Burnham: I hear what the hon. Gentleman says, but I assure him that every step is being taken to set up the committee as soon as possible. Every action that the Government are taking makes it clear that we recognise the urgency of the situation, and we have already asked that the committee consider the new scientific evidence being produced to see whether higher targets should be set—although the target of reducing carbon emissions by 60 per cent. by 2050 remains very challenging. The Bill currently being considered in another place is pioneering and groundbreaking, and it sends a very clear signal to the rest of the world about the level of this country's ambition.

Mr. Brian H. Donohoe (Central Ayrshire) (Lab): What assessment has my right hon. Friend made of the effect of the climate change levy on industries that are high users of energy, such as the paper-mill in my constituency?

Andy Burnham: The evidence that the Treasury has collected shows that the climate change levy has reduced harmful emissions overall and has produced revenue that is useful in the fight against climate change. I recall that the levy was introduced in the face of opposition from Conservative Members. It was a far-sighted decision taken back in the early days of this Government. That shows that the Government have always had climate change at the heart of their agenda, unlike others who came to the issue more recently.

Sir Nicholas Winterton (Macclesfield) (Con): With the rapid, dramatic rise in the cost of fuel, energy and food, and in council tax, will the Government be extremely careful about imposing any more additional costs on either the individual or industry? In respect of industry, to follow up on the last question, it would be easy to make British manufacturing industry far less competitive, but we would be a fool to do so, given that so much of climate change is caused by other places and not this country, and given that there remains considerable scientific debate about the impact of climate change.

Andy Burnham: The hon. Gentleman raises an important point. There is a tension between legitimate objectives, and there is a balance to be struck, but I hope to assure him that the Government seek to strike that balance in all their actions. However, he must recognise that the Stern review identified that there are economic costs to the country and its citizens of not taking action at the appropriate level. If we do not take action on climate change, the cost of food could rise well into the future. We need to consider both the short term and the long term. He rightly raised the issue of fuel bills; we, as a Government, must ensure that we take further steps to help people who are struggling with energy costs, particularly those who face the threat of fuel poverty. He will know that, to meet that objective, we have committed ourselves to the winter fuel payment for the duration of this Parliament.

Mr. Andy Reed (Loughborough) (Lab/Co-op): The Stern report rightly recognises that it is people in the poorest countries who will be affected most and first. In the Minister's discussions, both at UK and European level and with China and India, will he ensure that any financial measures that are taken to impact on climate change in the UK are reciprocated in places across the globe? Given the growth in the economies of China and India, they will increasingly be at the forefront of having to tackle climate change. Will he ensure that any discussions are international, not just domestic?

Andy Burnham: My hon. Friend is absolutely right. I think the phrase that Stern uses is that hundreds of millions of people could suffer if we do not take appropriate action. It is true to say that those who would suffer most are those around the world who have perhaps contributed least to climate change. He is right to say that international action is the key. We should take some encouragement from the fact that the European Commission's package, published this week, draws heavily on the Stern review. It shows that climate change is territory on which there needs to be constructive engagement at the heart of Europe; that is particularly relevant this week, as we have been debating those matters. We want to meet the challenges of this century, whereas others seek constantly to fight the battles of the last century and constantly bang on about Europe.

Capital Gains Tax

7. **Mr. Stewart Jackson** (Peterborough) (Con): What assessment he has made of the impact of the capital gains tax proposals announced in the 2007 pre-Budget report on the decision-making process of small businesses. [181416]

The Chancellor of the Exchequer (Mr. Alistair Darling): Mr. Speaker, with your permission I propose to make a statement on the subject of capital gains tax immediately after Question Time.

Mr. Jackson: Would the Chancellor like to take this opportunity to apologise to the House for his half-baked, panicked proposals, which were driven by political considerations, as well as for the damage that he has done to small businesses' planning and confidence, and for the failure properly to consult the business community? Perhaps after that he will say where he will get the money to fund his belated U-turn, which is to be announced later this morning.

Mr. Darling: I shall come to my proposals fairly shortly. The fact that we have more than 760,000 more small and medium-sized enterprises in the past 10 years is testament to the fact that this country is a good place for small businesses to carry on their operations.

EU (Co-ordinated Action)

8. **Ms Patricia Hewitt** (Leicester, West) (Lab): What discussions he has had with his European counterparts on co-ordinating action across the EU in response to turbulence in the US sub-prime market. [181417]

The Chancellor of the Exchequer (Mr. Alistair Darling): I met my French, German and Italian counterparts, along with the European Commissioner, in Paris last week to discuss current market conditions. In addition to that, the Prime Minister will meet his counterparts in London next week.

Ms Hewitt: In view of this morning's announcement of very substantial losses by Société Générale, will my right hon. Friend say a little more about what practical proposals he and the Prime Minister will be putting forward to ensure that financial regulators, central banks and Governments work together right across the European Union to improve both transparency and stability in Europe's banking sector?

Mr. Darling: I am aware of the reports from Société Générale in Paris. The Financial Services Authority is looking at the situation. As I understand it, that concerns something that happened in the bank's operations in Paris, and I further understand that the French Treasury will make a statement later today. On my right hon.

Friend's more general point, it is important to recognise that many of the problems that we have to deal with transcend national boundaries, particularly in relation to the role of the International Monetary Fund and the forum for financial stability and what they can do to get better early warning, and the need to achieve agreement on how banks deal with off balance sheet structured investment vehicles in relation to the credit rating agencies. These are all areas where we must take international action.

We discussed some of these matters in Paris last week, and I very much hope that as we move towards conclusions, we can get the international community to move far faster than it usually does. It took 10 years to get Basel 2 agreed to, and we do not have 10 years to sort out the present problems. We need a combination of actions on the part of individual institutions to report the full extent of their exposure as quickly as possible, so that we can end some of the present uncertainty. That would help to restore stability. In addition, it will be necessary for action to be taken not just domestically, as I shall outline next week, but internationally. Above all, as I think my right hon. Friend would agree, whatever we do must be proportionate. We must avoid the temptation to have a rule and regulation for every possible eventuality, as the American Government did after the Enron difficulties earlier in this decade, which proved to cause as many difficulties as they thought they were solving.

Mr. Oliver Heald (North-East Hertfordshire) (Con): What are the implications for major infrastructure projects such as the expansion of Stansted airport, where a Spanish company which is already heavily borrowed is the lead on that project? What implications will the crisis have for such a project? Are other projects that the Government consider to be in the national interest—I do not happen to think that that is one of them—threatened by the crisis?

Mr. Darling: I wondered whether the hon. Gentleman was changing his line on Stansted. No doubt he is anxious to make that point for his constituents, if not others. It is for BAA, which owns Stansted, to decide whether the investment that it thinks is necessary can come forward. I very much hope that it can. Yes, we have an immediate problem in relation to credit and what is happening in the markets, but we should ask ourselves all the time what we will need 10, 20 or 30 years ahead. When it comes to aviation, as I have said many times, ever since I published the aviation White Paper in 2003, the problem that we have in this country is that on successive occasions when we should have been looking to the long term, short-term decisions were taken that prejudiced the development of transport infrastructure, in particular. That is why it is important that people ask themselves what Stansted will need in 10 or 20 years. I think BAA will take the long-term view, which is extremely important.

Sir Peter Tapsell (Louth and Horncastle) (Con): Has the Chancellor noted that there seems to be almost universal agreement in the United States that the threat of recession following the sub-prime mortgage and credit crunch crisis can best be warded off by a combination of lower interest rates and fiscal stimulus? Does he think that the response of the European Union and of Britain should be similar, and if not, why not?

Mr. Darling: Mainly because the situation in the United States economy is rather different from the situation in our economy and in other major economies in the EU. As the hon. Gentleman rightly recognised, the big problem that the Americans have is that following the collapse of the US sub-prime market, the problem has gone on to affect the US housing market more widely. In America, the basic problem is that the supply of housing far exceeds the demand. In this country, we have the opposite problem: demand for housing exceeds supply, as we well know. What may be appropriate for the US economy is not always necessarily appropriate for other economies. As I have said on a number of occasions, because we have low unemployment, historically low inflation and low interest and mortgage rates, the Monetary Policy Committee has room for manoeuvre—as the Governor said in his speech in Bristol, I think of Tuesday evening—that was not available 15 years ago, when the previous Government got into such terrible problems. We will continue to do what is right for the UK economy, and at the heart of that is ensuring that we have a strong, stable economy and that we take the right decisions for the long term. If we do that, we can get through these problems, just as we have dealt with problems in the past.

Data Protection

9. **Mr. Hugo Swire** (East Devon) (Con): On how many occasions in his Department and its agencies confidential data has been downloaded on to CDs without encryption in the last 12 months; and if he will make a statement. [181418]

The Financial Secretary to the Treasury (Jane Kennedy): There is no central record, as across government the protective marking "Confidential" has a broad specific meaning, and is of a lower order than other security classifications. But it is a very good question, and one of the reasons why the Prime Minister invited Professor Walport to undertake a review of security arrangements across government.

Mr. Swire: We welcome the ruling by the Cabinet Secretary, Sir Gus O'Donnell, about not taking laptops or computer drives out of offices, but there are many people out there who still believe that the Government have been at best casual and at worst highly irresponsible, and cannot understand why the natural default position is not to encrypt personal data. The Minister has once again repeated her party's position, hiding behind the report from Kieran Poynter. Does she simply not know the details at this stage? Can she guarantee that the Poynter report will not be slipped out on the eve of a parliamentary recess, and will be accompanied by an oral statement in the House?

Jane Kennedy: I am afraid that the hon. Gentleman prepared his supplementary before he heard my answer to his first question, because I did not refer to Poynter at all. But he brings me to an important point, which is that Her Majesty's Revenue and Customs instituted new controls. We accept that what happened last November was a grave mistake and that is being corrected. Immediately, HMRC put in controls that required that all customer data transferred by CD be encrypted. I would expect that in his full report, Mr. Poynter will consider how

internal processes and culture at HMRC can be strengthened to achieve appropriate data security in the future. The hon. Gentleman can be assured that the House will have the fullest opportunity to comment when Mr. Poynter is ready to report.

Mr. David Gauke (South-West Hertfordshire) (Con): I congratulate the Financial Secretary. This is about the first answer to a question relating to data that did not refer to the Poynter report, because the Government have consistently refused to answer perfectly reasonable questions about the missing data, about how many discs have been lost by HMRC, or even HMRC's tracking procedures with private courier firms, by batting them away, saying that Poynter will report in due course. Given that Poynter will not report for some months, is it not about time that the Government abandoned their brazen attempts to kick the issue into the long grass, treated Parliament with a bit more respect and started answering some questions on this matter?

Jane Kennedy: I do not accept the premise of what the hon. Gentleman says. I take extremely seriously the changes that need to be made within HMRC and that are being made. Kieran Poynter, in his interim report, referred to the fact that many of his immediate recommendations had already been acted upon by HMRC in its immediate response to the circumstances. So the Government and HMRC have given a serious and considered response to the circumstance that HMRC found itself in last November. The matter is being taken extremely seriously indeed, and the House can be assured that Poynter's final report will be presented to the House, I am sure by an oral statement.

Structural Budget Deficit

10. **Mr. Robert Syms** (Poole) (Con): What estimate he has made of the UK's structural budget deficit in comparison with other western European economies. [181419]

The Chief Secretary to the Treasury (Andy Burnham): Cyclically adjusted net borrowing in the UK has averaged 1 per cent. of GDP over the economic cycle that began in 1997. Over the same period, the structural deficit has averaged 2.1 per cent. in the euro area, 3 per cent. in France, 2.3 per cent. in Germany and 2.8 per cent. in Italy.

Mr. Syms: Is it not the case that our structural deficit is now higher than that of many countries in the euro zone, and is it not true that the Government have squandered tax revenue in years of relatively high growth and now have no choice but to raise taxation to meet the golden rule?

Andy Burnham: As the figures that I read out indicated, that is not the case. Net debt in this country, at 37.2 per cent. of GDP, is lower than that of France, Germany, the US and all the G7 except Canada. That is the result of a strong fiscal framework and strict fiscal rules that the Government have applied in the past 10 years. We will continue to borrow only to invest, enabling the renewal of our critical national infrastructure—something that the hon. Gentleman's Government signally failed to do.

Topical Questions

T1. [181431] **Ann Winterton** (Congleton) (Con): If he will make a statement on his departmental responsibilities.

The Chancellor of the Exchequer (Mr. Alistair Darling): As I said earlier this month, the core purpose of the Treasury is to ensure the stability of the economy, promote growth and manage the public services and finances.

Ann Winterton: When the fuel escalator was introduced, the oil price was low—the exact opposite of what it is now. The escalator is adding huge, increased costs to British business and industry, thereby endangering their competitiveness while fuelling the flames of inflation. Will the Chancellor consider suspending the escalator?

Mr. Darling: I keep all taxes under review. Generally, our economy has remained very competitive. British industry has done very well; indeed, as yesterday's figures showing continuing growth of gross domestic product confirm, the transport sector remains healthy. However, as my predecessor said, we need to ensure that we maintain the appropriate level of taxation on fuel.

It is difficult to make like-for-like comparisons with other countries around Europe, but I think that the level of taxation at the moment is right. We will do everything that we can to help resolve the difficulties that we have with high oil prices. It is particularly important that oil producers recognise that they have an interest in making sure that there are adequate supplies of oil. That, of course, is one of the things determining oil prices at present.

T2. [181432] **Mr. Edward Leigh** (Gainsborough) (Con): I have asked the Comptroller and Auditor General to launch an inquiry into the costs incurred in rescuing Northern Rock, and he has agreed to do so. However, will the Chancellor tell the House what have been the costs incurred to date in issuing guarantees and indemnifying loans made by the Bank of England to Northern Rock, including professional advisers' fees incurred by the Treasury?

Mr. Darling: The fees of Goldman Sachs will be met by Northern Rock. As I said to the House earlier this week, we have made guarantees but they have not been called, so there has not been a cost to the taxpayer.

T3. [181433] **Phil Wilson** (Sedgefield) (Lab): In the past few years, Trimdon 2000, a community group in my constituency, has received a grant of about £79,000 from the Northern Rock Foundation. Hundreds of similar community groups have received similar donations from that foundation. During his discussions on the future of Northern Rock, will my right hon. Friend ensure that the future of the foundation is secured?

Mr. Darling: As I have said on a number of occasions, I am very aware of the importance of the Northern Rock Foundation in the north-east. It depended on a significant income stream coming from Northern Rock in conditions that no longer exist. All of us, including

my hon. Friend and his colleagues who represent north-eastern constituencies, would like to find a solution that helps the foundation; I know that that is also in the minds of those who have expressed interest in investing in Northern Rock. Trying to do something about it will require an effort on the part of us all, but I am very aware of the points that my hon. Friend has made.

Mr. George Osborne (Tatton) (Con): At this time of economic uncertainty, people are looking to the central banks and their monetary policies, yet in Britain we still do not know who will be running the central bank come the summer. What exactly is the reason why the Prime Minister and the Chancellor are delaying the decision on the reappointment of Mervyn King?

Mr. Darling: I have dealt with this issue on many occasions. As I have said before, I will make an announcement—actually, Her Majesty the Queen will do so, as that is how such an appointment is announced—and it will be made at the appropriate time.

Mr. Osborne: I am sure that Her Majesty will take the advice of the Chancellor and the Prime Minister when she makes her announcement. When Mervyn King was first appointed, that announcement was made in November for an appointment in June. At the beginning of this month, the Chancellor said at a joint press conference with the Prime Minister that he would make an announcement in the next few weeks; well, it has been a few weeks. What exactly is the reason for this continued uncertainty in the markets? Why cannot he simply say that he is reappointing Mervyn King? Let me put it another way. Is he looking at any other candidates for the job?

Mr. Darling: As I have said to the hon. Gentleman and to the House on many occasions, the appointment will be made at the appropriate time; that remains the case.

T4. [181434] **Lynda Waltho** (Stourbridge) (Lab): Will my right hon. Friend consider the views of the Federation of Master Builders and those of 58 MPs who have so far signed early-day motion 669, calling for a reduction in VAT from 17.5 per cent. to 5 per cent. on repairs to and maintenance of existing buildings? Such a move would bring far more empty homes on to the market, assist home owners in making their homes energy efficient, and, importantly, assist groups such as the West Midlands Historic Buildings Trust to maintain heritage buildings such as Lye and Wollescote chapel in my constituency.

The Financial Secretary to the Treasury (Jane Kennedy): I congratulate my hon. Friend on the persistence with which she is pursuing this subject. I can assure her that I have studied the terms of early-day motion 669. Alongside the zero VAT rate for the construction of certain new residential and charitable buildings, we have applied a 5 per cent. reduced rate for certain supplies related to housing. However, the problem is that we cannot implement the early-day motion proposal under the current European Union rules because there is no vires in EU law to allow any new reduced rate for repair and improvement work on non-residential buildings. I assure her that we keep the situation under review and seek to assist whenever it is possible to do so.

T5. [181435] **Anne Snelgrove** (South Swindon) (Lab): Some 9,400 families in my constituency receive tax credits, a minority of whom experience great difficulty with the system. What changes are my right hon. Friend's Department making to help those families and my hard-pressed caseworker, Julie?

Jane Kennedy: I suspect that my hon. Friend's caseworker is known personally to the staff of tax credit offices. Her Majesty's Revenue and Customs established the tax credit transformation programme to improve the services that families receive because that is very important for the success of this great project, which is now supported by parties on both sides of the House. HMRC has run several pilot projects, including a new national service to allow couples whose relationship has broken down to initiate a new single claim in one phone call. From the end of this month, it will also be revising its code of practice 26 on recovering repayments and replacing the reasonable belief test, which has caused a great deal of concern and difficulty in understanding, with a clearer test that sets out customers' responsibilities for checking factual information alongside the responsibilities that HMRC has to fulfil.

T6. [181436] **Mr. Laurence Robertson** (Tewkesbury) (Con): I declare that I am a policyholder in terms of having my mortgage with Northern Rock—at the commercial rate, I stress. Many mortgage holders will be concerned about the possibility of having their loans called in, forcing them either to remortgage or to sell their homes. Under the various proposals being considered by the Government, what is the likelihood of that situation coming about?

Mr. Darling: I understand the hon. Gentleman's point; as we all know, he is not the only one who has a mortgage with Northern Rock, as I made clear the first time I made a statement after the recess last autumn. It is for the company, or whoever owns or controls it, to decide on what terms it issues mortgages or how it deals with mortgages as and when they come up for renewal. That is not something that the Government deal with.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): To return to the issue of VAT reduction raised by my hon. Friend the Member for Stourbridge (Lynda Waltho), the Government said in last year's Budget that they were seeking EU agreement to allow a reduction in VAT for certain energy-saving measures. Can my right hon. Friend give us an update on the progress that has been achieved on that?

Jane Kennedy: I can reassure my hon. Friend that those discussions are ongoing. I have been involved with them at ECOFIN, and we are pressing the case for the reduction. It is gaining support throughout Europe, but we are not yet in a position where we can change the rules to achieve such a laudable change.

T7. [181438] **Mr. David Heathcoat-Amory** (Wells) (Con): Following the loss of child benefit data by Her Majesty's Revenue and Customs when on its way to the National Audit Office, I asked the Chancellor what other organisations and departments were in receipt of such personal data. The written reply failed to answer that question. Instead, it said that

"Most transfers of data take place under statutory gateways"—[*Official Report*, 3 December 2007; Vol. 468, c. 1038W.]—

whatever they are. What about the data that go out of the HMRC that do not go through statutory gateways? Which departments and people are in receipt of those data, and why is there a continuing transfer of personal information, or leak, out of that department without parliamentary authority?

Jane Kennedy: No transfers take place without parliamentary authority. HMRC operates within clear guidelines and rules set down by Parliament. The transfer of data is a large part of HMRC's business. The management of personal data is a critical part of what it does, which is why it is right that we consider all of the representations that we receive from Mr. Poynter. We will also need to consider the police report when we get it. A great deal of work is being done to understand the procedures that are in place, how they work and their effectiveness in order to ensure that we have the most secure procedures possible in place.

T8. [181439] **Mr. Desmond Swayne** (New Forest, West) (Con): Why were the Government running such a substantial budget deficit ahead of forecast, even before the credit crunch bit?

The Chief Secretary to the Treasury (Andy Burnham): The figures that I gave to the hon. Member for Poole (Mr. Syms) earlier show that this country has met debts at a lower level than any of our European competitors. If the hon. Member for New Forest, West (Mr. Swayne) is questioning our spending, let me quote the right hon. Member for Witney (Mr. Cameron) from his press conference last week—[HON. MEMBERS: "Answer the question."] Just hear me out. The right hon. Gentleman said that

"the government spending plans for the next three years are really quite tight...I think it represents a fairly tough approach to public spending."

Given that the hon. Gentleman's party has several billion pounds of tax cuts promised, what does he propose to do about borrowing?

Mr. Swayne: Can I answer that, Mr. Speaker?—*[Interruption.]*

T9. [181440] **Angela Watkinson** (Upminster) (Con): What percentage of VAT registration numbers are issued within HMRC's two week target?

Jane Kennedy: I am assured that HMRC will have met the targets in place for such registrations by the end of January.

Miss Anne Begg (Aberdeen, South) (Lab): With all the publicity about Northern Rock and various other things, it is important that the Government get the message across that it is right for people to save. But it is difficult for people to open a bank account if they do not have an address, they are not a householder or they do not have a passport. People under 16 have particular difficulty in opening a bank account. If we do not get young people saving at an early age, we are not going to change the public perception of saving, or encourage more people to save. What are the Government going to do about that?

Andy Burnham: My hon. Friend is absolutely right to raise that issue. I draw her attention to what the Government have done through the success of individual savings accounts. Nearly one in three adults—more than 17 million people—now have an ISA. She is absolutely right to say, however, that further work needs to be done to encourage those on lower incomes to make provision for their later life. She will know that we have piloted the savings gateway, which is a new approach to encouraging people to save, and we are considering the results of those pilots before making further decisions about extending the pilot more widely.

Mr. Andrew Robathan (Blaby) (Con): Topically, I received a letter recently telling me that 31 January is my final deadline for a tax return, and encouraging me to file my tax return online, saying that that was the best way for me to do so. Given our discussions on the efficiency of HMRC recently, how come I have also been sent a letter from HMRC saying that I cannot file online? Does the left hand not know what the right hand is doing at HMRC?

Jane Kennedy: The hon. Gentleman raises a fair point. There are categories of individual for whom security is a higher priority. [HON. MEMBERS: "Oh!"] Not just Members of Parliament—there are several categories of people in that position, and HMRC does not have the facilities for them to file online. However, it is working to see what can be done to change that in future.

Adam Price (Carmarthen, East and Dinefwr) (PC): With British Gas about to announce profits of £750 million, why has the Chancellor rejected Ofgem's proposal for a windfall tax on energy suppliers?

Mr. Darling: I met representatives of Ofgem about 10 days ago because I want to ensure that we have a competitive market in this country for electricity. The hon. Gentleman is right—several companies have announced significant increases for a variety of reasons, while other companies have been able to manage things differently and have not had to do that. However, Ofgem's proposals are just that—Ofgem's proposals.

Capital Gains Tax

11.30 am

The Chancellor of the Exchequer (Mr. Alistair Darling): With your permission, Mr. Speaker, I would like to make a short statement on capital gains tax reform.

Following discussion, I am today announcing the introduction of a new capital gains tax entrepreneurs relief. This will complement the new regime, which I set out in the pre-Budget report last year. The reformed regime and the new entrepreneurs relief will come into effect in April.

The relief will provide a special 10 per cent. tax rate for the first £1 million of qualifying gains. Gains made on different occasions will qualify for the 10 per cent. rate up to a cumulative lifetime total of £1 million. However, gains in excess of that will be taxed at 18 per cent. The special 10 per cent. rate will be available on the disposal of all or part of a trading business carried on by an individual either alone or in partnership. It will also be available to individuals disposing of shares in a trading company, provided that the individual is an officer or employee of the company and takes a minimum 5 per cent. stake in the business. The measure will benefit the owners of small businesses when they choose to sell their business, as well as business angels and other business investors who take a 5 per cent. or greater stake in the company concerned.

As a result of the reforms that I have announced, entrepreneurs and material business investors will keep 90 per cent. of the first £1 million of gains that they make. And they, and everyone else, remain entitled to make gains of up to £9,200 a year without paying any capital gains tax. That annual exemption will rise again in April.

We estimate that, next year, around 80,000 business owners and investors will make disposals eligible for the entrepreneurs relief. In approximately 90 per cent. of those cases, we expect the individual's entire gain to be taxed at the special 10 per cent. rate.

In the other cases, people will pay 10 per cent. on the first £1 million of gains and the standard 18 per cent. rate on the excess. The proposal remains in line with the Government's objective of keeping the tax system as simple as possible. It is very much in accordance with representations from small business.

I estimate that the proposal will cost around £200 million a year. Her Majesty's Revenue and Customs is today issuing further information about the scope of the new relief, along with draft legislation and supporting materials related to the capital gains tax proposals announced in the pre-Budget report. Those documents have been deposited in the Libraries of both Houses and are available on the HMRC website.

As with all other aspects of the tax regime, I am determined that we do as much as possible to encourage entrepreneurship in this country and, in future Budgets, I will seek to do more. I will therefore keep the £1 million lifetime limit for the entrepreneurs' relief under review.

I can confirm that we have retained the full range of reliefs for people investing in smaller, unquoted companies, including the enterprise investment scheme and venture capital trusts. Rollover relief also remains available to people wishing to reinvest in another business. Taken together, those measures include generous income tax reliefs, capital gains tax reliefs and exemptions, which have helped thousands of businesses. We have also retained several tax-advantaged share schemes, which include save-as-you-earn schemes, company share options plans and enterprise management incentives.

In December last year, the Treasury and HMRC issued a consultation document, which included legislation designed to prevent individuals from disguising income streams as a capital return to avoid tax. I will set out the Government's next steps on measures to prevent abuse of the tax rules when the consultation process has concluded. I want to be satisfied that only genuine investors benefit from the reformed capital gains tax regime.

I have also received representations from the life insurance industry. That is a complex area and there are no clear answers, but we are ready to hear further representations.

The UK business environment remains one of the best in the world. I am determined to keep it that way. My announcement today, with measures to simplify the regime, will ensure that that continues to be the case. I commend the statement to the House.

Mr. George Osborne (Tatton) (Con): In the short, inglorious time in which the Chancellor has been in office, he has had only one original idea on tax, which was a big increase in capital gains, thinly disguised as a simplification. It is now four months since he announced it—four months in which it has attracted the universal opposition of British business; four months in which his own Prime Minister has briefed against him; four months in which he has dithered and delayed on whether to ditch it; and four months in which thousands of businesses have faced uncertainty and instability, as we all waited for him to make his mind up finally.

And so we reach today's humiliation, as the Chancellor of the Exchequer comes to Parliament, late in January, to announce a retreat on his one big idea. Does he remember saying in his very first interview in the job to the *Financial Times*, back in the dim and distant days when he still had a reputation as a safe pair of hands, that he thought that we needed to be very clear that

"When...we make...changes"

to tax

"they must be made at the proper time in the context of the Budget or the pre-Budget report"?

Now here we are, halfway between the pre-Budget report and the Budget, and he is announcing major changes to dismantle the single-rate CGT regime before it has even been put into place. What a textbook example of how not to write tax law.

May I ask the Chancellor about two features of his plan? First, will he confirm that it still represents a huge tax rise on businesses? He said that the move was a £200 million tax cut; in fact, if we take the whole package, it is a £700 million tax rise on enterprise, at the very moment we face the greatest economic difficulties. Can he name one other major western economy that is planning to raise taxes as its response to the global slowdown? Any claim that the Government are preparing Britain for the rainy days that may lie ahead now lies in tatters.

Secondly, will he confirm that any pretence to simplicity has also disappeared today? In October, he told us that he was abolishing the distinction between business and non-business assets. Will he confirm that that distinction re-emerges today? He said at the Dispatch Box that

"a single rate of capital gains tax is the right thing to do." [*Official Report*, 18 October 2007; Vol. 464, c. 957.]

Can he confirm that he is introducing another rate, so that there are now two rates of capital gains tax? He boasted of the simple administration of his new regime. Can he confirm that the lifetime limit will require an entirely new administration within HMRC?

Where does the Chancellor think the extra £700 million in tax will come from? Will it come from the people who start and build successful businesses or from the angel investors who help small companies get off the ground? What about the 4 million employees in the save-as-you-earn share schemes, who as far as I can tell will not benefit from the tax changes that he has announced today, or the entrepreneurs who add value to the British economy—in other words, all the very people whom we should be supporting in the face of global competition? No wonder the latest survey of business opinion, published today, shows that 59 per cent. of people think that he is out of his depth in his job.

In the two years I shadowed the Chancellor's predecessor, with the exception of Budgets and pre-Budget reports, he never once came to make a statement to the House. But in the six months I have shadowed the right hon. Gentleman, he has been popping up every week, and sometimes twice a week, to explain the latest disaster to befall his Department—the mishandling of Northern Rock, the scandal of the missing discs and now this entirely self-inflicted wound on capital gains tax.

The Chancellor is a decent and pleasant man, and many of the problems that he is dealing with were inflicted upon him by the Prime Minister. However, I am afraid that he is the living proof of what is called the Peter principle, which states:

"in a hierarchy every employee tends to rise to the level of his incompetence".

The misfortune for us all is that his incompetence means higher and more complex taxes on business at the very worst moment for the British economy.

Mr. Darling: I notice that at no time in the hon. Gentleman's contribution did he say whether he was for or against the proposal. It is a bit like Northern Rock—we are not at all sure what his position is from one day to the next. Indeed, I am beginning to think that he does not know either.

The proposals that I announced last October were right then and I believe that they are right now. It is right to recognise, however, that we need to do more to help small businesses in particular, and the proposals that I have announced today will do that. As I have said, the vast majority of people who have put money into a company and built it up will benefit from the entrepreneurs relief. I believe that that will be welcomed by a large number of businesses.

The hon. Gentleman asked about employee share schemes. I remind him that everyone in this country is allowed an exemption of £9,200 before they pay any CGT, so someone would have to make a gain—that is not a total shareholder—of that amount in a year. Actually, the average gain under save-as-you-earn schemes is between £2,000 and £3,000, so most employees will be covered by that. One of the interesting things about capital gains tax is that most of it is paid by a comparatively small number of people.

The steps that I have announced today will provide a simpler scheme, with a rate of 18 per cent. We also recognise that we need to continue to encourage small businesses to expand, which is why I have introduced the entrepreneurial relief. That will benefit the vast majority of people who are likely to take advantage of it in the next year and in the years that follow. I will continue to keep these matters under review. It is far better to take the time to get these things right. That is what we have done, and that is what we will continue to do.

Rob Marris (Wolverhampton, South-West) (Lab): I welcome the statement from my right hon. Friend. I wonder whether he can answer this question. If someone had a 20 per cent. ownership of a private equity company that traded in other companies, and that private equity company owned a very small proportion—less than 5 per cent.—of a plc that made a lot of profit, could that individual claim the relief that my right hon. Friend has described, on the ground that their investment was in a trading company, namely, a private equity company, that traded in other companies, and their holding of 20 per cent. was more than 5 per cent.?

Mr. Darling: I am always wary of giving tax advice on the Floor of the House. I set out in my statement the condition that the arrangement would apply to unincorporated trading companies with a shareholding of more than 5 per cent. Certain other conditions would also be attached. If my hon. Friend wants further details, he will find them in the Library. We are aiming the measure at people who have set up a business and are either sole traders or in partnership, or people who own more than 5 per cent. of the shares in their unincorporated business and are an employee or an officer of their company. They are typically the sort of people who have been encouraged to set up a business and might at some stage want to sell up and then invest further. The measures will also help people who have reached retirement, because the first £1 million of gains will be taxed at the 10p rate. Those are people we are aiming at.

I said at the time of the pre-Budget report that, in relation to private equity, whenever there is a wide disparity between different rates—whether relating to income or capital—there is always a problem of people seeking to take advantage of capital gains tax. The 18 per cent. rate will help in that regard. In addition, as I said in my statement and as I have said before, we are seeking to close any loopholes in order to stop the kind of abuse that my hon. Friend might be concerned about.

Dr. Vincent Cable (Twickenham) (LD): May I take the Chancellor back to the beginning of his Odyssey through capital gains tax reform, and remind him of the moral outrage that was being expressed by, among

[Dr. Vincent Cable]

others, his colleagues on the Treasury Select Committee at the fact that extremely rich people in the City were paying lower rates of tax than their cleaners? Will he confirm that, after all the twists and turns and comings and goings, those extremely rich people will now be paying 18 per cent.—or, in some cases, 10 per cent.—while their cleaners will now be paying 20 per cent. plus national insurance contributions? In what sense does that represent progress?

Will the Chancellor also explain the impact of all this on the second homes market? Has not he given a tax cut to second-home owners—

Mr. Dennis Skinner (Bolsover) (Lab): Like Chris Huhne?

Dr. Cable: Indeed.

Has not the Chancellor given a tax cut to second-home owners of a minimum of 6 per cent. and, in certain circumstances, of 30 per cent.? Has he considered the impact of those measures on rural areas such as Cornwall, mid-Wales, the Lake district and large parts of rural England, where local people are being priced out of the housing market by second-home owners?

Is the implication of the Chancellor's retreat today and his move away from taper relief that he accepts that the changes brought in at the outset of the Labour Government, when I believe he was Chief Secretary to the Treasury, were—as, indeed, some of us argued at the time—expensive, unnecessary and a diversion? Will he tell us what was wrong with the capital gains tax system under the previous Conservative Government, which was introduced by Lord Lawson? That system had at its heart a very simple central principle that income and capital should be taxed on the same basis. If, as the Chancellor is arguing and as the Conservatives now appear to want, income is taxed at a significantly higher rate than capital, there is a massive opportunity for tax avoidance as individuals and companies convert income into capital. What estimate has the Treasury made of the potential leakage into tax avoidance from that very familiar route?

Finally and on that basis, may I commend the idea of going back to the 1997 capital gains tax system, which was simple, made generous provision for small business, had indexation and would, on the Treasury's own estimates, produce an additional tax revenue of about £2.7 billion? That could be used now for cutting the taxes of cleaners and other people on low pay.

Mr. Darling: I do not know of many people who would argue that capital gains tax should be put back up to the 40 per cent. rate. If that is the Liberal party policy, I was not aware of it—and I am sure that many of the hon. Gentleman's colleagues are not aware of it either. I suspect that two parties in the House will make it their business to ensure that people around the country know that that has become the Liberal party's policy. As the hon. Gentleman has set out, the Liberal policy has been to end taper relief.

I believe that our proposals of October and of today provide the right approach. Simplifying taxes must be a good thing if we can do it. What I sought to do in October was set out a much simpler capital gains tax system at a rate of 18 per cent., but I recognised that we needed to do more to help small businesses in particular. As I said earlier, there are 760,000 small businesses in this country. There is additional help—it is important to remember this—through venture capital trusts and enterprise investment schemes. The enterprise schemes have raised about £6 billion and have invested in 14,000 companies, while venture capital trusts have raised about £3 billion and helped about 1,400 companies. That shows that there are many other things we can do to help small businesses through the capital gains tax and income tax regimes. I believe that what I have announced today will be good for small businesses. I have listened to what people have had to say and I believe it important to get the issues right. Overall, simplifying the tax has to be the right way forward. I can see no justification for putting the rate of capital gains tax back up to 40 per cent., which is what I now understand the hon. Gentleman's and the Liberal policy to be.

John McFall (West Dunbartonshire) (Lab/Co-op): May I welcome the Chancellor's statement? It is a huge step forward to have moved in 10 short years from a tax rate of 40 per cent. to 18 per cent. and with accompanying simplification. It is important for the Chancellor to continue to encourage entrepreneurship, which includes the private equity industry. However, may I say that there is a loophole in that management fees are not taxed? That information has come to me from the private equity industry, so I hope that the Chancellor will seek to close that loophole.

The insurance industry has also had discussions with me over the last couple of weeks and it is concerned that the new regime will disadvantage savers. I would ask the Chancellor to have further discussions with that industry to ensure that we do everything we can to encourage savings.

Mr. Darling: I am grateful to my right hon. Friend for his welcome. On his last point about the insurance industry, I did say that we have had discussions with that sector, but there are particular problems with one particular set of products. It is not immediately obvious that sorting out that problem will not create other problems. As I said, Treasury officials will remain in discussion with the industry. If we can resolve that problem, let us do so, but I believe that there may be considerable difficulties in doing so. As to the loopholes and various other points that my right hon. Friend raised, I keep them all under review. As a result of what I have announced today, I hope that small businesses, whose organisations have called for help of this nature, will recognise that we are determined to do all we can to help them. People who have made the effort and put all their skills and enterprise into setting up businesses should be helped to grow them and then hopefully to grow other businesses. We want to do everything we can to help them.

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): It is a bit rich for the Chancellor to come here and accuse my hon. Friends on the Front Bench of not saying whether they are in favour of or against the proposals, when he has been both against his own proposals and in favour of them at almost exactly the

same time? Will he now accept that his Chief Secretary has let the cat out of the bag, as he has recently made it absolutely clear that under the new set of proposals people in Britain will be subject to a significant tax hike?

Mr. Darling: I do not think that that is right. I have just explained that the cost of the proposals announced today is about £200 million, which will go back into the small business sector. It is important, however, that we not only help small businesses but maintain stable finances in this country. I am not sure that the right hon. Gentleman was a supporter of the Conservative Government all the time in the 1990s, but he will certainly remember that they got into real difficulties because they could not manage their own finances.

Tom Levitt (High Peak) (Lab): Any tax system must have the confidence and consent of those involved in it, and today's statement is a fair and sensible response to the consultation that has taken place. Will my right hon. Friend confirm that if the two owners of a hypothetical company of 40 or 50 employees, which has been established for about 30 years, for example selling management services to the not-for-profit sector, sold that company this year, the tax regime would be more generous now than it would have been under the taper system that preceded it?

Mr. Darling: As my hon. Friend describes, there are advantages for people who have set up and are perhaps considering selling small companies. If the other measures are taken into account, such as the small loans guarantee, the enterprise investment scheme, venture capital trusts and the regional help given, we are doing a lot to help small businesses, as well as helping the employees. It is also important to remember, as it is sometimes overlooked, that people have an individual annual tax allowance of £9,200 before they pay any capital gains tax. The proposals that I am announcing today represent significant help to a lot of small businesses, as we expect about 88,000 to be able to take advantage of them next year, most of them paying the 10p rate not the 18p rate; and the 18p rate is significantly less than the 40p rate that we had under the Tories and which the Liberals apparently want to reinstate.

Mr. Michael Jack (Fylde) (Con): What has puzzled me about the Chancellor's announcement is that when he was first in the Treasury he espoused tapered tax as a key ingredient of long-term, stable capital formation and business investment. He has now abandoned that, so if he wanted to retain the advantages of his first premise, why has he not grandfathered the rights of the existing system to existing investments? If he wants his claimed benefits from the new scheme, why does he not move to that for new investments?

Mr. Darling: Quite simply because I think that that would make the system very complicated and difficult to administer.

Mr. George Mudie (Leeds, East) (Lab): I welcome the main thrust of the Chancellor's announcement, but I would like to return to the item raised by the Chairman of the Treasury Committee, on life insurance. The Chancellor has indicated that he accepts that the issue is complex and he appears to accept that there are real difficulties for the life insurance industry. As we are nearing the end of January, and the new rules will operate from 1 April, can he give that industry, which is clearly worried about the proposals, any hope of some help before April?

Mr. Darling: As I said to our right hon. Friend the Member for West Dunbartonshire (John McFall) and others, and as I said in the statement, I am aware of the issue, which has been raised with me by the Association of British Insurers and individual insurers. If we can, we would like to try to help them. As I said to our right hon. Friend, however, it is not immediately obvious that the particular problem raised can be easily resolved. I have asked my officials, however, to speak to the industry's representatives, and they will do so over the next few days and beyond. I hope that we can find a resolution, but I do not want to raise hopes because the issue is quite complex.

Julia Goldsworthy (Falmouth and Camborne) (LD): My hon. Friend the Member for Twickenham (Dr. Cable) raised the question earlier, but I am not sure that I caught the Chancellor's response. Can he confirm that second-home owners will see a cut in their CGT bills? Was that an intended or unintended consequence of his proposals?

Mr. Darling: If there is a single rate, and we move away from the old system of a number of rates, does it not follow that some people will gain? Because we have a single rate of 18 per cent., that is less than some people might have paid on previous occasions.

Ms Patricia Hewitt (Leicester, West) (Lab): I am sure that my right hon. Friend's statement will be warmly welcomed by many small business owners in my constituency. He will be aware, however, that at the time of his initial proposal real concern was expressed that the simplification measures, although otherwise welcome, might disadvantage employee share ownership plans. Is he satisfied that the proposals that he has announced today will encourage companies to maintain, and indeed extend, their employee share ownership plans?

Mr. Darling: As I said earlier, the average gain under such employee schemes is between £2,000 and £3,000. Everybody in the country has an annual exemption for capital gains tax of £9,200 every year so the vast majority of people would come nowhere near paying CGT. The number of people who benefit from capital gains tax exemption in such schemes is growing, because more people are in such schemes. I want to encourage that; I have always believed that employee share ownership schemes should be supported. My proposals will help small businesses, and the annual exemption, which will go up again in April, will ensure that many of the people about whom my right hon. Friend is concerned will be more than covered.

Mr. Andrew Mackay (Bracknell) (Con): As today's statement, far from complementing the previous proposals, is clearly a retreat, what lessons has the Chancellor learned from this sad affair? For instance, in future will

[Mr. Andrew Mackay]

he properly consult business before putting forward such tax proposals, which have caused such chaos and uncertainty?

Mr. Darling: Of course we will listen to what businesses—small and large alike—have to say. It is important that we introduce the right tax regime. What I propose today is right. We have introduced an overall simplification, but we recognise the particular circumstances of small businesses, which we want to encourage to grow. That is why I have introduced the measures.

David Taylor (North-West Leicestershire) (Lab/Co-op): Is the Chancellor convinced that people are being given adequate time to plan their affairs, particularly if we are dealing with the disposal of businesses as opposed to liquid assets such as quoted shares? Is there not a risk that forced disposals will take place, and that people will be disadvantaged because of the decisions taken at this time? Could taper relief not be extended, at least for a period? There is no requirement for it to end at midnight on 5 April, is there?

Mr. Darling: No, but the overall thrust of what people are saying is that they want certainty as to what the regime will be from April. To add a further uncertainty by putting it off for a year or so would not have been particularly helpful. What I propose now means that people know exactly the position and can plan accordingly. As my hon. Friend will know, it is not uncommon in Budgets for the tax changes to take place that evening. What is needed is some degree of certainty, and that is what I have provided today.

Mr. Mark Prisk (Hertford and Stortford) (Con): This statement is as inadequate as the Chancellor has proved himself to be incompetent on the issue. Many owners of small businesses have said to me that, after 15 weeks' delay, as many right hon. and hon. Members have said, entrepreneurs will still lose £700 million. It will only be the smallest firms who will be spared, and then only if they remain the smallest. What kind of message does that send to the ambitious entrepreneur—the real wealth and job creators? What place do they now have in Labour's Britain?

Mr. Darling: The tax regime in this country, whether it is the lowest corporation tax rates that we have ever had—due to come down again in April—the capital gains tax regime, or the incentives provided through enterprise investment schemes or venture capital trusts, has a whole range of measures that have helped businesses. On top of that, we have been able to maintain a strong and stable economy, with low levels of inflation, which has also encouraged long-term investment. That is very different from the situation 15 or 20 years ago.

Chris Bryant (Rhondda) (Lab): Analysis of the economy in my constituency shows that it contains about a third of the number of businesses in the average constituency in the land. That is partly because of the devastation wreaked on the economy in south Wales by another political party, but will the Chancellor confirm that he will do more to encourage entrepreneurship in former coalfield areas, and that he will ensure that the enterprise investment scheme and venture capital trusts really do deliver more jobs and more small businesses in those peripheral economies?

Mr. Darling: My hon. Friend is right: the Tory party paid scant attention to communities like his that were devastated when the mines were shut in the 1980s. The situation in many parts of the country has changed almost unrecognisably since then.

We have introduced a range of measures, including regional venture capital funds and specific arrangements to assist people through reduced income tax, corporation tax and capital gains tax. That has helped businesses, which is why, as I said, there are more than 760,000 more small and medium-sized enterprises in the country than there were 10 years ago. But yes, we will continue to do all we can to encourage small businesses, because they are the engines of future growth. Ninety per cent. of businesses that are likely to take advantage of my announcement next year will pay the 10p rather than the 18p rate—which, of course, is infinitely better than the 40 per cent. rate with which they were confronted more than 10 years ago.

Adam Price (Carmarthen, East and Dinefwr) (PC): Does the Chancellor not understand that offering a tax break to second-home owners will make investment in second homes even more financially attractive and will put further pressure on house prices, especially in rural areas, making them even less affordable than they are now? Are the Government not making the same mistake that they made with self-invested personal pensions? Having originally proposed to include second homes as a qualifying asset, they then had to withdraw the proposal because of precisely the objections that are being made now.

Mr. Darling: I think the real answer to the problem that the hon. Gentleman has raised—and the shortage of housing is undoubtedly a problem in rural areas, as it is in urban areas—is for us to recognise the need to increase the supply of housing as a whole. I hope that Members in all parts of the House will support the Government's measures both to encourage more housing and to reform the planning laws; otherwise we shall continue to experience the problem of far more people needing housing than there are houses, which will force prices up. It is important for us to recognise the fundamental problems that we face in this country.

Jim Cousins (Newcastle upon Tyne, Central) (Lab): I understand my right hon. Friend's motives, but new reliefs will mean new opportunities. Tax changes behaviour. Can my right hon. Friend assure us that firm measures will be taken to prevent income being switched to capital and the real benefits going not to business angels but to money magicians?

Mr. Darling: I said in my statement that I would keep that under review. If there is any sign of abuse of this or, indeed, any other part of the tax system, the Government will be ready to take the appropriate action.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): Will the right hon. Gentleman confirm my understanding that his October proposals, as modified today, involve the removal of the indexation of the

acquisition costs in respect of a number of years from the early 1980s to the end of the 1990s? If so, is that not a form of retrospective taxation which should be deeply deplored, depriving people of a reasonable expectation in regard to acquisition costs? Perhaps I should add that I come into one of those categories.

Mr. Darling: It is good of the right hon. and learned Gentleman to say that.

One of the many changes that we have made in an attempt to simplify the system relates to indexation. I understand the right hon. and learned Gentleman's point, but the tax system does change from time to time, especially in relation to capital gains. It is quite possible that something may be acquired long before a particular tax measure is introduced. Capital gains tax is a relatively new tax: it was only introduced in 1965.

I am trying to simplify the tax system, which is something that people in the House and outside have asked successive Chancellors to do. I readily accept that once we do start to simplify a tax, we soon hear from those who did not want that particular simplification.

Mr. Mark Harper (Forest of Dean) (Con): Many Members have commented that the combination of the changes announced today and those announced in the pre-Budget report represents a tax increase of £700 million, and the Chancellor has not denied that. For the avoidance of doubt, will he confirm that it is indeed the case?

Mr. Darling: If the hon. Gentleman cared to look at the figures that we published in the pre-Budget report, he would see exactly what the changes meant. It is hardly a secret; it is in documents published at the time of the pre-Budget report.

Mr. Mark Field (Cities of London and Westminster) (Con): Like many Members, in these sorry circumstances I support the proposal, although it flies in the face of the simplicity that was the whole idea of the original statement in October.

It is important to have a sense of perspective. I think that between 1945 and 2002 most business owners would have been delighted at the prospect of not having to pay tax on 82 per cent. of their earnings, but that is partly a function of being in a global economy. Does the Chancellor not recognise, and will he not confirm, that this climbdown will require yet more anti-avoidance measures?

Mr. Darling: I am grateful to the hon. Gentleman. He has endeavoured to give a fair assessment of what I am proposing, and he is the first Conservative Member to say that it might actually merit support. He is right: obviously the tax rates have changed over the years. I do not think many people apart from the hon. Member for Twickenham (Dr. Cable) believe that capital gains should be taxed at 40 per cent. I think that a lower rate is right, and our rate is comparable with international rates.

I believe that this measure will help small businesses. I believe that all Members believe that people who take the trouble, put in the effort and have the initiative to set up and develop such businesses ought to be supported, and that is what I am trying to do.

Business of the House

12.6 pm

The Leader of the House of Commons (Ms Harriet Harman): The business for the week commencing 28 January will be as follows:

MONDAY 28 JANUARY—Consideration of Procedural Motions relating to the European Union (Amendment) Bill.

TUESDAY 29 JANUARY—Debate on the treaty of Lisbon provisions relating to fighting cross-border crime; justice; policing; human trafficking; and asylum and migration policy, followed by consideration in Committee of the European Union (Amendment) Bill [1st Allotted Day].

WEDNESDAY 30 JANUARY—Debate on the treaty of Lisbon provisions relating to energy, followed by continuation of consideration in Committee of the European Union (Amendment) Bill [2nd Allotted Day].

THURSDAY 31 JANUARY—Topical debate, subject to be announced, followed by remaining stages of the National Insurance Contributions Bill.

FRIDAY 1 FEBRUARY—Private Members' Bills.

The provisional business for the week commencing 4 February will include the following:

MONDAY 4 FEBRUARY—Motions relating to the police grant and local government finance reports.

TUESDAY 5 FEBRUARY—Debate on the treaty of Lisbon provisions relating to human rights, followed by continuation of consideration in Committee of the European Union (Amendment) Bill [3rd Allotted Day].

WEDNESDAY 6 FEBRUARY—Debate on the treaty of Lisbon provisions relating to the single market, followed by continuation of consideration in Committee of the European Union (Amendment) Bill [4th Allotted Day].

THURSDAY 7 FEBRUARY—Topical debate, subject to be announced, followed by motions relating to European Standing Committees.

I should also inform the House that the business in Westminster Hall for 31 January will be as follows:

THURSDAY 31 JANUARY—A debate on working in partnership to reduce reoffending and make communities safer.

Mrs. Theresa May (Maidenhead) (Con): I thank the Leader of the House for giving us the forthcoming business. Today the House finally sees the motions for Monday's debate on procedure relating to the European Union (Amendment) Bill and debates on the Lisbon treaty. Labour Back Benchers, however, have had this knowledge for days, courtesy of a document circulated by the Government Chief Whip. The Leader of the House has given us two weeks' business, but according to the list that I have, Labour Back Benchers know the dates of business until the end of February. If they know, why does the Leader of the House not have the courtesy to tell the whole House?

This morning the Home Secretary appeared on the "Today" programme giving details of the Counter-Terrorism Bill before it was published for Members of the House. Yet again, the Government have put the

[Mrs. Theresa May]

media before Parliament. Every week the Leader of the House tells us that she puts Parliament first, and every week her colleagues treat Parliament with disdain.

Last week I asked the Leader of the House about issues of vital importance to Members and the public. Instead of responding properly, she said,

"if there is a bandwagon, she will jump on it and if there is a myth, she will peddle it."—[*Official Report*, 17 January 2008; Vol. 470, c. 1079.]

I had raised Northern Rock, organ donation and the security of personal data. Which of those issues does the Leader of the House consider to be a bandwagon or a myth?

In view of the recent downturn in international financial markets, may I suggest the state of the British economy as a subject for a future topical debate? On Monday the Secretary of State for Defence announced that the Ministry of Defence had lost a laptop containing the bank details of 3,700 Army applicants. It lost a further two laptops containing personal data on Tuesday, and yesterday the Ministry of Justice announced that it had lost four CDs containing the restricted data of court defendants, witnesses and victims. When will we have a debate on the Government's systemic failure to protect our personal information?

Given this record on data management—or mismanagement—it is no surprise that within two weeks, the Prime Minister has changed his mind and delayed the introduction of the identity card scheme; and we have learned today that two companies have pulled out of the procurement process for the scheme, including Accenture, the very company the Minister for Borders and Immigration used to work for. This is a shambles. The scheme is clearly in administration and should be liquidated. When will the Home Secretary come to the House and make a statement on the ID card scheme?

As a London MP, the right hon. and learned Lady will be aware of the concern being raised about the Mayor of London. Does she not find it extraordinary that the Mayor has defended his senior staff using their paid time to run a smear campaign against Trevor Phillips? May we have a debate on the abuse of power by Mayor Livingstone?

The Prime Minister has written a book about courage: it was clearly not an autobiography. He did not have the courage to sign up to the EU reform treaty alongside other leaders, he did not have the courage to vote for the Bill on the treaty on Second Reading, and he has not had the courage to give the British people a referendum. So can we have a debate on courage and leadership?

We have a Prime Minister who dithers, delays and dodges on matters of crucial importance to our country. When will he finally get a grip and start running the country, instead of running away from difficult decisions?

Ms Harman: Let me begin by explaining how we intend to deal with the important debate on the European treaty. The European Union (Amendment) Bill is brief—it contains only eight clauses—but we know that the treaty that it would bring into effect is of concern across the House in relation to energy, the economy, international development, the environment and cross-border crime. We have sought to arrange debates so that Members can discuss both the structure of the Bill and any amendments they might wish to make to it, and the substance of the treaty that the Bill brings into effect. The order of business is before the House today. There will be an opportunity next Monday to discuss the procedure, so there will be a full debate on the procedure before we move on to the substance on Tuesday. Of course it is possible for provisional plans to be discussed—as they sometimes are—with the Opposition and with individual Members, but what is of particular importance is that the Government lay their motions before the House early enough for Members to know how the debate is intended to proceed, and for them to be able to amend those motions if they see fit. That is what we have done in our handling of the Bill.

The whole House can see today on the Order Paper—

Mrs. May: Not the whole House. Not the dates.

Ms Harman: The whole House can see the dates on the Order Paper for the days allotted for the business, where it is confirmed. *[Interruption.]* As the business is confirmed, we put it on the Order Paper.

As for the Home Secretary and the Counter-Terrorism Bill, Members know that there has been a great deal of discussion about how we can ensure that we safeguard people in this country from acts of terrorism, while also safeguarding civil liberties. During the course of that debate, the Home Secretary has given evidence to the Home Affairs Committee, which has discussed her proposals and issued a report, and she has responded to it. It is necessary for the Home Secretary to consult Members, the Opposition Front Benches and outside organisations. The detail of the scheme in the Bill has not been made public, and will not be until it is published to this House.

The right hon. Lady talked about the economy. It is important for us to bear in mind that our economy is in a good position to weather the international economic storm. In such circumstances of international economic turbulence, I do not think the Opposition should talk down economic confidence in the British economy.

On data protection, we have had written ministerial statements from the Ministry of Justice and oral statements from the Ministry of Defence and the Chancellor of the Exchequer. Government Departments and agencies collect important data so that they can do their jobs properly, and as the right hon. Lady will know, there is a cross-departmental review of how we ensure that individuals' details are not put at risk by breaches of data protection rules. When that review is complete, no doubt we will report the conclusions to the House. It is right that we bring the House up to date as and when we discover that there have been breaches of data protection, and we shall continue to do so.

The right hon. Lady raised the identity card scheme and talked about a delay. Let me explain to her that there is a phased introduction of this process: first, biometric data on passports; then biometric data on

visas; and it will then include biometric data on cards for some people, such as those who work in the security industry. We have always said that there will be a phased approach and we will learn lessons as the phases roll out. Should we, on the basis of the lessons we learn, want to extend it to make it compulsory for British citizens, it would be brought back to this House for a debate and a vote. That has been the situation, and it remains so.

The right hon. Lady talked about the Mayor of London. As London's Mayor, Ken Livingstone has revitalised the city. I am sure that Members will agree that London is the greatest capital city in the world. It is on his record, which speaks for itself, that London voters *[Interruption.]* The Mayor of London holds an elected post, and Londoners will decide on his record at the ballot box in May.

Several hon. Members *rose*—

Madam Deputy Speaker (Sylvia Heal): Order. May I ask for single questions to the Leader of the House and a brief response, as many Members hope to catch my eye?

Keith Vaz (Leicester, East) (Lab): I missed the Home Secretary on the "Today" programme, as I was recovering from having attended the march protesting against the Government's decision on police pay. I welcome the fact that, as a result of the anecdotal discussions that have been taking place, the Government have accepted a number of the Home Affairs Committee's proposals in their counter-terrorism proposals. May we have a debate on the Committee's proposals over the next few weeks—if not on Second Reading then independently of that—as that would aid a further discussion by Members on how to approach this important subject?

Ms Harman: The Committee has produced its report, and the Government have produced their Bill. The next opportunity for the House to debate this important issue will be on Second Reading of the Bill.

Simon Hughes (North Southwark and Bermondsey) (LD): The Leader of the House has announced that on Monday week we will debate and vote on motions relating to the police grant and local government finance. There is huge concern in the country about the police needing adequate funding as well as adequate pay. There is also great concern across local government, of all parties, because the settlement means that council tax will have increased by 100 per cent. in 10 years, whereas if education is taken out, the money available for councils for things such as social services will have increased by 14 per cent. in real terms over 10 years. Given those concerns, may we have entirely separate debates and votes on those matters? Can we have a police debate and a local government finance debate? They are separate subjects, separate budgets are involved and the organisations are separate. We always used to take that approach.

Will the Leader of the House guarantee that the five motions on the Order Paper in the name of the Secretary of State for Communities and Local Government dealing with local government reorganisation in Cornwall, Wiltshire, Shropshire, County Durham and Northumberland will each be the subject of a separate debate, so that they can be properly decided upon, as they deserve to be?

The Leader of the House has announced that at the end of the week after next, we will consider motions on the scrutiny of European Union legislation. That is a matter of considerable interest in the House, and her deputy has consulted colleagues about it. May we see the results of that consultation, and a report on it, in good time before we see motions and are asked to debate the proposals for better scrutiny of European Union matters?

Today, the written statement by the Secretary of State for Justice on the Government's long-promised review of electoral systems has been published. One of my friends said that it was more like an A-level piece of work or an undergraduate thesis than a great Government study. Irrespective of that, may we have an opportunity to debate across the board the way in which electoral systems have worked well or badly at different levels of government, so that the Government can honour their manifesto commitment in reality, rather than just in word?

Today, we learned that eight Russell group universities have underspent significantly—by hundreds of thousands of pounds—the money allocated for bursaries to improve access among the poorest and most disadvantaged families, and that four others have not even disclosed their figures. Can we have either a statement from the Secretary of State for Innovation, Universities and Skills or a debate to ensure that a policy on which we all agree—ensuring that people get to university irrespective of their background or means—is delivered? We do not want to find, as is happening at the moment, that people are not taking it up because the money is sitting in the bank.

Lastly, terrible prevarication has taken place over whether the war veterans entitled to disability pensions who have been paid the wrong amounts will have to repay the sums, which are sometimes in the order of thousands of pounds. The Ministry of Defence said that it would repay them and would write the money off, then it said that it could not do that because the Treasury had to be consulted, and now the people involved are told that they must wait for another couple of months before those two Departments get their act together. Can we please have an announcement on this, either from the Chancellor or from the Secretary of State for Defence? I hope that such an announcement will say that war veterans who have served their country and been disabled in that cause will not have huge debts that have to be repaid because of a Government mess.

Ms Harman: On the question of the universities and bursaries, which is an important issue for hon. Members across the House, I shall ask the relevant Secretary of State to respond to the hon. Gentleman's point in writing and place a copy in the Library. I shall do the same in respect of the overpayments made to war veterans and how the MOD is proposing to handle the matter. All of us are concerned that our war veterans should be treated in the most careful sensitive way, commensurate with the duty that they have done for their country, which we all respect and admire.

[Ms Harman]

The hon. Gentleman proposed a debate on the electoral systems review that has been published by the Ministry of Justice. I suggest that if he thinks fit, he could propose that subject for an Opposition day debate, or he could seek a Westminster Hall debate on it. He also mentioned this House's scrutiny of European legislation. As he said, my hon. Friend the Deputy Leader of the House has consulted widely on how we can ensure that this House gives more effective scrutiny to legislation that comes from Europe. The hon. Gentleman makes a good suggestion, so I shall consider, with my hon. Friend, whether we could issue forthwith a written ministerial statement so that people could see how we intend that the House should deal with this matter before we table the resolutions that would give effect to the determination that we have made.

Sufficient time will be given to discuss the local government situation in relation to the counties that the hon. Gentleman mentioned. There will also be sufficient time to debate both police matters—how we increase police numbers as well as increasing their pay—and how we handle council tax. We have put those issues on one day, and we think that there will be adequate time for debate.

Colin Burgon (Elmet) (Lab): May I let the Leader of the House know that there is growing disquiet among some Labour Members about the compressed timetable and the arbitrary selection of themes that we will be discussing in relation to the European treaty? Does she agree that our opting out of the charter of fundamental rights, as it affects working people, is at least worthy of one full day's debate? That would give the Government a wonderful opportunity to prove people such as me, who feel that the EU is heading in an increasingly neo-liberal direction, wrong.

Ms Harman: On the fourth day of debate, which starts next Tuesday, we will propose to the House that there be four and a half hours' debate on the very important issue of how our membership of the European Union helps our economy, and how we should ensure that everyone working in the European Union and in this country has good minimum standards of terms and conditions.

Mr. Oliver Heald (North-East Hertfordshire) (Con): Can we have a debate in Government time on early-day motion 512, or a similar motion, that would give us a chance to vote on the Government's decision to dishonour the police pay agreement?

[That this House is disappointed by the failure of the Government to accept in full the recommendations of the Police Arbitration Tribunal police pay award; believes that the pay settlement should be backdated to 1st September; notes that the police are the front line in the fight against organised crime, terrorism and anti-social behaviour; recognises that their work puts them at great personal risk; further believes that this dispute over 0.6 per cent. difference is petty and needless; and calls upon the Government to reconsider its decision.]

Does she agree that we owe it to the 22,000 people who came to Westminster yesterday—those of us who went to the rally saw how passionately they feel about this breach of trust—to have a debate and a vote in this House about such an important matter? That agreement has lasted 28 years, and it is a disgrace for the Government to break it in this way.

Ms Harman: I pay tribute to the work of the police. Their pay has increased ahead of inflation since we came into government. The Prime Minister has said that we would like to pay them even more, and I think we would all agree with that. However, we must ensure that there is no risk of inflation. We hope in future to secure an agreement with the police on a three-year pay settlement—but legally, police pay is a matter to be determined by the Home Secretary.

David Wright (Telford) (Lab): Can we have a topical debate on the cross-party campaign to secure a medal decoration for military personnel injured in Iraq or Afghanistan, similar to the American purple heart medal? Such a measure has cross-party support, and we need to discuss it in the House.

Ms Harman: I think that that would be a good subject for a topical debate, and I shall consider it. I think that the whole House would want the opportunity to show the admiration and support in this House, and in the country as a whole, for our troops fighting bravely in Iraq and Afghanistan. My hon. Friend makes a proposal about recognition and war medals. He will know that that is a matter for the armed services to propose to the MOD, but an expression of this House's opinion would assist in that process. I will take his proposal forward.

Sir Michael Spicer (West Worcestershire) (Con): Will the Leader of the House confirm that in real terms, the pay of Members of Parliament has decreased in recent years?

Ms Harman: I will confirm that point—and we will debate this subject for a number of hours at the conclusion of business questions.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): Will the right hon. and learned Lady arrange for the Justice Secretary to come to this House next week to make a statement on low copy number DNA? She will be aware of the judgment made at the back end of last year on the Omagh bombing, as a result of which there is considerable anxiety about the evidential value of such DNA both in past cases and in prospective cases. We need to know where we stand. May I declare an interest? I am a criminal barrister too, and I have a professional interest in one such case.

Ms Harman: On the question of low copy number DNA evidence being material to past convictions, there is a procedure for any defendant or offender who has been convicted who wants their case to be reopened or who has yet to finish the appeal process. In future, prosecution authorities will have looked carefully at that judgment and will consider how to go forward.

Julie Morgan (Cardiff, North) (Lab): When can we have a debate about the performance of the train operating companies? I am sure that the Leader of the House is

aware of the problems related to First Great Western, which provides the service from Paddington to south Wales. I commend the company for its efforts on Monday, when I was on the first train to go through the floods around Swindon—at 5 mph. Everyone rallied together and the managers and staff produced tea and coffee. Today, the Passenger Focus report shows that First Great Western is at the bottom of the customer satisfaction league. There are particular concerns about prices and delays. Can we have a debate on that?

Ms Harman: Members of the Select Committee on Transport will have the opportunity to raise my hon. Friend's important point with the Secretary of State when she appears before the Committee next Wednesday.

Mr. Lindsay Hoyle (Chorley) (Lab): On Monday afternoon, Jessica Knight, a 14-year-old girl who is a constituent of mine, was subjected to the most sickening, horrendous and frenzied knife attack in Astley park, Chorley. I am sure that my right hon. and learned Friend would agree that that case highlights the threat faced by members of the public from those carrying knives. Will she assure me that the plans laid out by the Prime Minister to impose stricter sentences on those found carrying knives—as well as on those who carry out such sickening attacks—in order to tackle knife crime will be implemented as a matter of urgency? I am sure that the thoughts of the whole House are with my constituent. She is in a critical stage, hanging on and fighting for her life.

Ms Harman: I am sure that the whole House will support and agree with the comments made by my hon. Friend about his constituent, Jessica Knight, who was subjected to that horrendous attack. Of course, the Government must take serious and violent crime seriously. We must ensure that we have the right penalty, the right prevention and greater support for victims.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): May I take this opportunity to wish you, Madam Deputy Speaker, the Leader of the House and all hon. Members a very happy Burns nicht tomorrow? Can we have a look at tomorrow's business to see whether it might be possible to have a short examination of the growing concern about the possible shortage of haggis, which is of course essential to every good Burns supper? The problem was highlighted by Improve, the independent sector skills council. It is concerned that the withdrawal of European social fund support for training in the calf butchery industry will have an impact and will lead to a lack of skilled butchers who are able to produce this finest of foods. Will the Government act to protect the

"chieftain o' the puddin'-race"

or will they each just be a

"Wee, sleekit, cow'rin', tim'rous beastie"?

Ms Harman: I shall draw the hon. Gentleman's question to the attention of the relevant Minister. I am sure that we all wish everybody a happy Burns night; I seem to be going to a Burns night dinner not tomorrow but next Friday.

Jon Trickett (Hemsworth) (Lab): Will my right hon. and learned Friend organise a debate on town and parish councils? That would allow me to celebrate the work of so many town and parish councils in my area and, in particular, to condemn the irresponsible action of the independent group in Featherstone, which has gone for a tax increase that would get into the Guinness book of records—an 800 per cent. increase in the precept—despite the fight put up by the local Labour party. That will substantially damage pensions, in particular, as it will take most of the increase. Such a debate would allow us to explore the mysterious decision to put half of the increase—

Madam Deputy Speaker: Order. I think that the Leader of the House has got the message that the hon. Gentleman is sending.

Ms Harman: We all pay tribute to the important work that is done in town and parish councils. It is disappointing if groups such as the Featherstone independent group bring that independent civic work into disrepute by behaving in the way that my hon. Friend has described.

Justine Greening (Putney) (Con): Given the importance of how the Mayor of London is running his office and how he is spending taxpayers' money in London, can we have a topical debate to find out why the Greater London Authority Act 2007 will give the role even more powers, especially as there are problems with the checks and balances on it? In the light of the recent statement made by the Secretary of State for Work and Pensions, does the Leader of the House think that the Mayor of London should resign to clear his name, too?

Ms Harman: The previous Government abolished the Greater London council, the authority that was democratically elected to run London. We set up a Mayor of London in order to allow people in the hon. Lady's constituency, in mine and throughout London to have their say. I pay tribute to the work of the Mayor, who was elected democratically by the people of all of London. Next May, it will be the responsibility of the electors to have their say on how he has done his work. We have full confidence in him. We cannot tell whether we are fully confident in the work done in this House by the hon. Member for Henley (Mr. Johnson), because we never see him.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): May I suggest to my right hon. and learned Friend that the subject of next week's topical debate should be the situation in Gaza, which gets worse by the day? I ask her and the Government to agree that the Israeli Government should lift their blockade of Gaza, which is holding an entire population to ransom. That is against all principles of civilised behaviour and is clearly in breach of international law.

Ms Harman: There is a debate this afternoon in Westminster Hall on the middle east. I think that everybody will be concerned by the developments that have been reported overnight.

Mr. Mark Harper (Forest of Dean) (Con): The Leader of House will know that today the Secretary of State for Justice has published a document about the review of voting systems. He said that it remained the Government's view that, as a change to the voting system used for this House would have significant effects

[Mr. Mark Harper]

on the way in which democracy works, it would come into effect only if it were endorsed by a referendum. What confidence should the public have that that promise of a referendum on any change to the voting system will mean any more than the promise of one on a European constitution?

Ms Harman: We have made it clear that any decision to change the way in which Members of this House are elected, by going from first past the post to a proportional system, would not be for us to make and that we would ask for support for the decision through a referendum. We have no proposal with which to come forward; we do not propose that following the review there should be a change in the voting system for the House of Commons.

David Taylor (North-West Leicestershire) (Lab/Co-op): The Human Fertilisation and Embryology Bill contains a number of controversial clauses, including those on hybrid embryos, the deletion of the need for a father and new powers for the Human Fertilisation and Embryology Authority to apply the law in new cases without reference to ethical guidelines. The Bill has almost completed its passage in the House of Lords. Will the Leader of the House let us know whether it will come to this House before the Easter recess, so that we can plan our campaign? It is an important issue. A lot of people are making submissions to their MPs and they want to contact them at the appropriate time.

Ms Harman: I know that the Bill will be subject in this House to a great deal of intense scrutiny and debate, as it has been in the House of Lords. I cannot give a specific time frame for when it will leave the House of Lords. Of course, the House of Lords needs to be allowed to complete its deliberations in as much time as it regards to be necessary.

Sir George Young (North-West Hampshire) (Con): What has happened to today's topical debate? Does the Leader of the House really believe that there is nothing to debate today apart from our salaries?

Ms Harman: I am afraid that the right hon. Gentleman has hit the nail on the head. The topical issue for debate today is Members' pay.

Mr. Ian Cawsey (Brigg and Goole) (Lab): Will my right hon. and learned Friend find time for a debate on the importance of holocaust memorial day? I draw her attention to early-day motion 648, which has been signed by 145 hon. Members.

[That this House notes Holocaust Memorial Day is 27th January, the day the Nazi death camp Auschwitz-Birkenau was liberated; recognises the significance of this day and the importance of remembering and learning from the past especially when there are those who seek to denigrate and deny its significance; observes that the lessons of the Holocaust have not been learnt and racism, anti-semitism and intolerance continue in the UK and abroad; further observes that the international community has failed to prevent the occurrence of genocide in Cambodia, Rwanda, Bosnia, Iraq and now Darfur; thanks the City of Liverpool for hosting the national event and the Holocaust Memorial Day Trust for organising the day; supports 2008's theme, Imagine, remember, reflect and react; applauds organisations like the Holocaust Educational Trust (HET) for their work and in particular recognises the impact the acclaimed HET visits to Auschwitz have had in shaping young minds; notes that a Book of Commitment will be placed in the corridor between the hon. Members' Cloakroom and hon. Members' Staircase between 1430 and 1630, Monday 21st to Wednesday 23rd January; and encourages all hon. Members to sign it and mark a day that helps to ensure the memory of the Holocaust is kept alive to serve as a warning now and in the future.]

The motion notes that memorial day is this Sunday and praises the work of the Holocaust Educational Trust. I thank my right hon. and learned Friend for using her good offices to allow the book of commitment to be placed in the House this week. It has been signed by many hon. Members of all parties. May I encourage hon. Members to attend local memorial events and to sign the early-day motion?

Ms Harman: I shall take my hon. Friend's suggestion as a proposal for next week's topical debate. The need to remember and learn from the holocaust is raised regularly at business questions by hon. Members of all parties. The fact that Sunday is holocaust memorial day could make it an appropriate subject for next Thursday's topical debate.

Dr. William McCrea (South Antrim) (DUP): There is no confidence in the Northern Ireland community that policing and justice will be devolved to the Northern Ireland Assembly—and certainly not in the lifetime of the present Assembly. In addition, there seems to be some confusion in the mind of the Secretary of State for Northern Ireland about the devolution of those powers. Will the Leader of the House therefore find time for a debate on that very important and topical subject?

Ms Harman: I do not accept that there is confusion in the mind of my right hon. Friend the Secretary of State about that matter, but I shall draw the hon. Gentleman's comments to his attention. I shall ask my right hon. Friend to write to him, and to place a copy of the letter in the House of Commons Library.

Mr. Crispin Blunt (Reigate) (Con): May we have a debate on the economy, to be led by the Prime Minister? That would give him an opportunity to explain why he said to my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke) yesterday that he had

"inherited a very difficult economic situation from him in 1997" —[*Official Report*, 23 January 1997; Vol. 470, c. 1493.]

How is that remark consistent with the fact that the economy at that time was moving into considerable surplus, with the best pensions provision in Europe, a savings ratio of more than 10 per cent., trade in balance and inflation under control at 2.5 per cent? Treasury officials described those figures as "fantastically good". How is that consistent with the description given by the Prime Minister yesterday?

Ms Harman: The House has the opportunity every Wednesday to ask the Prime Minister questions about the economy. My right hon. Friend has shown that he is

very willing to respond to such questions at length. He considers it to be of the utmost importance that our economy remains strong and stable, with high levels of employment and low inflation and interest rates, and that it stays strong against a background of international financial turbulence.

Mr. Nigel Evans (Ribble Valley) (Con): Harold Wilson was right to say that a week is a long time in politics. There are more important matters than MPs' pay, and the resignation of Ministers and the conduct of Government are among them. Does the right hon. and learned Lady agree that today's breaking news gives the Government an ideal opportunity to look again at the workings of government, and to decide that the responsibilities for Wales and for work and pensions—and indeed for Scotland and defence—should be split? Does not today's resignation news give the Government an ideal opportunity to carry out a mini-reshuffle?

Ms Harman: The question of changes to the machinery of government is for the Prime Minister.

Mr. Andrew Mackay (Bracknell) (Con): In light of the breaking news, may we have an urgent statement today on the implications of the resignation of the Secretary of State for Work and Pensions?

Ms Harman: I know that since I have been answering business questions today there have been media reports about the resignation of my right hon. Friend the Secretary of State for Work and Pensions, who also has responsibility for Wales. I do not have confirmation that his resignation has been received, but my right hon. Friend has worked to improve pensioners' retirement income and to ensure that more people come off benefits and go into work. That has been important work for people in this country, and I personally consider him to be an excellent colleague and a good friend.

Mr. Alan Reid (Argyll and Bute) (LD): May we have a topical debate on the rules governing community bids to take over post offices? The Government's response to a consultation on the post office network stated:

"The Government wants to encourage more community-run post offices".

Last Monday, I attended a meeting in my constituency, at which EnviroKirn, a local community group, said that it wanted to take over a post office that is threatened with closure. Post Office representatives were far from encouraging, however, and the rules that they set out made it appear almost impossible for a community group to take over a post office. It is clear that the Post Office is not following Government policy, so may we have an urgent debate on the subject?

Ms Harman: I shall draw the hon. Gentleman's remarks to the attention of my right hon. Friend the Secretary of State for Business, Enterprise and Regulatory Reform. In the meantime, I suggest that he seeks a meeting with senior Post Office managers, so that he can present his constituents' concerns about services.

Mr. Mark Lancaster (North-East Milton Keynes) (Con): May we have a debate on education so that we can discuss the Government's plans to impose thousands of new homes on Milton Keynes while at the same time slashing its education budget by some £64.5 million? What would the Leader of the House say to parents with children at Oakgrove school in my constituency? They face the prospect that the final phase of building will not be completed, with the result that pupils will have to leave and go elsewhere. Why exactly is Labour deserting Milton Keynes?

Ms Harman: Labour is certainly not deserting Milton Keynes. I know that there is a demand across the country for more housing, especially among people who are finding it difficult to afford to get on to the housing ladder for the first time, or who are finding it hard to rent a good property for themselves and their families.

Mr. Lancaster: What about schools?

Ms Harman: The hon. Gentleman asked about homes, and I am dealing with that question first. As for education, there has been a big increase in investment in schools in this country, including in Milton Keynes, since this Government took office. The background at that time was that many children were being taught in very large classes, and problems with the roofs of many schools meant that buckets had to be put in place to collect the drips when it rained. The Government have instituted major programmes of capital and revenue investment in education, and I find it hard to believe that Milton Keynes is the only part of the country that has not benefited. Moreover, having made that investment in education, we intend to increase it in future.

Bob Spink (Castle Point) (Con): The public think that hon. Members are like children with the keys to the sweet shop, and they are astonished that we vote for our own pay rises. Will the Leader of the House programme proposals that our salaries be determined entirely by an independent body, so that we can get rid of that indecent practice before we go off for the summer recess?

Mr. Speaker: Order. That debate is coming. The hon. Gentleman must be patient.

Mr. Philip Hollobone (Kettering) (Con): This week, the Public Accounts Committee published its findings that 40 per cent. of motorbikes on Britain's roads are not taxed, and that the Driver and Vehicle Licensing Agency has no effective way to ensure that owners of foreign vehicles who are in this country for more than six months pay our road tax. May we have an urgent debate in Government time on the millions of vehicles on Britain's roads that are both untaxed and uninsured?

Ms Harman: The Government are considering the PAC report, and will respond in due course.

John Penrose (Weston-super-Mare) (Con): Earlier, my right hon. Friend the Member for Maidenhead (Mrs. May) asked the Leader of the House about the progress of the Government's ID card scheme, but may I press the right hon. and learned Lady to take her reply a little further? Her response was that the Government had always planned to phase in the cards, but the whole point about the question posed by my right hon. Friend was that that phased approach seems to be slipping.

[John Penrose]

Does the Leader of the House agree that that slippage is adding fuel to the fires among Opposition Members, who have said that the scheme is unworkably complex and expensive and that it cannot work? Does not the fact that the scheme is delayed merely prove that point?

Ms Harman: I am afraid that the hon. Gentleman cannot press me further on that, as I have nothing to add to what I said about 15 minutes ago.

Mark Pritchard (The Wrekin) (Con): This year's budget deficit is already £44 billion, inflation—not calculated according to the retail prices index—is running at 11 per cent., and every household in the country has been lumbered with a second mortgage as a result of the Northern Rock saga. Is it not time, therefore, for an urgent debate on the Government's handling of the British economy, given that every household and business is paying more in tax?

Ms Harman: I forbore repeating myself in response to the previous question from the hon. Member for Weston-super-Mare (John Penrose), but on this occasion I shall repeat what I said earlier in response to the shadow Leader of the House. The British economy is in a good position to weather the difficult storm arising from international financial turbulence. Opposition Members must think very carefully about whether it is really their job to talk down confidence in the British economy. We think that we remain in a strong position. The hon. Gentleman should support the high levels of employment in his constituency, and the endeavours of businesses there, by not misrepresenting the state of the economy.

Points of Order

12.49 pm

Daniel Kawczynski (Shrewsbury and Atcham) (Con): On a point of order, Mr. Speaker. On Monday, when the Foreign Secretary introduced the first stages of the ratification process for the EU constitution, he could refer to only two organisations that supported the Government's position on not giving the British people a referendum. He kept referring to one of them as the "commission of bishops". I left the Chamber thinking that English bishops were in favour of the Government's stance, but I subsequently found out that the group in question is the Commission of the Bishops' Conferences of the European Community, a pan-European group of bishops funded by the European Union. That is an absolute disgrace, and I urge the Foreign Secretary to—

Mr. Speaker: Order. That is not a point of order. The hon. Gentleman has to remember that there are many bishops and many bishops' organisations.

Simon Hughes (North Southwark and Bermondsey) (LD): On a point of order, Mr. Speaker. The Leader of the House suggested that, according to the best advice that she had been given, there may have been a resignation by a Secretary of State. If that is the case, will the Secretary of State for Justice come to the House at a proper time next week to address us on matters relating to parties, pay and allowances?

Mr. Speaker: The hon. Gentleman is extending the statement on the business of the House. That is not a point of order.

BILL PRESENTED

COUNTER-TERRORISM

Jacqui Smith, supported by the Prime Minister, Mr. Chancellor of the Exchequer, Secretary David Miliband, Mr. Secretary Straw, Mr. Secretary Hutton, Secretary Ruth Kelly, Mr. Secretary Woodward and Mr. Tony McNulty presented a Bill to confer further powers to gather and share information for counter-terrorism and other purposes; to make further provision about the detention and questioning of terrorist suspects and the prosecution and punishment of terrorist offences; to impose notification requirements on persons convicted of such offences; to amend the law relating to asset freezing proceedings under United Nations terrorism orders; to amend the law relating to inquests and inquiries; to amend the definition of 'terrorism'; to amend the enactments relating to terrorist offences, control orders and the forfeiture of terrorist cash; to provide for recovering the costs of policing at certain gas facilities; to amend provisions about the appointment of special advocates in Northern Ireland; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Friday 25 January, and to be printed. Explanatory notes to be printed. [Bill 63].

Members' Salaries, Pensions and Allowances

Mr. Speaker: Before we begin the debate, it may help the House if I indicate that there will be a single debate on the various motions in the name of the Leader of the House on salaries, pensions and allowances, and on all the amendments selected. A selection list has been placed in the No Lobby. The debate will take place on the motion about to be moved by the Leader of the House on "Members' Salaries (Expression of Opinion)". At 5 pm, if the debate has not concluded, I will call on the movers of any amendments selected to the first motion to move their amendments formally. I will then call subsequent motions and amendments, as necessary, which will be moved formally.

12.52 pm

The Leader of the House of Commons (Ms Harriet Harman): I beg to move,

That, in the opinion of this House, the system for determining the salaries of Members of Parliament should be reviewed, in particular with a view to removing the need for final decisions on salaries to be subject to approval by this House; and that—

(1) the yearly rate for salaries of Members of this House, including the additional salaries of chairmen of select and general committees, should be increased (in addition to the increase of 0.66 per cent. provided for in respect of the year starting with 1st April 2007 under the resolution of 10th July 1996 relating to Members' Salaries (No. 2))

(a) with effect from 1st April 2007, by 0.84 per cent. of the rate as it stood on 31st March 2007, and

(b) with effect from 1st November 2007, by a further 1.06 per cent. of the rate as it stood on 31st March 2007;

(2) from 31st March 2008, the resolution of 10th July 1996 relating to Members' Salaries (No. 2) should cease to have effect.

Mr. Speaker: With this we shall consider amendments (f), (g), (d) and (c) thereto, and the following motions:

MEMBERS' SALARIES

That the following provision shall be made with respect to the salaries of Members of this House—

(1) the yearly rate for salaries of Members of this House, including the additional salaries of chairmen of select and general committees, shall be increased (in addition to the increase of 0.66 per cent. provided for in respect of the year starting with 1st April 2007 under the resolution of 10th July 1996 relating to Members' Salaries (No. 2))—

(a) with effect from 1st April 2007, by 0.84 per cent. of the rate as it stood on 31st March 2007, and

(b) with effect from 1st November 2007, by a further 1.06 per cent. of the rate as it stood on 31st March 2007;

(2) from 31st March 2008, the resolution of 10th July 1996 relating to Members' Salaries (No. 2) shall cease to have effect

and amendment (a) thereto,

PARLIAMENTARY PENSIONS

That this House endorses in principle Recommendations 7, 8 and 9 of the report of the Review Body on Senior Salaries on parliamentary pay, pensions and allowances (Cm 7270-I) a copy of which was laid before this House on 16th January, relating to the Parliamentary Pension Scheme, and endorses the change to the Scheme rules outlined in Recommendation 6 if it can be implemented in conjunction with changes identified by the Trustees which produce sufficient offsetting savings to be cost neutral.

and

MEMBERS' ALLOWANCES

That this House notes the recommendations made in Chapter 5 of the report of the Review Body on Senior Salaries on parliamentary pay, pensions and allowances (Cm 7270-I) a copy of which was laid before this House on 16th January; and is of the opinion that—

(1) recommendations 20-22 relating to an increase in staffing allowance should be implemented, subject to the decisions of the Members Estimate Committee with regard to their timing and administration;

(2) recommendations 17-19, 23-28, 30 and 31 (relating to reimbursement of unreceipted expenditure, audit, central funding of constituency office costs, Incidental Expenses Provision, partners' travel, Communications Allowance, Resettlement Grant, Winding-up Allowance, and nomenclature of allowances) be referred to the Members Estimate Committee for further consideration following consultation with the Advisory Panel on Members Allowances.

and amendments (b) and (a) thereto.

Ms Harman: Although the issue of MPs' pay, pension and allowances is a thorny one, I hope that there will be agreement across the House on at least four things: that MPs should be properly paid for the important work that they do; that MPs should be reimbursed for what they spend doing their job, as are people in any other line of work; that as MPs are paid from the public purse, we should show the same discipline in our pay increases as other public sector workers; and that, like everyone else, we should not decide on our own pay and should not vote on our pay increases.

I am grateful to Sir John Baker and the Senior Salaries Review Body, whose report the Government published last Wednesday. With its 34 recommendations, it provides the context for today's debate. Let me deal first with the issue of allowances or, as the SSRB rightly calls it, parliamentary expenditure. The report makes a number of recommendations about parliamentary expenditure. They include proposals on expenditure on offices, communications expenditure and expenditure on travel.

Many of the proposals raise complex issues, including the proposal for a central system for funding constituency offices and a corresponding reduction in the incidental expenses provision. We therefore propose that they should be referred for further detailed consideration to the Members Estimate Committee, which is chaired by Mr. Speaker and includes Members drawn from across the House. The Committee will have the advice of the advisory panel on members allowances. I am sure that the Members Estimate Committee will be interested to hear hon. Members' views on the SSRB's recommendations.

There is one SSRB recommendation on Members' expenditure that I hope that the House can accept today: it suggests that given the big increase in casework that many hon. Members have experienced, staffing expenditure should be increased to allow for the payment of the equivalent of three and a half members of staff, up from three.

On pensions, the SSRB proposes that the pension for future Prime Ministers and Lord Chancellors be no greater than the pension provision for Secretaries of State. The Government agree. Furthermore, the Prime Minister and the Lord Chancellor both agree that that should apply not only to future holders of their office

[Ms Harman]

but to them personally. On the SSRB proposals on pensions for future Speakers, as retired Speakers are not in the same position as retired Secretaries of State, we do not propose that the House change the pension arrangements for future Speakers.

On severance pay, the SSRB makes recommendations to change severance pay for Ministers, so that if they are re-appointed to a salaried Government or parliamentary post within three months of leaving office—the period that is covered by severance pay provisions—they will be entitled to keep only a pro rata severance payment, and should return the rest. We accept that recommendation.

I next turn to the question of MPs' pensions. The SSRB has proposed the introduction of a new optional one-sixtieth accrual rate. The Government accept that proposal in principle and are prepared to introduce it, if and when the change can be made as part of a cost-neutral package. The SSRB makes a number of recommendations on parliamentary pensions. They include a 50:50 sharing between Members and the Exchequer of future increases or decreases in pension cost pressures, and restricting the underlying Exchequer contribution to the scheme to a maximum of 20 per cent. of payroll. The SSRB also recommends that there be a review of parliamentary pension provision if the costs rise significantly, such that the 20 per cent. cap on the Exchequer contribution is likely to be breached.

The recommendations are consistent with the approach being taken in public sector pension schemes generally. The Government propose that the detail of the arrangements be worked up in consultation with the trustees of the parliamentary pension scheme, chaired by the hon. Member for Bournemouth, West (Sir John Butterfill), to whom we all owe a debt of gratitude. Chairing the parliamentary pension scheme on behalf of all hon. Members and the House is unsung but important work. Once the detail has been worked up, any changes on pensions will have to be brought back to the House for decision.

On MPs' pay, there are three issues that the Government have put before the House. First, this year—April 2007 to April 2008—we should not vote ourselves a pay increase that is higher than that for the rest of the public sector. Secondly, we should rescind the 1996 measure that instituted the mechanism for increasing MPs' pay in line with the average increase in pay bands in the senior civil service. Thirdly, in future we should not vote on our own pay increases at all; that should be decided on independently.

Richard Ottaway (Croydon, South) (Con): On the point about rescinding the 1996 resolution, might it not be sensible to keep the measure in place until the Baker review and the Members Estimate Committee have reported? The 1996 resolution could be scrapped when the new recommendations are introduced.

Ms Harman: It is really an earnest of our good intent that we propose to scrap the existing mechanism, but we do not expect the current situation to drift on; we expect there to be a new comparator and a new mechanism. The review is due to report to the Prime Minister in May. The issue will be back before the House before the recess, and there will be an opportunity for the House to decide. Our concern is that we should clear the decks now, at this vote, showing the House's intention that we move forward to a different system. If we leave the current system in place, it can always continue. We should make the decision on April 2007-08 pay, but in future we will do it differently, with a comparator and a new mechanism. That is what we are asking the House to decide on.

There are amendments on that point, and I shall address them in more detail later in my speech. I will take interventions, and I do not mean not to answer hon. Members' questions, but may I deal first with what the Government propose and the Government's response on the amendments? If there are any points that hon. Members wish to take up or which they are not clear about, I shall take them at the end. Perhaps we can proceed on that basis.

Since 1996, MPs' pay has been increased in line with the average of the increases to the maxima and the minima of the pay bands in the senior civil service. Over the past two years, this has meant that MPs have had below-inflation pay increases—2.2 per cent. in 2003, 2 per cent. in 2004, 2.8 per cent. in 2005, 2 per cent. in 2006, which was staged, and this year 0.66 per cent. The question of our pay increase for 2007-08 needs to be seen against that background, and also against the background of our strong commitment to our public services and those who work in them; in the context of our determination to sustain a strong and growing economy that can withstand global financial turbulence; and alongside the approach to pay that the Government are taking for the public sector as a whole. We ask the House, in the motions that are before it, to stage the 2.56 per cent. recommendation made by the SSRB and which we accept, but to stage that increase so that it amounts to 1.9 per cent. in value across this year.

For the same reasons that I have just set out, we do not accept the SSRB proposal that Ministers' pay should increase faster than that of other hon. Members. For future years, we propose that we do not have votes on our own pay again. The public find it unacceptable, we know that it is inappropriate, and some other legislatures in parliamentary democracies are able to do it differently. For example, MPs in New Zealand do not vote on their own pay increases.

Mr. John Maples (Stratford-on-Avon) (Con): The right hon. and learned Lady and I have been in the House a long time. In the past, we have set links, but the problem is that when that link produces a reasonable pay increase, the Government say, "We can't afford it and it blows a hole in public sector pay policy." Whatever the mechanism, we have ultimate responsibility for our pay increases. If we create a link and the result is that we get, say, a 3 per cent. pay rise, will the Government say that that is too much in the context of public sector pay? Unless we are prepared to implement whatever the link results in, we end up with the problem of having to vote on our own pay.

Ms Harman: On these matters, the House is sovereign. It is possible for the House to decide on a framework, with primary legislation if necessary, to set the arrangements

for making those decisions in future. The question is what mechanism would be appropriate, and what degree of independence would be appropriate. Of course, the House can always revisit any primary legislation and change it, but we are asking Sir John Baker to produce a proposal that sets up a comparator and a mechanism so that we will not have to vote on our pay in future.

Martin Salter (Reading, West) (Lab): So that the Leader of the House hears the same argument from both sides of the House, may I point out that there is a deal that can be struck? Does she agree that it is right and proper that we are no longer in the invidious position of having to vote for our own pay rises—even the massive pay increase of 0.6 per cent. for which the media gave us great credit last year? The other side of the deal that we need to hear is that the Government will keep their paws off the recommendation of any independent review. We need to hear from all those on the Front Benches that it is the intention of the House to move forward on the New Zealand and Australian systems, which link pay to a registered scale and take the politics out of the situation.

Ms Harman: Hon. Members will have seen the terms of reference that the Government set out for Sir John Baker, and it is precisely to identify proposals that would put into practice the sentiments expressed by my hon. Friend that we have asked Sir John to conduct that review and report to the House.

Several hon. Members *rose*—

Ms Harman: I will, if I may, press on with my speech. I know that many hon. Members want to catch Mr. Speaker's eye. All interventions are on the same points, and I will deal quickly with as many as I can at the end of my speech.

I am grateful to Sir John Baker for agreeing to the Prime Minister's request that he will review the way other countries deal with the matter, look at our constitutional position and legal framework, and make proposals that I will bring back to the House for us to debate and vote on before the House rises for the summer recess. I know that colleagues are concerned about the timing of the publication of the Baker review and any consequential votes. I will ensure that the report is published at the earliest opportunity. If the House agrees to this approach, I will return to the House before the summer recess with proposals for a way forward.

Mrs. Theresa May (Maidenhead) (Con): Will the right hon. and learned Lady comment on the concern that a number of Members feel that a review that is taking place by the man who headed up the SSRB is not the independent review that Members would like, and not the fresh thinking in this area that would have been brought about by bringing in somebody else? Can she explain why the Government turned to Sir John Baker to hold the review?

Ms Harman: Sir John Baker is entirely independent. He also has a great deal of experience, and if any fresh thinking is needed, I know that, as part of his review, Sir John would look forward to receiving it.

Let me assure the House that the terms of reference for the Baker review are designed to focus on identifying a pay comparator, coupled with a mechanism for setting pay, should that comparator become non-viable in the future. The review is not invited to propose structural changes to the parliamentary pension scheme.

Mr. John Spellar (Warley) (Lab): It is extremely important that we are clear on the timetable for the review. It is the view on both sides of the House and also in the Government that the issue should be finally resolved before we rise for the summer recess. That will require the report to be published preferably by the end of May, and at the latest by the middle of June. The House is looking for an assurance, or even a guarantee, that it will be published, debated and voted on before we rise for the summer recess.

Ms Harman: That is what we have said. My right hon. Friend is right. We need a clear timetable, not least because today we are asking the House only to vote on our pay increase for April 2007-08. We will therefore need a new comparator and a new mechanism. We have asked Sir John to report to the Prime Minister in enough time to enable the Government to consider the report and hon. Members to consider the report, debate it and make a decision before the House rises in the summer. I accept my right hon. Friend's point.

Several hon. Members *rose*—

Ms Harman: I turn to the amendments. I want to set out their effect and the Government's response, but first I will give way.

Sir Michael Spicer (West Worcestershire) (Con): Has Sir John Baker accepted a specific timetable? If so, what are the dates?

Ms Harman: Sir John Baker has kindly agreed to do the work on this important review to the timetable outlined to him by the Prime Minister—as far as possible to complete the report by the end of May or the beginning of June.

Bob Spink (Castle Point) (Con): Why should not the proposals of the Members Estimate Committee be brought to the House in parallel with Sir John's report so that hon. Members can decide which is the best system for the House?

Ms Harman: It is within the remit of the Members Estimate Committee to deliberate on any comparator for Members' pay and any mechanism for setting it in the future. However, to avoid having two identical twin-track reviews and a duplication of effort, and bearing in mind that hon. Members would want to give evidence and outside bodies would be expected to be consulted as part of the process and they would not want to give evidence to two identical parallel inquiries, the most advisable way to proceed would be for the Members Estimate Committee to consider the matter and to present a memorandum to Sir John Baker's review. The view of the Members Estimate Committee would then be clear to the House and the two systems would be

[Ms Harman]

working coherently. That is a matter for the Members Estimate Committee, which, as the House will know, is chaired by Mr. Speaker.

Mr. Don Touhig (Islwyn) (Lab/Co-op): I was fairly clear about the timetable until a moment ago when my right hon. and learned Friend said that the report would be completed "as far as possible". Can we be clear that it will definitely be completed by June and debated and voted upon—not as far as possible, but the whole report?

Ms Harman: The Government's clear intention is that we should come back to the House with any proposals for change that arise from the Baker review before we rise for the summer. That is the timetable that we have set forth. I know that there is criticism about the time that the Government took to publish the SSRB report and to bring it to the House for debate, so I understand the worry that the timetable might slip. That is one reason why we have made it absolutely clear, by proposing that we abolish the 1996 mechanism, that we are determined to have change and that we have a clear timetable for that change, which will be in the hands of the House and which the House will vote on before it rises for the summer.

David Maclean (Penrith and The Border) (Con) *rose—*

Ms Harman: I give way to the right hon. Gentleman, who is a member of the Members Estimate Committee.

David Maclean: The right hon. and learned Lady and I have the privilege of serving together on the Members Estimate Committee, which is the House of Commons Commission wearing another hat. I am not convinced by her argument that it would be too time consuming or unnecessary duplication if the Members Estimate Committee was given the authority to carry out a review, admittedly in parallel, but possibly talking to different people and involving different experts in the House from those to whom Sir John may have access. I do not propose that we set ourselves limited terms of reference; we would have the power to range far and wide. The right hon. and learned Lady is right. The Members Estimate Committee could do this in any case. My amendment merely seeks to give it slightly more moral authority and a guarantee that whatever we produce will be debated in the House. If my amendment is passed, we would have the right to bring our review forward for colleagues' consideration. If not, we could publish many memorandums until we were blue in the face but we would have no automatic right to have them discussed.

Ms Harman: There will be an opportunity for hon. Members to consider Sir John Baker's proposals and the Government's response, and any proposals of, or conclusions reached by, the Members Estimate Committee. I just want to be sure that we do not set forth today on a twin-track and duplicated exercise. The Members Estimate Committee will undoubtedly be important in this exercise, because it comprises senior and experienced Members, such as the right hon. Gentleman.

John Bercow (Buckingham) (Con): And of distinction.

Ms Harman: The Committee is made up of Members of exceptional distinction and is drawn from those on both sides of the House. Of course it makes sense for that Committee to give all the help that it possibly can, based on its wisdom and experience, to the John Baker review, but I do not want to duplicate the Baker review. It is right that we have an independent element in the review as to how we should, for the future, set our pay independently. The Members Estimate Committee will have a big contribution to make to the review and hon. Members will expect it to do so, but I do not ask the House to support the right hon. Gentleman's amendment because it would result in duplication.

Peter Luff (Mid-Worcestershire) (Con): I am confident that Sir John Baker would like to produce an independent and good report that would inform the House. It may be absolutely perfect, but there is considerable speculation that early drafts of the SSRB report were provided to Downing street and sent back, not once but twice, so there are doubts about the independence of the process. May we have guarantees, please, about the independence of this particular process?

Ms Harman: We expect the process in future to be independent. How we change from the current system of the SSRB to a future system will be a matter for the House to consider when we vote on the matter before the House rises for the summer. The hon. Gentleman makes an important point about independence and he can make proposals on that for the review.

Mr. Chris Mullin (Sunderland, South) (Lab) *rose—*

Ms Harman: I will make this the last intervention for the time being. Some years ago my hon. Friend proposed that we should have an independent pay-setting system, which was rejected by the Government. Had we accepted his proposal, we might not be in the situation that we are in today. As he had such foresight, I will allow him to intervene now.

Mr. Mullin: My right hon. and learned Friend is very kind. Is it not desirable that, whatever formula the Baker review comes up with, it is comprehensible to the outside world? One reason why we have got into such difficulties in the past is that we have come up with arcane formulae, usually linking us to civil service grades that have eventually been abolished, as a result of which we have found ourselves back in the same old situation. When she talks to Sir John Baker, will she invite him to link our fortunes with those of some of our humbler constituents so that the outside world can understand his recommendations?

Ms Harman: There are two problems with the current linkage. First, it was incomprehensible to the outside world. No hon. Member could easily explain it to their constituents. Secondly, we had no independent mechanism for dealing with a situation in which a comparator became non-viable, and we were linked to a civil service pay structure that changed, so while civil service pay went up, our pay went down, which is obviously unacceptable.

Amendment (c) in the name of the right hon. Member for Penrith and The Border (David Maclean) suggests that the Members Estimate Committee should be asked to bring forward proposals for having salaries determined by an independent body appointed by the House. Clearly, those would be worthy of consideration, and I know that Sir John Baker will be happy to receive submissions from Members. I hope that hon. Members will accept that we should await the outcome of Sir John Baker's review before deciding on the future comparator and the mechanism for MPs' pay. I assure the House that the terms of reference for the Baker review are designed to focus on identifying a comparator coupled with a mechanism should that comparator become non-viable. It is not invited to propose structural changes to the parliamentary pension scheme.

David Maclean *rose*—

Ms Harman: I hope I do not regret this, but I will give way one last time.

David Maclean: I am very grateful to the right hon. and learned Lady, who has been exceptionally courteous.

If we on the Members Estimate Committee can be trusted with the enormous task of sorting out some of the allowances anomalies identified in Sir John Baker's report, why can we not be given—legally, or with the approval of the House—the official task of coming forward with proposals on pay and linkage? I do not mean a full-scale review. We could use the experts at the House of Commons Library and the Fees Office, and the director of resources, and we could get a lot of input from colleagues. Given that we are trusted to sort out the allowances, why can we not make such proposals?

Ms Harman: Members' remuneration—our pay—is different from the reimbursement of expenditure. As far as ensuring public confidence in how we go forward is concerned, it is right that the Prime Minister has asked for there to be an independent external review. Of course, the Members Estimate Committee can decide what it does; of course it can decide to consider the issue mentioned by the right hon. Gentleman and propose a memorandum to the Sir John Baker review. It does not need a resolution of the House for that; under the leadership of Mr. Speaker, the Committee can do what it sees fit. However, I urge the House against mandating the Committee to carry out an exactly parallel review to the one that the Government resolution asks to be done independently.

Amendment (f), in the name of the hon. Member for North Devon (Nick Harvey), would have the effect of implementing SSRB recommendations 2 and 3, so that MPs' pay would be uprated for 2008-09 onwards by the increase in base pay of the senior civil service and MPs would receive a £650 supplement for 2008-09, with the proviso that the award would be staged to ensure that MPs' pay for 2008-09 increased by only 1.9 per cent.

Amendments (g), in the name of the hon. Member for North Southwark and Bermondsey (Simon Hughes), and (d) in the name of the hon. Member for Christchurch (Mr. Chope), would both leave the current system in place. In the case of amendment (g), that would be until such time as a new system had been agreed. I have already outlined the Government's reasons for not accepting the SSRB's proposals on Members' pay. However, we are seeking to rescind the existing arrangements so that we clear the decks and the House can resolve the issues as soon as possible and before the summer recess.

Incidentally, the 1.9 per cent. proposed for 2008-09 in amendment (f) would extend the 1.9 per cent. that we ask the House to accept for April 2007-08 until April 2008-09. That is not what the Government propose for the rest of the public sector. I hope that the hon. Members who have tabled the amendments will withdraw them; if they do not, I ask the House to vote against them.

I turn to amendment (a), on Members' allowances, in the name of the hon. Member for Cities of London and Westminster (Mr. Field). He has proposed that the Members Estimate Committee look into recommendation 29 of the SSRB report which suggests an immediate increase in the London supplement from £2,812 to £3,500; henceforth, he also proposes that it should be adjusted in line with the public sector average earnings index. I realise that the hon. Gentleman has a long-standing concern over the issue and that he submitted evidence to the SSRB on that point. However, the Government reject the proposal because the London supplement is not, like other allowances, a reimbursement for costs—it is part of taxable income.

I turn to amendment (b) on Members' allowances, tabled by the hon. Member for North Southwark and Bermondsey. Although we support the intention—namely, that the increases in staffing allowance should take effect from 1 April this year—and although I think I can say that that would already be the broad intention of the Members Estimate Committee, it is difficult to be certain at this point that all the necessary systems would be in place by then. It therefore might be wiser not to specify a date. However, the intention of the amendment is accepted: 1 April for the start of the increase for the salaries of Members' staff.

I hope that the House will support the Government's position on this year's pay. It keeps us within the pay discipline that has applied to others in the public sector. I also hope that the House will agree that we should finally put an end to the inappropriate practice of MPs voting for their own pay.

1.24 pm

Mrs. Theresa May (Maidenhead) (Con): I cannot say that I relish speaking in this debate; like many right hon. and hon. Members—and, it would now seem, the Government—I believe that there has to be a better way to determine the pay of Members of Parliament. However, we are where we are. Whatever the proposals for the future, we must address the proposals brought forward by the Government on the back of the SSRB report.

First, I want to comment on the Government's handling of the report; that has been raised in interventions by a number of right hon. and hon. Members, and it informs us about the Government's attitude to the issue. That is part of the reason why right hon. and hon. Members are concerned about the Government's unwillingness to give an absolute

[Mrs. Theresa May]

guarantee that decisions on the new mechanism will be taken before the summer recess. The Government sat on the report for a considerable period. Indeed, I almost felt for the Leader of the House when in business questions every week she kept being asked when the report was coming forward. Each week, she tried to find different language—"shortly", "very shortly" and "imminently". She was desperately trying to find a way of explaining what was happening.

Then there was a farcical situation; the reason given for not publishing the report for Members— *[Interruption.]* My hon. Friend the Member for Buckingham (John Bercow) anticipates what I am about to say. We knew that the Leader of the Opposition and the leader of the Liberal Democrats had received copies and believed that certain others had also received some, yet we were told that Members could not have copies because they had not been printed. That announcement was met with howls of derision, and that showed how poor the response had been.

The issue was not only about Government dithering; crucially, while they were sitting on the report and not allowing Members to see it, they were leaking details to the press. The Prime Minister went on the BBC to explain the Government's position and what he wanted MPs to vote on, yet we had never seen the report. The whole thing was a farce, and it is against that background that a number of interventions have been made on the Leader of the House about expectations about the Government's intentions for the introduction of the new system.

I support the Government's desire to introduce a new system; indeed, my right hon. Friend the Leader of the Opposition called for one some time ago. However, we need to be clear that the Government will bring it in before the summer recess—that should be an absolute, rather than the Government's intention. The Leader of the House determines the business before the House, and it is up to her to say whether that debate will take place before the summer recess.

Simon Hughes (North Southwark and Bermondsey) (LD): The right hon. Lady is right to be critical of the process since the report was handed to the Government six months ago in July; there have been leaks since then. If her party is in future responsible for receiving any reports—

Ms Harman: If it ever is.

Simon Hughes: If her party is in future responsible for receiving any reports from any independent body—on pay, staffing or anything to do with this building—will she undertake that they will be published at the same time as they are received? In that way, they could be simultaneously available to the Government of the day and the public and there could be proper and equal consideration. Such an undertaking would be welcome; we would bank it for an eventual sunny, or rainy, day.

Mrs. May: I refer the hon. Gentleman to the sedentary intervention from the Leader of the House. I hope and expect that in future the system will be such that there will be no question of the Government receiving some report and being able to sit on it for a considerable period. In future, I hope that such a process will be independent. That is what we should all strive for in respect of the future determination of MPs' pay.

Martin Salter: To avoid the right hon. Lady falling foul of her own charge of dithering, will she take this opportunity to make it clear that should she be in the happy position of becoming Leader of the House at some point in the distant future, it would be her intention to honour the independence of the review body and keep her sticky hands off any recommendation that came forward in respect of Members' pay or allowances?

Mrs. May: I am happy to say to the hon. Gentleman that it is my intention that this House finds a way of determining Members of Parliament's pay that does not require the current process whereby we all have to vote on our own pay. There should be some way of doing that without the need for debate. I will therefore be supporting the Government's proposals on the review.

Several hon. Members *rose*

Mrs. May: I give way to my hon. Friend the Member for Stratford-on-Avon (Mr. Maples).

Mr. Maples: As regards my right hon. Friend's continuing double act with the hon. Member for Reading, West (Martin Salter), the point is not whether we have an independent mechanism for recommending pay but whether the recommendation is implemented. When we have had recommendations from independent mechanisms in the past, the Government have tended to say, "That's too much—we're going to whip our Front Benchers to vote against it", and that is the end of it. What we want from both sides is an undertaking that if such a mechanism is established—I think that most of us are in favour of that—the Government do not interfere to try to prevent a recommendation from being put into effect.

Mrs. May: My right hon. Friend describes what has happened in the past, notably the Government whipping Front Benchers to vote against proposals. The whole point of the current review is to find a mechanism by which Members of Parliament's pay can be determined without the requirement for a vote in the House of Commons.

John Bercow *rose*

Mrs. May: I will give way one more time.

John Bercow: I am exceptionally grateful to my right hon. Friend, who has been generous in giving way.

I am gravely concerned by my right hon. Friend's replies to my hon. Friend the Member for Stratford-on-Avon (Mr. Maples) and the hon. Member for Reading, West (Martin Salter). What I want to be clear about is this: does she believe that there should be an automaticity about this process so that when the independent recommendation is made it immediately comes into effect? Surely the Government's position is that they are in favour of an independent recommendation as long as the proposed figure is low but not if it is high.

Mrs. May: That is certainly my hon. Friend's interpretation of the remit that has been given to the review body. I ask him to wait and see what proposals the review puts forward on the mechanism that is to be set up. My aim, and that of the Leader of the House, the Government, my right hon. Friend the Leader of the Opposition, and, I hope, other Members of this House is to find some mechanism that avoids Members of Parliament being asked to vote on their pay and which enables MPs' pay to be determined separately from the political environment within the House of Commons.

I should like to comment on a couple of the principles that the SSRB report sets out on MPs' pay, on which I hope that everybody would agree. It says:

"Pay should not be so low as to deter suitable candidates, or so high as to make pay the primary attraction of the job".

I hope that we can all agree that that should indeed be the aim, whatever the mechanism. None of us wants people from different walks of life—nowadays, that includes people working in public sector jobs such as the head teacher of a secondary school—to be deterred from becoming a Member of Parliament because of the pay differential. Similarly, the SSRB makes several references to the fact that although there are of course always large numbers of people wanting to become Members of Parliament, pay should not be set at a level at which it attracts people to the job. People should want to do this job for other reasons than simply the pay level.

Michael Jabez Foster (Hastings and Rye) (Lab) *rose*—

Andrew Mackinlay (Thurrock) (Lab) *rose*—

Mrs. May: I have been very generous, but I will give way one more time to the hon. Member for Thurrock (Andrew Mackinlay).

Andrew Mackinlay: I am listening carefully to what the right hon. Lady is saying about MPs' pay. Another part of the background to this is the disproportionately high salaries for Ministers and something that has disfigured this House and will continue to do so—the growing disparity in pay even between Back Benchers, with people on an extra £15,000 a year for chairing Select Committees and Public Bill Committees. How many of us are still on basic pay? That pay difference is very threatening, and it diminishes the number of principled resignations by Ministers. In the longer term, there should be a greater closeness between the salaries of Back Benchers, who do a lot of difficult work, and Ministers. I never thought that I would be guilty of avarice, but I am.

Mrs. May: I would make two comments in response to the hon. Gentleman. First, I support the alternative career structure of Committee Chairmen, because it means that Members of Parliament are able to get on and able to do more than just the job of being an MP without having to curry favour with their Front Benchers to get on to the Front Bench. It is right that the House has that separate career structure. Secondly, as for how many MPs are on the basic pay rate, I can tell him that, with the exception of one or two, members of the shadow Cabinet are certainly on that basic pay rate.

Michael Jabez Foster: Will the right hon. Lady give way?

Mrs. May: No—I said that I would take one more intervention, and I am going to make some more progress.

The SSRB says that House of Commons expenses, or allowances, as they have come to be known over the years—different terminology is used—

Michael Jabez Foster *rose*—

Mrs. May: I have told the hon. Gentleman that I am not giving way.

The SSRB says that most of what are known as allowances for MPs

"are in fact mechanisms for the reimbursement of expenditure actually and necessarily incurred by MPs in order to do their jobs."

I will return to that important statement in a few minutes.

I am going to take my life in my hands and make some comment about the media's approach to MPs' pay.

David Maclean: Will my right hon. Friend give way?

Mrs. May: If my right hon. Friend will allow me, I have said that I want to make some progress. I am sure that he will be able to find a suitable opportunity to intervene later on.

Mr. Spellar: On a point of order, Mr. Speaker. Could you, to aid the House, give an indication of how many hon. Members have said that they want to speak and whether that means that we are short of time, which I accept is a constraint on the right hon. Lady in taking interventions?

Mr. Speaker: That is not a matter that I will go into.

Mrs. May: As for the Government's motions, let me first say that I will indeed support the Government's proposal on pay. Although it does not follow the recommendations of the SSRB, which set out the reasons for its recommendations, I believe that at a time when others in the public sector are having restraint forced on them in terms of their pay, Members should also show restraint and should not use the fact that we can vote on our own pay to vote ourselves a higher increase than the Government propose in line with that restraint. I would urge right hon. and hon. Members to exercise similar restraint and support the Government's proposal.

Similarly, I will support the proposals on pension arrangements. The SSRB has come forward with an attempt at a solution on the issue of retained benefits, which offers a way out for colleagues whose contribution rate exceeds what is necessary to achieve the pension available given their retained benefits. It is important that that is looked at, albeit that the Government motion asks for that to be done in a cost-neutral way. I think that there is merit in the proposals put forward by the Conservative party's democracy taskforce, chaired by my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke), to consider different pension arrangements in future, after the next election. We need to be very wary and

[Mrs. May]

aware of the circumstances in which many people in the private sector find themselves in terms of their pension arrangements.

As I said, I welcome the Government's intention to find another way to set MPs' pay. However, I would say to the Leader of the House that, although it would not be right to question the independence of Sir John Baker, I question the fact that he is undertaking this review given that, in the past, he has referred to the issue and given some hints as to what he thinks might happen. Surely the task should be done by somebody who comes to the issue with a fresh face and fresh thinking.

The Leader of the House made a number of references to a comparator, and a mechanism if the comparator no longer appears to be valid. It is up to the review to decide what the mechanism for choosing MPs' pay should be, and it may be that that does not involve a comparator. The Government should give the review the ability to undertake wide-ranging thinking on the issue. On that point, I support the proposal of my right hon. Friend the Member for Penrith and The Border (David Maclean) that the House should undertake a review through the Members Estimate Committee because there will be value in the House having a range of proposals that it can look at when the time comes; it is perfectly valid for the House to already have done some thinking on the matter.

I want to comment on why the issue of whether MPs vote on their pay has resonated so much with the public, and sadly, it is because many voters no longer trust politicians. They have a jaundiced view of politicians and are consistently given the view by the media that all MPs have their snouts in the trough. That is a disappointing representation on the part of the media because it damages this House, politics and our parliamentary democracy if people feel that they are not able to trust politicians. There are, of course, other ways in which trust in politicians is damaged, such as Governments not delivering on their promises, and other factors, but we should be concerned about the image of MPs portrayed by the media.

Mr. Nigel Evans (Ribble Valley) (Con): My right hon. Friend probably did not hear, but someone on our Back Benches suggested that our pay should perhaps be linked to that of Jeremy Paxman. Does she think that that is a goer?

Mrs. May: I suspect that that would blast through the Government's pay policy in no uncertain terms. I am tempted to say that it would be better if I did not refer in this House to any sort of support for Jeremy Paxman, given what he has said recently.

The way in which MPs' pay is reported in the press is an important issue. We consistently see the misreporting of the amounts of money that MPs "earn" in this House by the addition to our basic salaries of the budgets that we have to pay for our staff and in order to run our offices. Indeed, only last week *The Daily Telegraph* set out a table that included average staff salaries and average expenditure on offices alongside average travel expenses and the average additional costs allowance, under the heading "MPs' Gravy Train".

We must find a way to get away from that image, so that people understand the difference between pay that a MP receives, in the way any other employed person receives a salary or wage, and the money necessary for us to do our job for our constituents. The SSRB has proposed a change in terminology. This issue is important, and I support the proposal that the MEC should consider the arrangements for allowances. This matter is one that the MEC should take on board when it considers the SSRB's specific proposals on allowances.

Michael Jabez Foster: With regard to perception, is not another problem the substantial incomes that some Members—not most—receive from outside the House? She mentioned career development in the House, and that is great, but surely career development outside the House is something different. Should we not have a system where there is a relatively generous allowance from the House, less whatever income is derived from outside?

Mrs. May: I will say only this to the hon. Gentleman: I have always taken the view that my job as a Member of Parliament is a full-time one. I choose to undertake my role in that way in order to give my constituents the attention that I feel I should.

The Leader of the House did not refer to allowances apart from the increase in the staffing allowance, which I also support. However, she made no other reference to the SSRB proposals on allowances. In a sense, it was right that she did not, because the matter is being referred to the MEC, but I wanted to comment on it. I know that it is difficult—we are all different Members with different sorts of constituency, and our experience is different. It is difficult to use the experience of just one Member to look at the issue, but I wonder to what extent the SSRB understands the issues relating to allowances.

It is important for the MEC to consider carefully the implications of the proposals. For example, on the issue of incidental expenses provision and office accommodation, I can see the SSRB's argument that Members who keep staff in the House effectively get rent-free accommodation, whereas Members who have staff in constituency offices have to pay the rent for those offices. It says that it will attempt to balance that situation out, but it also proposes penalising MPs who have staff on the House estate. That will not create a level playing field. Moreover, the SSRB talks about an average rent probably being about £6,000 a year, and says how it should be possible to use that sum to rent an office of 800 sq ft. I had a very quick look at the website of one estate agent in Maidenhead yesterday and discovered that a 600 sq ft office would cost £12,000 per annum, not £6,000. The MEC has to consider that issue carefully.

Dr. Tony Wright (Cannock Chase) (Lab): I agree with almost all that the right hon. Lady is saying, but there is concern about allowances, some well judged, some ill-judged. If we are saying that there should be an independent procedure for determining salaries, surely there should be some independent element in the consideration of allowances.

Mrs. May: I have some fairly fixed views on allowances and what should happen to them. I would prefer to see the additional costs allowance abolished and made part of salary so that Members could make decisions. There are lots of issues related to that concerning what is taxable and the impact on pensions, but we should make some significant changes to allowances. I want to make two more brief points; I am conscious that a number of hon. Members want to speak in the debate.

Mr. Desmond Swayne (New Forest, West) (Con): That's right.

Mrs. May: I am grateful to my hon. Friend for that.

The SSRB made a proposal relating to the audit of allowances, which I assume will be part of the MEC's consideration of such matters. I chair the House of Commons Audit Committee, and the House must consider that issue seriously. I am not sure that the SSRB's proposal is necessarily the right way forward, but the MEC will need to look at it and consider it carefully. On resettlement grants, the SSRB does not quite understand what is likely to happen if such grants are not suddenly made available to hon. Members who retire, or resign from their seats. Willie Hamilton is the name that comes to mind—the individual who stood for a seat that he was not going to get in order to qualify for a grant. The SSRB has perhaps not quite understood the full implications of what they are proposing.

I support the Government's proposals on pay restraint, and I encourage other Members to do so. Albeit with concerns about Sir John Baker doing it, I support the concept of a review to find another mechanism for determining MPs' pay, but there is value in the amendment of my right hon. Friend the Member for Penrith and The Border, suggesting that the House should consider that issue as well. This is an opportunity for us to change the approach taken to how we deal with our pay and the view that the public have of MPs. I hope that all hon. and right hon. Members will grasp that opportunity and, in due course, make changes that enable us to present a better image, with, I hope, the assistance of the media through their accurate reporting on what is done with regard to MPs' pay and budgets.

1.49 pm

Tony Lloyd (Manchester, Central) (Lab): Let me begin where the right hon. Member for Maidenhead (Mrs. May) ended, with an exhortation to the media. I have no great hopes of ever winning the battle with the media, but it is nevertheless right and proper to establish a process in which the public have confidence. The public view of how we are paid is not the same as the media's. Re-engaging with and retaining the confidence of the public matters to every Member of Parliament.

I speak as chair of the parliamentary Labour party. I have no doubt that some colleagues will dissent from what I am about say, but I know that hon. Members of all parties feel that we need to move forward in the spirit of the motion that the Leader of the House has tabled. I congratulate her, because she has put a great deal of effort into listening to the range of views that have been expressed, especially those in the parliamentary Labour party. She has devised a package that we can support. Obviously, there are matters of emphasis that we need to get right today to ensure that when the matter reverts to the House in the middle of the year, we get everything right for the future.

There appears to be general agreement that it is right and proper for the Members Estimate Committee to consider allowances. It is important to establish the fact in the public mind that allowances are not Members' pay. Members spend money in the course of their professional lives and reclaim it as expenses, as happens in many other walks of life. The Members Estimate Committee should consider the matter properly, and we should not simply be forced to go on the defensive because external bodies make representations about it. The reference to the Members Estimate Committee is right, with the exception that the Leader of the House made—again, it has general support—that we should increase the number of full-time equivalent staff to 3.5.

Those of us who met members of the police force yesterday, and those of us who represent public sector workers—indeed, all hon. Members—know that MPs racing against the Government's public sector pay policy would be viewed with concern. Hon. Members in different parties may have different views on the validity of pay policy. However, we, as Members of Parliament who can set our salary today, must recognise that the public have views on public sector pay. We are, in a sense, bound by that. The 1.9 per cent. annual pay increase, leading to the 2.56 per cent. year on year increase, is right and proper and we should accept it.

Anne Main (St. Albans) (Con): Like me, the hon. Gentleman met members of the police yesterday. Many hon. Members are concerned about altering the pay structure, though I support breaking the ability to vote on our pay. The police reached an agreement in arbitration, but then it was changed—and it is that breach of trust that colours many hon. Members' views today. We are worried that putting one system into abeyance but not replacing it could lead us down a dangerous path.

Tony Lloyd: I shall leave the hon. Lady to discuss police pay on another occasion. On our pay, the public should have confidence in what we do. Members of Parliament should also have confidence in the process, and I want to consider the new mechanism shortly. However, for this year, it is right to keep within the guidelines that the Leader of the House has proposed, which exist for others in the public sector.

Mr. Mark Field (Cities of London and Westminster) (Con): The hon. Gentleman's comments are rather perverse. We criticise Government actions on the police—a no-strike deal was an integral part of an arbitration process—but we are now almost trying to make two wrongs into a right by ignoring the independent board's recommendations on our salaries. Surely we should defend the notion of implementing the findings of an independent board properly, rather than simply grandstanding on police pay.

Tony Lloyd: I do not know who is grandstanding. The hon. Gentleman may be the one who needs to explain to his constituents that there are two wrongs. I presume from that that he would like to push his pay

[Tony Lloyd]

above the public sector norm. That is for him to discuss with his constituents. I shall simply deal with the specific issue of our pay.

The genuine action is the request to Sir John Baker to institute a review for the long term. The important points have already been established in exchanges in the House. I hope that the Leader of the House will take on board the legitimate concerns that have been expressed about the timetable, and about independence. I know from my conversations with her that she believes those matters to be of the utmost importance.

The timetable matters, because if it were to slip and the process lasted beyond the summer, all hon. Members would be unhappy. That would echo the delays in the publication of the SSRB report, and that is unacceptable. It would be equally unacceptable if there were no adequate timetable for consultation with hon. Members and consideration of Sir John Baker's recommendations. We need to examine the details and ascertain whether they achieve what we all want.

We must ensure that genuine independence emerges from the process. Independence is a two-way street. Independent recommendations have been mentioned. We are not seeking independent recommendations but an independent mechanism; there is an important distinction between them. We need a mechanism that we believe to be independent and that we respect as being independent of Members of Parliament. It must also be independent of Government. Those of us who have been in the House under Governments of different complexions know that the heavy hand of—I shall not name individual Ministers, so let us say that it is the heavy hand of the Treasury that bears down on us. The mechanism should be independent of Members of Parliament, the Government and the Treasury. That is the prize that we must seek. In the past, I believed that I had voted for that independence—which was then, alas, snatched from us. We must ensure that we now establish genuine independence, which will not be subject to pressure from any side.

Sir Michael Spicer: Has the hon. Gentleman been told when the mechanism will be used? We have not been told that yet.

Tony Lloyd: I am not sure where the ambiguity lies. The Leader of the House made it clear that Sir John Baker will be asked to report specifically on the mechanism, which will begin to have an impact from 2010-11 onwards. I believe that that is the precise timetable—but perhaps I am missing the point. That is my understanding, but others may say that it is defective. My right hon. and learned Friend the Leader of the House is not attempting to dissent from my interpretation.

My colleagues want to be assured that the timetable is robust and includes adequate scope for consultation and consideration of Sir John Baker's proposals, and that those proposals will establish a robust and independent mechanism. There is a major prize to be gained by all hon. Members, because for the first time, we will be in a position to tell the public that Members of Parliament are not engaged in some ignoble process of fixing their salaries. Our salaries will be determined for us, as happens to people in different walks of life who have no direct control over their pay. Some hon. Friends may argue that we should have a negotiating process, and that otherwise we would perhaps be ceding something that we would never cede on behalf of our constituents. However, establishing independence is vital, and we now have a chance to grasp that nettle.

The other point that I want to establish is as follows. There is an element of uncertainty to the process, because we are moving the necessary decision making from our debate today, which normally would have been conclusive, to the debate in June, or thereabouts, on decisions that we cannot yet precisely anticipate, because we cannot anticipate what Sir John Baker will do. There is inevitably an element of risk in that process. There is, however, a fail-safe, because the House has the capacity to reject, either in whole or in part, any recommendations that Sir John Baker comes up with. In that sense, it is better to ask Sir John to review those mechanisms independently, rather than keep the process within the confines of the House. In the end, if part of the process is about generating longer-term public confidence in what we are doing, as well as confidence among Members of Parliament, an element of externality in relation to our own pay will inevitably be necessary.

Richard Ottaway: The hon. Gentleman says that the House may choose to reject Sir John Baker's recommendations, but if we accept the Government's proposal to abandon the 1996 resolution, we are left with absolutely nothing. Is that not a good illustration of why we should keep the 1996 resolutions until such time as we can agree on alternative proposals?

Tony Lloyd: No, that is not right, for this reason. I understand the hon. Gentleman's point: if we get rid of the 1996 mechanism today, there will be nothing in place until we see the report. However, it will be in the gift of the House at that stage to delete all Sir John's recommendations and substitute the 1996 mechanism—or, indeed, anything else. It would be beyond belief that the House would be left with no mechanism at all for paying Members of Parliament. That decision is in the gift of all hon. Members, in all parts of the House, and I assure Opposition Members that I will want to go for my summer break from this place in the knowledge that there is a pay structure around which my future is secure. The hon. Gentleman's fears on that point are therefore unfounded.

In conclusion, I am grateful to the Leader of the House for the work that she has done. The package before us has already generated support throughout the House. It is important that we move forward from that. The timetable will inevitably cause concern if there is even a remote suggestion of slippage, so we cannot allow for any. That timetable must allow for proper consultation with hon. Members before we take a vote. That vote must establish, once and for all, a mechanism independent not only of Members of the House, but of the Government and the Treasury. If we can do that, at last we will have done something worthy of the House and of the British people.

2.3 pm

Simon Hughes (North Southwark and Bermondsey) (LD): We might find this debate a bit embarrassing, but it is one that we properly need to have. It is good that it has been entered into in a spirit of openness and

engagement, among the different points of view throughout the House. This will of course not be the last such debate, by definition. There will be at least one more debate when the Government's review commission comes back, and that review will not deal with staffing and office issues, which we will come back too. To think that the issue will fall off the agenda is therefore wrong. None the less, it is important now to give a steer in the right direction.

I have never had a big problem with the principle that public sector workers—I have always considered myself to be a public sector worker in this job, paid by the public to do a job for the public—could and should have their wages or salaries assessed and decided by an independent process. However, if one takes that view—I am very comfortable about that—it should be a consistent view across the public sector, not a "take it here and leave it there" view. That is why, when we have referred Members' pay to the Senior Salaries Review Body in the past, I have always taken the view that we should automatically adopt what it recommends. That is why the question to the Leader of the House and the shadow Leader of the House about whether Governments in future will adopt what is recommended—to which I shall return—is so important.

Colleagues and I have not only taken the view that I have set out, but have in recent months taken the view that when an independent body said that nurses in England should be paid without staging, that should have happened. They are public sector workers of great importance and should not have received a staged pay increase when the recommendation was that the increase should be paid all in one go. Likewise, we took the similarly clear view that when police pay negotiations went to arbitration and were decided, the arbitrated amount should have been implemented.

That is a consistent view, and I am sad that the Government have been inconsistent. Of course I understand the constraints of keeping inflation down and ensuring that the economy does not get out of control; but that will not be significantly impaired if we have mechanisms to take it into account, so that we can come back and recommend certain increases, whether for nurses, the police or Members of Parliament. I would have been happy had the Government said, "Here's the SSRB—we're just putting it on the table and asking you to vote on it." That would have been a perfectly satisfactory outcome.

Mr. Mark Field: I am listening to the hon. Gentleman with great interest, and I must confess that I agree with him very much. Matters related to pay are painful, but equally, do they not go to the heart of what it means to be a sovereign Parliament? If we deny sovereignty in relation to our pay, difficult matter though it is, will it not then be rather difficult for us not to have sovereignty taken away or denied in other matters?

Simon Hughes: That is why I have found pay uncomfortable, but never a matter that we should say it was not our responsibility to deal with. If we are a sovereign Parliament, this matter must go somewhere, and it ends up coming to us. That is why constitutional issues are raised when the Leader of House says that, with wide support, she has asked Sir John Baker to examine whether we can have an independent mechanism. Some countries have managed to address those issues. My guess, anticipating the second Baker report, is that he will make it clear that although we can, as it were, make the process independent in future, we will not be able to take away from ourselves the right to retrieve it if we want to. I cannot see that that would be possible or compatible with the constitutional position of the UK Parliament, so the hon. Gentleman—my parliamentary neighbour—is right.

My second general point is that whatever the case, people would obviously prefer a system even more independent than the current one—and I support that, too. That means a process that examines what the best comparator should be, and then triggers it automatically. But here lies the rub: if we go down that road, when the report comes from the new body—not the Baker review, but whichever body it suggests setting up—or when the formula is worked out saying that we will be compared to pensioners, the average wage, the average civil servant or whatever, the Government must undertake automatically to implement that. The question that, with respect, I would say that the Leader of the House and the shadow Leader of the House ducked was whether they could guarantee that either the Baker report, when it comes, or any future reports issued as a result of the process that Baker recommends, would come without Government interference. Bluntly, unless we receive that assurance, we will be back where we were.

That is why I asked the right hon. Member for Maidenhead (Mrs. May) the express question that I did. Unless the report is published to the world on the day it is published to the Government, it will always be open to the Government to hold it to themselves, to spin, to leak and generally to prepare the ground—as they have done this time—before we can see the blessed thing. That is unacceptable, not only from the point of view of Members of Parliament but for all my constituents, and anybody else who takes an interest in public affairs.

Mr. Spellar: It might be helpful if we clarified what is being proposed; otherwise we might be going down a blind alley. As I understand it, the Government are asking Baker to examine the next couple of years and then to consider a mechanism that would, in effect, be an automatic indicator, which the Department of Finance and Administration would get from the national statistician or whoever else and would then implement. The other body would deal only with that mechanism, should there be a situation similar to the one involving the civil service pay link breaking down, and should there need to be a reassessment and a new indicator. I hope that I have got that right. If so, some of the concerns that are being raised by the hon. Gentleman—although not all of them—will be addressed. We are not talking about a report coming back; we are talking about an indicator, and that matter is in the public domain.

Simon Hughes: I understand the right hon. Gentleman's point, and I hope that that is where we are likely to get to. I hope that we adopt a system with a trigger that is set externally, without anyone having to look at it all again, except if the comparator did not work, for some reason. However, that has not been proposed here, and

[Simon Hughes]

it is not mentioned in either of the Government's written statements. Therefore, it is a deduction that might have come from informed conversations with the Leader of the House or from elsewhere. We do not know that yet, however, because the Baker report has not come back to us. However, I am assuming that that is the road that we are going down. Such a system would reduce some of the risk of Government interference, for exactly the reason that the right hon. Gentleman gave. I accept that.

Dr. Tony Wright: We are getting into some real complications. It might seem straightforward to say that we will invent an independent mechanism to take care of the matter, but the fact is that there is no reliable comparator for the work of a Member of Parliament. It is a job that requires no formal qualifications, and there is an over-supply of people who want to do it. All that we are saying is that we want the judgment—it will involve a judgment, not a technical comparator—to be made by someone else. What we cannot work out, however, is who that should be.

Simon Hughes: There lies another rub. The hon. Gentleman is right. I believe that it is better for us to accept the Government's proposal for this year. That would involve us asking our colleagues to accept pay restraint for this year in line with other public sector workers, and I support that course of action. However, we should not then leave a blank sheet—a carte blanche—thereafter. It might not be as easy as some might think either for Sir John Baker to come up with a report that commands the confidence of the House and of the public, let alone of the press, or for us to agree on what we should do.

I heard what the Leader of the House said earlier. Of course she wants us to be able to get on with this. The chair, of the parliamentary Labour party, the hon. Member for Manchester, Central (Tony Lloyd), also expressed his proper concern that we should ensure that we did the work between the end of May and the end of July. It all got a bit vague, however. The written statement referred to the end of May, but it could be the beginning of June, and it is likely to drift on. I therefore urge colleagues at least to give us the protection of having a system in place for next year, so that we can do the job that the hon. Member for Cannock Chase (Dr. Wright) alluded to, and get this right. It might not be easy to find a comparator, although we could look at the New Zealand experience.

My preference is therefore for the amendment tabled by my hon. Friend the Member for North Devon (Nick Harvey), the right hon. Member for Penrith and The Border (David Maclean) and others, which would at least lock in a system for next year and set a top whack of 1.9 per cent. so that nobody would think that we were building a system that would give us a great bonus. That would give us a safety net while we work these things out.

Mr. David Heath (Somerton and Frome) (LD): I agree with my hon. Friend that it could be difficult to find a comparator that works year on year. That is why I am attracted to the idea of establishing an appropriate base level. I am not sure whether we have arrived at that point or whether the matter needs further work. We then need to establish a simple uprating mechanism that the general public will understand. It must relate not to some grade in the civil service but to something as simple as the old-age pension or some other average denomination that will enable the public to understand why the salary of Members of Parliament has risen.

Simon Hughes: I absolutely agree with my hon. Friend, and I see the hon. Member for Sunderland, South (Mr. Mullin) nodding in agreement as well. He has taken a strong view on this matter. My hon. Friend the Member for Sheffield, Hallam (Mr. Clegg) has argued that his preferred option would be the state pension, because it is simple and because everyone out there knows what the state pension is—*[Interruption.]* I am not saying that it was his idea. The hon. Member for Sunderland, South has argued that case, and I am saying that my hon. Friend the Member for Sheffield, Hallam also supports that argument. He also supports the proposal that we look at the matter independently to find the best simple comparator that will work, if such a thing exists. Obviously, the pension is a front runner among the options, but there might be others. In the end, we must choose something that a tabloid newspaper, the woman in the street or anyone else can understand, and that we can justify and explain in a sentence without having to give a lecture on the subject.

Mr. Mullin: The point that the hon. Member for Somerton and Frome (Mr. Heath) has just made is exactly right. Where all this has gone wrong in the past is that the independent bodies that have been set up to assess what we are worth have, from time to time, awarded us—or recommended—whopping increases that are utterly out of line with what is going on in the real world. That has happened under Governments of both persuasions, and they have quite rightly felt obliged to intervene and put a stop to such madness. My fear is that the Baker review might end up doing the same thing. It might be terribly independent, but if its recommendation is wholly unrealistic, we are going to find ourselves back where we started.

Simon Hughes: I share that view entirely; the danger is that what has happened in the past might happen again. If there is a recommendation for a low increment, the Government might say, "Yes, thank you very much", but if there is a recommendation for a high increment, for whatever reason, the Government could intervene and say, "No, thank you very much. Not now." That cannot be acceptable.

Mr. Maples: I do not think that the hon. Member for Sunderland, South (Mr. Mullin) is right. The reason that a whopping great increase, as he put it, is recommended every so often is that increases have been suppressed by the Government for the previous four or five years. That is what has happened on every occasion. If we had a mechanism, for example, for implementing whatever increase had been applied every year to public sector salaries—2 or 3 per cent., or whatever—this issue would never arise. We would never have a really bad increase, and we would never have a really big one. I think that we, and the public, would be satisfied with that.

Simon Hughes: The two points of view are not contradictory, but I agree with that argument. The report makes it clear that, in the past, there have been recommendations for a catch-up and that, because they were so big, the Government have not implemented them. Unless we have a regular annual increment, we shall always find ourselves in that position.

I also strongly support—and urge Members to support—the idea that the Members Estimate Committee, under Mr. Speaker, should also do its work on this matter. I do so for two reasons. One is that the House, with all its experience of what it all means, can look at the matter. The other is that the staff of the House, who have all the experience of administering the system, can give the benefit of their wisdom and experience and all the money that we have paid them over the years. It would not be inconsistent for us to have an independent review as well as doing our own work on the matter. I absolutely support the view expressed in the amendment tabled by the right hon. Member for Penrith and The Border that we should give authority to the Members Estimate Committee to do a parallel piece of work, so that we can have that in front of us as well.

Mr. Mark Field *rose*—

Simon Hughes: Let me carry on for a minute. I might come to a natural point at which the hon. Gentleman can intervene.

I support the Government's recommendation on pensions. Other Members might want to elaborate on that subject, but I do not propose to do so now. My final point is on staffing, offices and allowances, and I shall start where the right hon. Member for Maidenhead started. I want to say, as explicitly as she sought to do, that this does not involve money that we are given to allocate either to ourselves or to others. It is not an allowance that I can choose to spend or not. Money goes from the taxpayer into the Fees Office, and from the Fees Office directly into the bank accounts of our staff, without our touching it. All that we do is agree how much of the total amount available should go to them.

The sum that we are talking about is currently £90,505 a year, and that is meant to pay for the salaries and national insurance contributions of three people. Some of us employ more than three people, however, and it does not take a genius to work out roughly what people are paid. They are not paid huge sums for the job that they do, given the importance of their job of looking after constituents such as yours, Madam Deputy Speaker, and mine, who come to us with evictions, housing and benefit crises on a daily basis. They need to be decently looked after. That is why I absolutely support going down the road, as the Government recommend, of an increase of half a person in the potential number we can employ—taking it to three and a half people, as it were. As it happens, I employ four people at the moment and others who assist.

Let me add another postscript. It is not proposed that the three and a half people should be paid at the same rate as now, because the increment provides for a few thousand pounds extra over the current arrangements. For the record, the recommendations are that for three and a half staff employed outside London the total staff bill should be £96,630, which would go up to £102,650 when all the staff are in London.

I hope that colleagues will vote for my amendment (b). The Leader of the House was good enough to say that she intends the proposals to come into effect from the beginning of the new financial year, which I accept, but I want us to lock that in so that we can plan ahead, knowing that in the new financial year we will be able to pay for three and a half staff with funds provided from the taxpayer via the Fees Office. That is not unreasonable—*[Interruption.]* For London, yes.

Andrew Mackinlay: I am a bit nervous about the London dimension, partly because of my geographical position. My staff do not work exclusively in the constituency; some just work in the Palace of Westminster. I am a bit nervous that whoever reviews the position is going to get in an awful mess and perhaps be unfair, not to me but to my staff. It does not work so neatly for Members in my geographical position, who are just outside the Greater London authority area.

Simon Hughes: I absolutely understand that. That is why I support the proposal that the administration of this matter, including its interpretation, should go to the Members Estimate Committee, as recommended in the motion. The proposal should be subject to that process, but it should not be subject to a delay in respect of the year to which it applies. There is no significant difference between the hon. Gentleman and me. The decision should apply from 1 April, but the details of definition need to be worked out fairly.

The hon. Member for Cities of London and Westminster (Mr. Field) rightly identified that all the recommendations bar one have been dealt with. Three relate to staff and we are asked to agree to them, while we are asked to refer the rest to the MEC and other deliberative bodies. One, however, has been dropped and eliminated. I declare an interest in the matter, but I cannot help it because I am an MP representing an inner-London constituency.

Presently, inner-London MPs and outer-London MPs may opt for a London allowance in line with many other London public sector workers, as opposed to an alternative that in theory is more generous. The Senior Salaries Review Body report says under the heading of "London Supplement" in paragraphs 5.58 and 5.59:

> "The Supplementary London Allowance...which is currently set at £2,812 is payable to MPs with inner London constituencies who are not eligible to receive ACA and to MPs with outer London constituencies who do not claim for expenditure under the ACA."

It goes on to say that comparable circumstances were looked into and it concludes:

> "We believe that the London Supplement should be increased to reflect the extra living costs found in London and therefore recommend that the London Supplement be increased to £3,500 and henceforth...in line with the Public Sector Average Earnings Index".

That must surely be included in the basket for consideration; it is nonsense to take that out altogether as if it were not a serious issue. It is an issue for Greater

[Simon Hughes]

London MPs of all parties. I hope that colleagues will vote accordingly and that the Government will accept it.

Stephen Hammond (Wimbledon) (Con): My hon. Friend the Member for Cities of London and Westminster (Mr. Field) and I gave written and oral evidence to the SSRB on that point. The hon. Gentleman quoted the recommendation of £3,500, but if he reads the supporting evidence he will find that KPMG suggested that the comparator should be £4,000. We are asking not that that be put into effect—the hon. Gentleman has made that point—but for the appeal process and for it to go to the MEC. That must be right. If the SLA is pay, the additional cost allowance must also be pay; the Government cannot have it both ways.

Simon Hughes: Whether or not MPs represent Orkney and Shetland or the Cities of London and Westminster—the two most extreme examples—it must be right that all the issues are referred to the body. It cannot be right for the Government to be able to take one out and throw it away.

Mr. Mark Field: Although I may have been called extreme at certain times, I am sure that the hon. Member for Orkney and Shetland (Mr. Carmichael) has not been called that on too many occasions. I appreciate that the Leader of the House is also an inner-London MP, representing Camberwell and Peckham. She made the statement and it has been put that somehow the London allowance is simply an issue of pay, but in our view it is a small compensatory allowance that makes a contribution—only a small contribution—towards the otherwise un-reimbursed expenditure entailed in making a main home, as opposed to a second home, in central London. That is why we feel that this matter should go to the MEC. The option of taking an ACA is not open to us 26 Members, but for those who are not entitled to an ACA or who choose not to take it in preference for a London allowance, there is comparability. We hope that the Leader of the House will take notice and ensure that recommendation 29 goes to the MEC.

Simon Hughes: I ask colleagues not only to vote for that but to bear in mind that it is completely illogical to have recognised that relative office costs as well as relative staff wages in different parts of the country should be reflected in the allowances and not to apply the same to Members of Parliament who live in central London or inner London. I emphasise that we are not voting now for any extra expenditure on anything; we are voting only for these matters to be looked at, which is surely the responsible thing to do.

The proposed process will look at the additional costs allowance, which has been the most controversial allowance for parliamentarians. It allows MPs who do not live locally to claim for a second home or a second place to stay. Of course nobody would expect you, Madam Deputy Speaker, to go back to the west midlands every night or others to go back to Scotland or Wales, so there must be a process for recompense. That is perfectly proper. My personal view is that for outer-London MPs, the current situation is no longer justified—

Richard Ottaway: Wrong!

Simon Hughes: Well—*[Interruption.]* I will give way to the hon. Gentleman, whom I respect, but I am saying only that the current position needs to be reviewed, which is the clear implication of the report. None of my outer-London Liberal Democrat colleagues claim it; though some Members claim it when they live very near to the borders of inner and outer London. I am simply asking for it to be reviewed because, in my judgment, that is what has brought the House into the greatest disrepute, so it needs to be sorted. That is all; I am arguing no more than that.

Richard Ottaway: I apologise for my intemperate reaction to the hon. Gentleman's remark. I do not know when he last tried to get down to south Croydon but I can tell him that it takes a heck of a long time, due to the Government's totally inadequate transport provisions. It is a fact that one can get to Reading quicker than one can get to south Croydon. If he pursues this argument, it will not stop at outer London: the whole of the home counties will have to be included. He might find that he will have some difficulty carrying people with him.

Simon Hughes: I respect the hon. Gentleman, as he knows, and I have been to Croydon, including south Croydon, many times. All that I am saying is that this has been the most criticised area of our allowances. To quote the report, it says that

"we are concerned that it is in the area of ACA that the greatest scope for abuse is thought to exist."

All that I am arguing is that the matter should be looked at and reviewed. I will not give way further, as I do not want to wear colleagues' patience; I want to carry them with me.

In relation to the point made by the right hon. Member for Maidenhead, the current proposal allows the Willie Hamilton election campaign grand finale to start again. At the moment, rightly or wrongly, colleagues have a final-year compensation amount when they finish their service as MPs. Under the proposal, an MP would get that payment only if their constituency was abolished or they had been defeated. So when they came to their natural retirement age, they would have to find a seat that they did not want to fight and that they absolutely hoped that they would not win—what would happen if they did would be a different question. Clearly, that is nonsense. The resettlement grant and the issue of compensation on leaving office need to be looked at.

The last issue is that of offices and staff location, which was raised by the right hon. Member for Maidenhead. This is only a suggestion, but I support the idea that there should be an assessment of how much space we need—it might be 800 sq ft or it might not. Having done that, there would be a process to pay for that separately, and the costs would be different in different parts of the country. We would probably need a system in which a similar person, company or body would do that assessment in Orkney and Shetland and in London, to avoid unfair comparison. Rather than the same outcome, there should be a standard process of evaluation of what is a fair and reasonable cost.

If we spend our time saying how important Parliament is, we must all assume that we are entitled

to have at least one or two people working for us here as part of our job. If people ring the House of Commons and get a voice on an answerphone, that is not a satisfactory service. We cannot be in our offices when we are in the Chamber, in Committee or doing other things. We must have a system that allows MPs to have staff in the Palace of Westminster, as their base, without penalty, as well as staff in their constituency, where they are also needed. Those are important matters, and my request is that all, not some, should go for independent assessment.

In relation to salaries—I end where I began—we should move down a road of an independent process, but not assume that the Government will suddenly change the habit of a lifetime, speed through, come up with a wonderful solution and leave it to us to decide without interfering. We must put in place a system that protects us next year. Consistent with public sector pay restraint, however, it should give us only a limited increase next year, as we accept a limited increase this year.

2.32 pm

Mr. John Spellar (Warley) (Lab): I shall concentrate my remarks largely on pay, because the section on allowances has in the main been referred through the Members Estimate Committee to our panel. We wish to evaluate those suggestions properly without preconceptions.

I agree with the comments of the right hon. Member for Maidenhead (Mrs. May) that it would be much easier to deal with questions of allowances if elements of the media did not endlessly misrepresent them as part of our income. That is acknowledged in paragraph 1.12 of the SSRB report:

"Some observers are quick to conclude that an MP is paid too much, particularly when looking at the headline total of salary plus expenses."

I also counsel Members that so-called transparency is no magic solution. The situation in Scotland has demonstrated that only too clearly, to the extent that one MSP was attacked for spending money on coffee in his constituency office.

The matter of pensions will be considered elsewhere, and the hon. Member for Bournemouth, West (Sir John Butterfill) is in the Chamber and will no doubt comment on that. I am concerned, however, about reference to so-called gold-plated schemes compared with other public sector schemes. We as MPs have a high contribution rate, much less security of tenure and later retirement. We do not have the early retirement enjoyed by many of the uniformed services—I hasten to add that those schemes are provided for understandable operational reasons. At the same time, however, we abrogated the option of retirement at 60 on the grounds that that example would be followed by those in the wider public sector. Unfortunately, they have not found that example particularly inspirational.

To return to pay, the basic facts are rightly outlined by the SSRB in paragraph 3.2, which records that the evidence given on Members' behalf by the advisory panel showed that

"MPs' pay had not kept pace with the Average Earnings Index since 1997, and had failed to match the Retail Prices Index since 2003."

The PricewaterhouseCoopers study—which, admittedly, involves some difficulties—showed that the gap between MPs' pay and that of private sector comparators had also grown.

As paragraph 3.18 of the SSRB report explains, unlike the annual increases of many in the public sector, ours is an actual earnings increase. Why? Because we do not have the increments, performance pay or other forms of pay progression that are common and, indeed, increasing in many parts of the public sector. That is why the mechanism that linked us to certain pay bands became so unsatisfactory in the end.

I must say in parenthesis, and partly in mitigation, that I only became chair of the advisory panel after the last election. I was astonished that anyone would agree to be linked to someone else's pay rate rather than their earnings: I had thought that that was in chapter 1 of the shop stewards' manual. Members will recall, however, that we did get a cycling allowance out of the last settlement.

The SSRB report acknowledges the problem, but I find it disappointing that the board did not want to address it earlier. The report states quite openly that it

"did not wish to distort the senior civil service pay system simply to produce a more appropriate result for MPs",

although it seems to have been content to distort our pay system as a consequence. As we all know, we received only 0.66 per cent. last year. That is worth repeating, just so that the public get the message loud and clear.

The basic facts are these. If our salaries had kept pace with the retail prices index in the last five years, we would have not our current salary of £60,675 but a salary of £64,418. If our salaries had kept pace with average earnings, we would be on £66,170. If our salaries had kept pace with the public sector average earnings index, we would be on £67,684. The problem has been exacerbated in the last three years, with increases of 2 per cent., 1 per cent. plus 1 per cent. staged over the year and, most notoriously, 0.66 per cent. last year.

The SSRB has acknowledged part of the problem, and we should be grateful to it for that. It has taken on board not just the comments of the advisory panel, but those of many individual members who not only followed our evidence but made inquiries in their localities about the pay enjoyed by directors of services in their local councils, head teachers in some of the larger schools and so on. At least in my experience, many were slightly surprised by the change, and the rate of change, in those jobs over the last few years.

Unfortunately, the SSRB proposes to remedy that by means of a mechanism that I still find confusing. It talks of linking us to the average percentage increase in the base pay of the senior civil service, by which, it says that

"we mean the amount by which the average base salary of all SCS members increases year on year as a result of individual performance awards."

It then states that the amount

"excludes non-consolidated bonuses for which SCS members are also eligible."

That sounds to me like an unnecessary complication, possibly containing the seeds of further difficulties in

[Mr. John Spellar]

the future. It would have been much simpler, even within that indicator, to take a straightforward figure, namely the amount by which senior civil servants' take-home pay rises during the year. I hope that Sir John Baker's further study will take that into account. We should also ask him to examine the question of remedying the considerable shortfall.

It also concerns me slightly that the report does not really capture the life and work of Members of Parliament, although, as we know, the subjects are very much intertwined.

John Bercow: For the avoidance of doubt, will the right hon. Gentleman say whether he agrees that it is not to the rate of increase that we need to be linked, but to the base from which the increase takes place?

Mr. Spellar: I was going to deal with that later, but I shall do so now. There are two elements that we need to disentangle. One of them is the extent to which, for a variety of reasons, we have fallen behind comparators in earnings, and therefore the extent to which there needs to be catch-up in order to establish the proper base. The second element is how we decide what the increase will be year on year in the future—what mechanism might we put in place to prevent this matter from having to come back before the House. I urge that they are treated as two separate issues. We do not need to say, "This is the comparator we are dealing with to look at what should be the base figure", and to be for ever tied to that particular group. It might be the case that we are tied to that group, but we might instead look at a basket of groups and at an average increase. The two issues are not integrally linked, and it would be a mistake to link them as we would then be back in the situation of having reports and analysis, all of which become arguable, debatable and, ultimately, votable.

Let me return to the issue I was addressing. The PWC report states boldly that the evaluation results do not take account of the extensive working hours of a Member of Parliament. It says that it assumes that we work a normal professional working week. I remember a good colleague of mine who was an Australian Senator and who then entered the private sector saying to me, "The big difference between full-time in this game and in the private sector is weekends." I think all Members will understand that comment. I do not say that we work every hour of every day of the week, but there are always pressures on us to do so. That is underestimated and misunderstood.

Sir Nicholas Winterton (Macclesfield) (Con): I am delighted that the right hon. Gentleman has raised the number of hours that the overwhelming majority of Members work, particularly when the House is sitting which is for more than half the year. Including time spent travelling to and from my constituency, I estimate that I spend an average of 85 hours per week on parliamentary and constituency work when the House is sitting. That is more than twice the normal working week in this country.

Mr. Spellar: Some Members used to be trade union officials. I remember people saying, "You should be paid the average wage of the members." As I was negotiating for Fleet street at the time, that was not so bad, but my response always used to be, "Would that be with overtime at premium rates?" I do not say this by way of complaint, but Members should look at their hourly rate.

Our job has a high level of input, and there have been changes that have increased that. One of them is the increase in our case load. Another is the increase in the number of campaigns that are directed at Members, and which require either correspondence or attendance at meetings. In the past, many examples have been given of the increase in mail, but I am sure that all Members will have experienced an exponential increase in e-mail, even over the past 18 months—and not just the standard correspondence on issues, but many more constituents e-mailing about individual cases and problems.

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): Has my right hon. Friend's office noticed that whereas organisations used to send us hard copies of material, they now tend to e-mail it so that it needs to be run off? As that might happen 20 or 30 times a week, that also has to be fitted into our time and our staff's time.

Mr. Spellar: My hon. Friend is right. The PWC report misunderstands the situation when it says that problems of work load are to some extent within MPs' own control. There is an element of truth in that, but it underestimates some of the pressures that MPs are under.

As I was saying in reply to the hon. Member for Buckingham (John Bercow), we should try to disentangle these elements. The Government motion helpfully provides the opportunity to do so. The first such element is the baseline for our calculations. The SSRB says that we are some 10 per cent. behind, although that is if everything is taken into account. Our basic salary is 14 per cent. behind, even on the SSRB's comparators, and we are 15 per cent. behind on total cash. The figure needed to catch up is somewhere between where we are and £66,742. Interestingly, that figure is only a little above what we would have received had we kept pace with average earnings.

I must take slight issue with the comments made by my hon. Friend the Member for Sunderland, South (Mr. Mullin). He said that some past increases had not been connected with the real world. In fact, those past recommendations were designed to catch up with changes that had already taken place in the real world.

Mr. Mullin: Up to a point, Lord Copper. When my right hon. Friend was saying how far we had fallen behind, he drew the line at 1997. In 1996, we voted ourselves a 26 per cent. increase, at a time of 3 or 4 per cent. inflation. It is that kind of thing that gets us a bad name.

Mr. Spellar: My hon. Friend is quite wrong. That increase reflected several years during which, for a number of reasons—it was often because of the pay policies, under all Governments—we had fallen seriously behind comparable public and private sector jobs in the outside world. He is right to say that those large leaps do not favour us—as has been said, moving in line with the other indices would be a much better way of handling

things—so we possibly come to the same conclusion, but we do not necessarily have the same view of the history.

What do we need to do to resolve the situation so that we do not have to discuss this issue in the future? We have talked about the question of catching up. We need an index by which pay will be automatically uprated without a confirmatory vote. We must be clear that this is not about a review body examining various indices and coming up with recommendations. The situation should be—I think that there will be broad support in the House for this—that on, or shortly after, 1 April each year the Department of Resources, the old Department of Finance and Administration, would contact the Office for National Statistics or whatever the appropriate body to say that we are linked to such an indicator and detail the increase in the past year, and there would then be an automatic uprating. I do not care what the indicator is. It could be the retail prices index, the average earnings index, the public sector average earnings index or even the Chicago grain index. In a sense, that is less relevant than the fact that it needs to be something that the public understand and that is therefore clearly in the public domain and is not influenced by our particular actions. The public sector average earnings index might be the better one to use to try to provide a greater and clearer linkage.

I am not keen on a link to just one small part of the civil service, because organisational and structural changes could take place, which would then have a significant effect on us. There is one possible attraction of being linked to the senior civil service, because in my experience, senior civil servants always seem to have done well in finding ways through the pay policies of both Governments. However, in general, we would be better considering a basket of agreements and taking the median or another average. I believe that that is the offer that has been made to the police. I hope that Sir John Baker will take that on board. I also hope that when we come back to the matter before the summer recess, we ensure that that is clearly understood.

Mr. Mark Field: Is there not a concern that irrespective of whether we use a basket or some level of comparability, particularly one that involves public sector pay, where, directly or indirectly, we have all had an influence, the media will still raise their hue and cry whenever a figure is announced? Even if one of those independent mechanisms were properly implemented and all the concerns raised in this debate were addressed, the issue would still become a media hue and cry. Therefore, it is for us, as Members of Parliament, simply to bite the bullet and to drive forward the right sort of pay package, given that we believe in the idea of a sovereign Parliament. I have a lot of sympathy with everything that the right hon. Gentleman is saying, but I fear that we would be back to square one the moment such a mechanism comes into play.

Mr. Spellar: A sovereign Parliament would make a decision before the recess that our pay increases should be linked to a particular indicator. At some stage in the long distant future, if that broke down, something would have to happen to it.

In a sense, there is a mechanism to deal with failure, and we have had one failure with the links to the senior civil service. That mechanism is that Sir John Baker should consider forming a new body. We must make it clear that such a body should not be designed to make endless reports on pay but to deal with any failures in the system.

There is an unspoken question about who will decide whether there has been a failure. Will it be the House of Commons and the MPs, or the Treasury? Nothing is perfect about any form of pay-setting. However, such a solution would get rid of many of the problems and difficulties that we face, particularly when we have to vote and argue about our pay. That is a particular problem if it is linked to a factor over which we do not have any direct influence, whether it is an index based on prices or earnings—that is why I have suggested a fairly wide index.

It is important that a clear message goes back from all parties, including the Government, that the increase should be implemented according to the percentage increase that has taken place. That is why the mechanism is so important, as it effectively takes the decision out of the hands of Government and puts it into those of the Department of Resources—which used to be known as the Department of Finance and Administration—which will operate under the directions of a resolution of the House.

My final point has been made by a number of other hon. Members, but it is worth reiterating. This has dragged on too long. The SSRB was commissioned to produce the report in July 2006. It reported in July 2007 and we are debating the report in 2008. I urge the Leader of the House and the Deputy Leader of the House, when she replies, to be clear and explicit that the timetable for the report will be that it should be received, published, debated and voted on before the summer recess.

Sir Michael Spicer: Again, this is a question of timing, which is essential. May I ask the right hon. Gentleman the question that I asked the hon. Member for Manchester, Central (Tony Lloyd)? Does the right hon. Gentleman have any insight about when the measures will all be implemented? Does he know when the Government intend to implement them? Has he been given any commitments that we have not yet been given?

Mr. Spellar: There were a number of indications from the Leader of the House that she hopes to get the report received, published and voted on before the summer recess. I want the report to be received by the end of May, as a preference, and by the first week in June as a necessity. It should be published at that stage and debated and voted on during the end of June or beginning of July.

Sir Michael Spicer: That describes the voting procedure. However, when will the new mechanism be implemented? In which year will it be implemented? Has the right hon. Gentleman had any assurances about that?

Mr. Spellar: There are two issues that we must disentangle. The first is the question of the next two years. I understand—the Deputy Leader of the House can confirm this when she sums up—that Sir John Baker will be asked to produce a report on the next two years and then a mechanism, or, in other words, an index, to take us beyond that period.

Simon Hughes: That may indeed be the case, but it is certainly not what the terms of reference say. The implication is that Sir John will come up with a mechanism for immediate implementation.

Mr. Spellar: Yes, but a mechanism can be twofold. The first element is the need to deal with the immediate issue, which also deals with the question of catch-up. The other element would be an automatic linkage that would operate once we had established the base. I hope that Sir John Baker's report will separate those two strands and establish the base, after which we can consider the rate of future increases. That will allow us to get back to representing our constituents, legislating and debating the issues facing the country. I think that hon. Members of all parties do that job rather well.

2.55 pm

David Maclean (Penrith and The Border) (Con): It is a privilege to follow the right hon. Member for Warley (Mr. Spellar), with whose speech I agree entirely.

All colleagues have begun their contributions by congratulating Sir John Baker and the SSRB on the report that has been produced, but it has been noted already that one or two little difficulties remain, especially with those parts of the report that deal with allowances. I suspect that more difficulties will be highlighted as the debate goes on.

May I suggest, in the nicest possible way, that the SSRB has not grasped some of the intricacies of our allowance system? The result is that there are difficulties with what is being proposed in the report. I cannot comment on behalf of the Directorate of Resources—what used to be called the Fees Office—but I suspect that its excellent staff would encounter enormous difficulties in implementing and enforcing some of the recommendations that the report makes about constituency offices, space allocations, costings and incidental expenses provision—IEP—changes for some colleagues.

The proposals are almost unenforceable. We cannot have transparency in our allowances if we cannot devise a system to enforce the changes, or understand what the SSRB is recommending. The Leader of the House is therefore right not to implement the recommendations verbatim and to refer them to the MEC. That Committee is supported by the Advisory Panel on Members' Allowances that is chaired by the right hon. Member for Warley, and it will be able to sort out what amounts to a bit of a mess in the SSRB report.

Who are the dangerous men and women on the MEC who have been given that responsibility? They are exactly the same people as those who make up the House of Commons Commission. They meet at the same time, but the agendas are different: sometimes a person is a member of the MEC, at others a member of the Commission.

The MEC is chaired by Mr. Speaker. Its next most distinguished member is the Leader of the House, followed by the shadow Leader of the House, the hon. Members for Middlesbrough (Sir Stuart Bell) and for North Devon (Nick Harvey) and myself. The MEC does not leak, so I cannot reveal what we discuss, but I can say that we meet regularly. The Leader of the House has entrusted us with making sense of that bit of the SSRB report that deals with allowances and, in conjunction with the right hon. Member for Warley, that is what we will try to do.

We will be served by some incredibly clever people in the Directorate of Resources. I have had the privilege of serving on the MEC and the Commission for two years, slightly longer than the Leader of the House. When I say that, I am not being arrogant: I simply mean that I have had the privilege of seeing more papers produced by the men and women in the Directorate of Resources than she has. I have been delighted by their excellence, and can say that the MEC is exceptionally well served.

If the House gave the MEC authority to produce its own suggestions for a suitable pay and allowances mechanism, we would rely heavily on the Directorate of Resources staff, and we would look to the Library's research department for background information. We would also lift some stuff from the SSRB report, given that much of the relevant work has been done already and makes sense. It is possible that we could produce some reasonable suggestions for the House's consideration.

If the recommendations in any memorandum, report or little review that the MEC might prepare turned out not to be sensible, colleagues would be very quick to bin them and our names would be mud. However, I believe that we could produce some sensible suggestions, as we might be able to consult hon. Members of all parties more thoroughly than the SSRB.

Stephen Hammond: I listened carefully to what my right hon. Friend said and he is absolutely right. Does he think that the Members Estimate Committee would be overburdened if it were also to consider recommendation 29?

David Maclean: I will leave it to my hon. Friend to convince the House that the Committee should be given that task, too. I think that our burden will be fairly heavy as it is. There will also be a heavy burden on our officials, who will have to help us untangle some of the allowances difficulties created by the SSRB report. We would probably be at maximum capacity if we took on the responsibility that my hon. Friend mentions, in addition to having to reach a view on a mechanism for determining MPs' pay, so that we did not have to vote on the issue every other year.

I have not set out terms of reference. I would say to the House, "Trust us." We on the MEC and the House of Commons Commission do not need to tie our hands with terms of reference. We want to bring forward proposals on an independent mechanism for the House to consider. We would not tie our hands with principles that I think are wrong. The right hon. Member for Warley commented on some of the principles that the SSRB set out on page 7 of volume 1 of the report. The SSRB says that it is tied to the fundamental principle that

> "Pay should reflect levels of responsibility rather than workload".

On page 16, the SSRB reassess MPs' work load, which it says has increased steadily. We accept that that is the case. Expectations of what MPs can achieve for

their constituents are rising, and e-mails come in all the time. The work load is increasing. It goes on to say:

"To some extent the problems of workload are within MPs' own control."

With all due respect, it has confused work load and hours. Our work load is increasing all the time, but our hours have stayed fairly static, at 60, 70 or 80 a week. I could reduce my work load. I could, on Armistice Sunday, refuse to go to the service in Carlisle in the morning and the one in Penrith in the afternoon. I could refuse to do Saturday surgeries, and could refuse to go to council meetings on a Friday night. We could reduce our time commitment to 40 hours a week, but would that be the responsible, sensible thing to do? Would it be serving our constituents if we refused to do all the things that we have to do that take us 80 hours a week when the House is sitting and 60 hours a week when it is not?

Mr. Swayne: Mr. Speaker has informed me that he has not selected my amendment for debate; might we not, in a similar way, write to our constituents and tell them that unfortunately their letter was not one of those selected for reply?

David Maclean: When I first came to the House in 1983 there were stories about some of our illustrious predecessors, from both sides of the House, who did not believe in holding surgeries. There is a wonderful story—perhaps it is apocryphal—about a Member who would telephone his constituency association and say, "I shall be making my annual visit to the constituency in March. Please lay on the cocktail party." Those days died out 20 or 30 years ago, and rightly so. The service that we are now expected to give is heavy. There is no shortage of people who are willing to become MPs and take on a work load of 60, 70 or 80 hours a week, but I believe that the pay should reflect that burden.

In the second section of the report, the SSRB and PricewaterhouseCoopers set out some comparators. On page 17, the total package for MPs—our total reward, including pensions—is compared to that of a head teacher, a police superintendent, a senior civil servant at grade 1, a county council second-tier executive, an armed forces colonel and a director of a health trust. Our salary comes out as 90 per cent. of theirs; in some cases, it is 83 per cent. When the comparison is with those in small companies, the figure is 58 per cent. However, that is on the assumption that we are doing a 40-hour week, as many people in those professions are.

Can anyone imagine the outcry if the House or the Government had said to doctors, "We're going to fix GPs' salaries, and there's going to be an assumption that they're doing only 40 hours a week"? We know that they work excessively long hours—60 or 70 hours a week—and their pay reflects that. Conversely, could we say to the chief executive of a small district council, who, it seems, is on £81,000, "We'll pay you £81,000, but dear chap, you'll no longer work 40 hours a week; it's going up to 70"? There would be an outcry.

So I believe that the SSRB has misled itself from the beginning in fixing as a fundamental principle that it does not consider the hours that MPs work or take the work load into account. If that were taken into account in a review, we may come out with slightly different comparators.

Sir John Butterfill (Bournemouth, West) (Con): Does my right hon. Friend accept, as he will hear when I speak later in the debate, if I am able to catch the Speaker's eye, that the situation is rather worse than that? The costs, as assumed by SSRB, of our pension scheme, as assessed by Watson Wyatt, contain a number of fundamental and serious factual errors by Watson Wyatt.

David Maclean: My hon. Friend is respected in all parts of the House for the tremendous amount of work he has done in chairing our pensions committee. No one can speak with more authority on House of Commons pensions than he can. I hope his words will carry weight in all parts of the House.

I quote the examples from the report not because I want us automatically to link our salaries to them, but to show where I believe the SSRB has slightly misdirected itself. I hope that if we on the MEC can do a review, we would not tie our hands in such a way, we would consider the work load and the hours that we work in addition to the other factors, and we would look at a basket of comparable jobs in the public sector and the private sector, and not limit ourselves to the basket that is included in the report. There is a range of other comparators that could be included in the basket. From what I have seen of the staff of the Fees Office and the Directorate of Resources and the expert researchers in the House of Commons Library, I believe that we could come up with recommendations as good as, if not better than, those that Sir John will produce.

And there will be something else. Sir John will make his recommendations to the Government. That is fair enough, and I accept entirely the assurances of the Leader of the House that the Government will not sit on the report for six months this time; it will be brought quickly to the House. If we, the Members Estimates Committee, had given the stamp of approval to bring forward proposals to the House today, we would be reporting to all Members—to the House. At some point it would be up to the House collectively and all Members to grasp the nettle of what we had proposed. If all colleagues thought that what we proposed was nonsense, it would soon be binned. If they thought it was right, we could go ahead with it.

I know that my amendment refers to an independent pay review body. I am not tied to that. I had to submit my amendment rather hastily. If I were to redraft it, I would refer to an independent pay mechanism. That is what we must seek to achieve—a mechanism that could be linked to a basket of salaries or something else, and which would be uprated each year by the Fees Office. The Directorate of Resources would look at the comparators and the mechanism and automatically adjust it. If at some future date it went all askew, the House would have to grasp the nettle and do something about it. Any independent pay review should report to the House, not the Government. That takes the Government's hand out of the matter.

I will support the Leader of the House this afternoon on her motion of expression of opinion. I have no wish to rock the boat on that. However, I beg

[David Maclean]

those on the Government Front Bench to accept my amendment and let the MEC have a go at producing proposals. I know that the Leader of the House said that we could produce a memorandum. We do not need the authority of the House to produce a memorandum, a document or a review. The MEC can do that, but we do not have the automatic right to have it considered on the same day as Sir John's report. It could sit on the shelf in the Vote Office. Yes, we could take the guts out of it and table it in an amendment, but as the MEC is chaired by Mr. Speaker, we cannot have an amendment advocated in the House by a Committee of which the Speaker and the Leader of the House are members.

I seek a commitment from those on the Front Bench. I would happily withdraw my amendment. I do not particularly want a vote on it, but I know that a head of steam has built up from colleagues on both sides because what I am proposing is reasonable and innocuous. If we produce a memorandum or a document of some sort—we are not in the business of an alternative review; I am not rubbishing Sir John at all—please let us have it considered at the same time as Sir John's report, as an alternative. That would remove a difficulty for the Government and for everyone else, except perhaps myself given the work load of the MEC in producing this.

Sir Nicholas Winterton: My right hon. Friend is about to finish and he has not touched on a subject that has not been raised certainly while I have been in the Chamber, and that is the mileage allowance. Sir John Baker's report recommends that the mileage allowance should remain as it is. Bearing in mind the dramatic rise in motoring costs in recent times, and the diversity of need for a motor vehicle between those who represent large constituencies many miles from London and those who live in urban areas, is it not time that a more rational, responsible and realistic mileage allowance was agreed?

David Maclean: My hon. Friend has for some time been raising the question of the mileage allowance of which he has long experience, and I will let him speak for himself on that matter. I would not like to incorporate it into my amendment. I could say facetiously that if he got a quad bike it would be a lot cheaper to run, but one gets a little more abuse as well.

I end by reassuring all hon. Members, particularly Government Members, that I will vote for the Leader of the House's motion even if she votes down my amendment. I do not particularly want to force a vote, but many colleagues expect me to do so. If I can have the assurance that the Leader of the House will bring forward our MEC memorandum and allow it to be considered, debated or voted on when Sir John produces his no doubt excellent independent report, I would not wish to force the matter to a vote. I have signed some other amendments, but I accept the Government's and the Opposition's exhortations that we should stick with the pay norms that they recommend.

That is a simple request. I am not out to damage the Government or to harm the Opposition. My amendment is innocuous and straightforward, but it is a chance to give the MEC the opportunity to sort out our pay just as we have been given the responsibility of sorting out our allowances.

3.12 pm

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): It is a pleasure to follow the right hon. Member for Penrith and The Border (David Maclean) who, along with his fellow members of the Members Estimate Committee and the Commission, puts much time and effort into representing our interests. I am also grateful to my right hon. Friend the Member for Warley (Mr. Spellar) for setting out so very clearly the facts regarding hon. Members' salaries in recent years and their context.

I support the position outlined by my right hon. and learned Friend the Leader of the House. It is certainly right that we should be consistent with what we have asked public sector workers to take by way of salary increases over the past year. I wish Sir John Baker and the MEC well in carrying out their further reviews. They will need to grapple with a number of issues that will no doubt in due course attract well-reasoned representations from hon. Members.

I should like to seek clarification from my right hon. and learned Friend on one issue. If we support the proposal to increase the staffing allowance immediately, will the MEC still be able to consider automatic uprating of the salaries of members of our staff? I want to draw particular attention to chart 3 on page 33 of volume 2 of the review, which shows that 19 per cent.—almost one in five—of MPs passed on less than 80 per cent. of their staffing allowance to their staff, and less than half of staff received bonuses. The ceiling on staffing allowances is uprated in April each year by the increase in the average earnings index, but staff pay is not automatically increased. The report notes the evidence given by staff representatives that many MPs do not pass on the annual uprating.

The SSRB report concludes that the House authorities should consider issuing a notice to MPs in March to remind them of the opportunity for uprating. I think that a rather weak way of addressing the issue, especially at a time when, as my right hon. Friend the Member for Warley so ably set out, we are looking for an automatic uprating for ourselves; what is sauce for us is sauce for our members of staff as well.

I turn to another staff allowance matter, which will be referred to the MEC. Recommendation 19 is about the "Staffing Allowance"; it states that it should be renamed "Staffing Expenditure" and that the "Temporary Secretarial Allowance" be renamed "Temporary Secretarial Expenditure". The SSRB says:

"it would help to avoid misunderstanding or misrepresentation if allowances were renamed to make as clear as possible that this is not money which in some way augments MPs' salaries, but indeed is expenditure necessarily incurred to do the job their constituents and the nation expect of them."

I share the pessimism of my hon. Friend the Member for Manchester, Central (Tony Lloyd): changing the names may not change how such matters are covered in the press. However, we should recognise that when the package is described as a gravy train, that is not only a matter of concern to MPs; it is not very nice for the staff to be described as being on the gravy train. They do a fantastic job for us. We have talked about the long hours that we work, but they often put in hours well in

excess of what they are contracted to do. We should pay attention to that in the months ahead, as we sort these matters out.

Anne Snelgrove (South Swindon) (Lab): I endorse my hon. Friend's views on staff. Has she had the opportunity to compare the salaries that we are able to give our hard-working staff with those often given to local group assistants in local councils? Those salaries are often in the mid-£30,000s; it is totally iniquitous that because of how our allowances are put together, our members of staff based in London cannot earn as much as Labour, Conservative and Liberal Democrat group assistants out in the sticks, where the cost of living is not as high.

Linda Gilroy: My hon. Friend makes her point well. I thought that she was going to make a comparison with the salaries to which our staff often move on quickly in the world outside Westminster—and rightly so. Just as there is no shortage of people queuing to become MPs, there is no shortage of people queuing to work for us in Westminster. Nevertheless, the gap between what our staff do for us and what we are able to reward them with, and what they should be able to attract, is considerable. If we are to argue that we ourselves should have automatic increases, at the very least we should say the same about our staff. If any hon. Members argue otherwise, I suggest that the system be put the other way round for them, so that they would be notified of what the salaries would be increased to—unless they intervened to have them reduced. We would see what would happen then.

I said that I would be brief. I hope that in winding up, the Minister will join other Members in saying that MPs should be praised by the media for arguing that their hard-working staff should be fairly rewarded; the concept of being on the gravy train and inflating some personal allowance is ridiculous. The hon. Member for North Southwark and Bermondsey (Simon Hughes) clearly outlined the fact that the money does not pass anywhere near our personal pockets, and rightly so.

I am sure that MPs' pay and associated issues will continue to be a cause of lively public debate even if we successfully implement some of the proposals that we have been discussing. Nevertheless, they will provide a much better framework around which to have that debate.

3.20 pm

Nick Harvey (North Devon) (LD): We are having an interesting debate on this issue. It is perhaps not as heated or exciting as some that we have witnessed in the past, because in some respects, there is a great deal of consensus around the House.

To the extent that there is any tension or disagreement, it seems to cut to the question of the relationship between this sovereign House and the Government as it affects the matters before us. I should like to point out to Members the difference between the administration estimate—that is, the budget spending line that runs the House of Commons, employs the House staff, and is responsible for the fabric of the building and security—and the Members estimate, which we are discussing. The administration estimate is the property of this House. The House is responsible for it and it is administered by the House of Commons Commission. Members ask questions of the Commission about how those moneys are used. The Commission produces an annual report that Members can debate and lays before this House annually an estimate for the running of the House.

The Members estimate, which is the budget spending line from which Members' pay and allowances are paid, is not the property of this House but is deemed to be the property of the Government and the Treasury. That, at least, is the theory. One might ask various previous Leaders of the House who have been responsible on the occasions of these debates on SSRB reports whether they felt that they had control over the Members estimate. There have been some memorable debates in which the Government have not had their way and this sovereign House has shown that it is indeed responsible for this line of spending. In reality, the Members' estimate is neither fish nor fowl—it exists in a sort of limbo. Only a Minister of the Crown can propose an increase in expenditure against it. That is why expressions of opinion, whereby other Members can make suggestions, sit alongside the motion.

On the question of a mechanism for deciding pay, I have no problem with what the Government are doing. They have proposed that for the current year, 2007-08, the pay rise for Members should be staged in such a way that its value is only 1.9 per cent. over the course of the year. There does not appear to be any great controversy about that. Nobody has argued against it or tabled an amendment suggesting anything different, and the Front Benchers of all three parties have urged Members to support that restraint at this time. The Government have also concluded that it would be right to have conducted a review that attempts to produce a new mechanism that does not require MPs to vote annually on their pay for the coming year. There is a general consensus around the House that if a workable system can be proposed, that is a good idea that we would all welcome.

There is a problem, however, in relation to how the Government are going about this. In my view, the report that they commissioned from the SSRB should have been a report to this House, but because of the peculiar relationship that I have described as regards the Members estimate, it was a report to the Government, which they then sat on for more than six months. We all speculated that it must be a real hot potato, and that there must be something absolutely diabolical in the report that was causing the Government terrible political angst, which meant that they had to sit on it for six months. When the report came out I read it, re-read it and read it again, and wondered what on earth had caused the Government so much difficulty. That is the first grievance I wish to log about the way in which they have done their business.

I wish to flag up some serious misgivings about what the Government now propose. They are asking us to rescind and tear up the resolution of July 1996, which has governed how such matters are dealt with for the past 12 years. Effectively they want us to sign them a blank cheque. We have to buy a pig in a poke, leave matters with them, and they will have a review conducted by someone of their choosing who will report back to them. We all just have to relax: it will all be okay because they will see us right.

[Nick Harvey]

I do not think that that is a sensible or logical way for the House to proceed. That is why there is an amendment on the Order Paper in my name, and in the names of other Members who serve with me on the Members Estimate Committee, suggesting that we ought not to rescind the existing arrangement until we have seen what the review recommends, and resolved as a sovereign House what we are going to do about it, and what the arrangements should be in future. It is simply logical not to rip up the old system before resolving what the new one will be.

More specifically, the Government have made no suggestion about what MPs' pay rate should be for 2008-09. That is why my amendment suggests that while we are waiting for a new system to emerge, we should have what is suggested under the existing system—what the SSRB recommended—for next year. It is the only proposal on the Order Paper that makes any provision for any pay rise next year.

During the course of the debate, we have heard from the hon. Member for Manchester, Central (Tony Lloyd) and the right hon. Member for Warley (Mr. Spellar) various rather more detailed suggestions about the task that lies before Sir John Baker—what he will do, what he will recommend and what might come back before the House in July. I have no knowledge of that. I have no particular problem with that state of affairs; I am not sulking because things have been said to those two eminent Members that have not been said to me, but it seems odd that we are being asked to sign up to this change when none of the information concerned seems to have been shared, through the usual channels or by any other means.

Sir John is being asked to return in July with a recommendation for a new mechanism. There is no suggestion as to when this mechanism will take effect, and it was more or less hinted in response to certain interventions that he will make some sort of recommendation for a pay rise for 2008-09. However, I am puzzled by that, because if Sir John Baker comes up with a new mechanism that will operate in future, and part of that mechanism might be the creation of a new body, when will it be created? When will it start to establish the comparators, mechanisms and so on? It will clearly not be possible to do that by July, and unless the new mechanism is determined by Sir John Baker doodling a sum on a pad, there is no possibility of any proposal of a pay rise for 2008-09 by the time we have the debate in July.

Mr. Spellar: Again, we are in danger of mixing up two elements. One is the question addressed by the SSRB of the extent to which there is a need to redress the deficiency when comparison is made with the comparators—the catch-up, in other words. The other is the question of an index by which increases would come in automatically. The question of having a body to examine what happens if such an index fails is another matter. I hope that the Deputy Leader of the House will make it clear that there is no proposal to set up a permanent SSRB to report constantly, only a body that deals with the index. There are two separate issues. The hon. Gentleman could deal with one—and even with the future index—but they are separable.

Nick Harvey: Again, I am interested in the right hon. Gentleman's comments, which sound sensible. He is a sensible man, but none of the information has so far been shared with the House. It cannot be discerned from the written terms of reference to Sir John Baker, which were published only yesterday. It was naughty to publish the terms of reference for the review after the deadline for tabling amendments for the debate. That is exceptionally bad practice.

The long and the short of it is that the House is being asked to put its faith in the Government and allow them to drive the processes forward. Clearly, some hon. Members have far more information about what is intended than others, and it is therefore difficult for the rest of us to assess whether that is a good idea. I appeal to the Deputy Leader of the House to share with the House what Sir John Baker will be asked to do. Hon. Members have suggested, for example, that he will be asked to do one thing for the next couple of years and something else for the years thereafter. Perhaps that is true, but the terms of reference do not state that.

Sir Michael Spicer: The hon. Gentleman is on exactly the right track and is making the point about which I tried to ask earlier. Would it not be best if the Deputy Leader of the House intervened now, because that would help matters considerably?

Nick Harvey: The sooner the matter can be clarified, the better. I tabled an amendment precisely because of the vagueness and lack of information from the Government about what is intended to happen with the review and the pay settlement for the coming year. If the Government could clear up some of those matters, it might be unnecessary to press my amendment to a Division.

John Bercow: Sir John may be an estimable individual, and an agreeable dinner companion to boot, but, on the evidence thus far, I am sceptical about the merit of his continued involvement. Given that he made a recommendation on pay that the Government have chosen not to accept this year, is it not bizarre, to put it mildly, for the Government to imagine that he will deal with the situation next year? He might again make a recommendation that they are disinclined to accept.

Nick Harvey: The hon. Gentleman makes a good point. Inviting Sir John to undertake the review is interesting, given the difficulty that the Government seemed to experience for the past six months in digesting his previous utterance. I believe that the House should control the Members estimate, as it controls the administration estimate, and that the House, not Her Majesty's Government, should decide to whom it remits such matters for review. I therefore support amendment (c) to the motion before the House, which provides that the Members Estimate Committee, as the only body in the House that could reasonably do the work, should examine the issues at the same time as the review.

Sir John Butterfill: More than six months have passed since the SSRB report was prepared. The Government had the first draft report in May. It was sent back for further consideration—whatever that means. I believe that a second draft was sent to the Government in late

May or June, and that it, too, was sent back for "further consideration". The report was then sent to the Government at the end of June or beginning of July. It would be interesting to see the correspondence, if there was any, between the Government and the SSRB during that gestation period. Perhaps we could find out through the Freedom of Information Act.

Nick Harvey: I was about to commend that to the hon. Gentleman. I, too, have heard such rumours, but I can cast no authoritative light on them. Perhaps he should become an FOI campaigner and start some inquiries into the matter.

Sir Nicholas Winterton: I congratulate the hon. Gentleman on the excellent and relevant speech that he is making, but will he pick up the intervention that my hon. Friend the Member for West Worcestershire (Sir Michael Spicer) made? It might be helpful for the rest of the debate if the Deputy Leader of House could indicate in an intervention that she would look sympathetically on the hon. Gentleman's amendment (f), which I happen to support, as well as amendment (c), standing in the name of my right hon. Friend the Member for Penrith and The Border (David Maclean), who spoke to it very articulately.

Nick Harvey: As a point of principle, it would be desirable if the Deputy Leader of the House responded to the point that the hon. Gentleman has just raised. On a more practical level, it might be possible for any number of Labour MPs who must be detained on the estate to make an earlier departure, if those who have amendments on the Order Paper could be given the sort of satisfaction that we are looking for.

In the case of amendment (c) to the motion before us, standing in the name of the right hon. Member for Penrith and The Border (David Maclean), the Leader of the House came tantalisingly close to giving him what he is asking for, which is simply that any report from the MEC on pay would be considered in the House as part of the debate on any report that comes to the Government from Sir John Baker. Everybody would be saved an awful lot of trouble if the Deputy Leader of the House could move that final inch, preferably right away, but otherwise at any point during this debate—but I see no sign of her taking up my invitation now.

Mr. Patrick McLoughlin (West Derbyshire) (Con): The hon. Gentleman is on to an important point. Every hon. Member finds the issue of voting on pay uncomfortable. We need to ensure that when Sir John Baker produces his report there are two possible alternatives before the House, so that we, as Members of Parliament, can take the best way forward, and take away the question that is so often raised, and with which we so often struggle. Surely it must be in the House's interest, and therefore in the Government's interest, to accept amendment (c), which I understand is signed by three members of the Commission, to which we are referring all such matters anyway.

Nick Harvey: I entirely agree with the right hon. Gentleman, and this is why. The SSRB has just sent us a detailed report covering all aspects of hon. Members' allowances—I say "just", but hon. Members will know what I mean; it actually sent it to us last July. There are some good ideas in that report and the motivation for making many of the recommendations in it was entirely laudable. Regrettably, however, some of them are slightly less practical than they might be, and have all sorts of unintended consequences that cannot possibly have occurred to the authors of the report.

For example, having totted up what the changes in the office rental and staffing arrangements would mean for me, I discovered that I would lose £12,400 a year from my allowances. I do not believe that it was the intention that the SSRB would have that impact on anybody's budgeting, but it did. The SSRB ought to have some objectivity and independence; it commissioned people to look at things in markets out there in the real world, and produced a report with some good ideas, but also with some glaring anomalies, which the MEC will be required to consider. If that report is the only one before us when we come back in July, there is every risk of further complications, unintended consequences, inaccuracies, anomalies and other inconsistencies, which will put the House in a difficult position.

If that report is the only proposition before us, we will again be presented, on a "take it or leave it" basis, with something that we know to be riddled with flaws. It would make far more sense if the MEC, which can see the flaws in the current proposals on allowances, were allowed to put in its tuppenceworth on the subject of a pay system for the future, because when we hold that debate, it would benefit the House to have that alternative before us. I cannot comprehend why there could conceivably be thought to be a problem with that.

In general, there were many suggestions in the SSRB report that we can take forward. I have stressed that the MEC is only too willing to try to iron out some of the problems. We have heard from Members on both sides of the House what some of the practical problems are, and we will earnestly use our best endeavours to put them right, and to come back to the House at a later date with a workable set of proposals on which Members can take a view.

3.40 pm

Mr. Chris Mullin (Sunderland, South) (Lab): I hope that every hon. Member will support the Government's motion to keep our pay increase in line with those for the rest of the public sector. That is essential for our self-respect. If we do that, we can then look the police and other public servants in the eye and say that what is good enough for them is good enough for us. If we do not, I fear that, as a profession, we risk sinking even lower in the public's esteem than we are at the moment, and we would have only ourselves to blame.

On the question of linkage, I think that everyone agrees that it is a matter of perennial embarrassment to most of us that we are called upon to determine our own remuneration. In speech after speech, going back more than 30 years, hon. Members have lamented that fact and called for the matter to be taken out of our hands, yet here we are, 30 years on, and it is still in our hands. The difficulty with all previous attempts to index our pay is that they were complicated and completely incomprehensible to the outside world. The 1996 motion, for example, described an increase by

[Mr. Chris Mullin]

"the average percentage by which the mid-points of the Senior Civil Service pay bands having effect from 1st of April of that year have increased compared with the previous 1st of April."

That is not very comprehensible even to us, who obviously take more interest in our pay, let alone to those in the outside world.

Another difficulty has been the one that I mentioned in an intervention on the hon. Member for North Southwark and Bermondsey (Simon Hughes), namely that, every so often, the SSRB or its equivalent has recommended an increase that was way out of line with what was going on in the rest of the world. That has happened under Governments of all persuasions, and they have felt obliged to intervene and impose, or attempt to impose, some sanity.

It is my contention that there is no need to look for a complicated solution when a simple one is available. So, in July 2001, in the hope of putting an end to this nonsense once and for all, I proposed that future increases be increased by the average of the annual awards to nurses, teachers, doctors and dentists. As it happens, if that had come to pass, we would all have done rather well, as those professions tend to do well under Labour Governments, although not all of them are prepared to admit it. However, my proposal was dismissed out of hand by the then Leader of the House, Robin Cook, with the result that we yet again find ourselves back in the same old mess.

Today, my right hon. and learned Friend the Leader of the House of Commons is proposing, with the best of motives, another review. I fear, however, that after much learned deliberation, such a review is likely to saddle us with yet another unworkable solution. In an effort to avoid going round the same old track again, I tabled an amendment—which, regrettably, has not been selected—proposing to link future salary increases to the state old-age pension, thereby permanently and irrevocably linking our fortunes to those of the humblest of our constituents.

Mr. Ken Purchase (Wolverhampton, North-East) (Lab/Co-op): My hon. Friend mentioned his previous proposal for a pay formula that would have resulted in our pay being linked to certain professionals who have done rather well. He now suggests that our pay increases should be linked to those of pensioners. Does he believe, however, that it would be reasonable for the Government ever to forgo the right to intervene in MPs' pay, or for this House not to recognise its role as a sovereign body? In order that our pay increases, whatever the circumstances outside, should actually reflect what is politically possible rather than being linked to dentists, doctors or whomever—I hope that my hon. Friend will take this in the spirit in which it is given—we really need to understand that the Government have to govern, and they have to have the right to intervene wherever and whenever that is necessary.

Mr. Mullin: I would hope that we could get ourselves into a position where the Government would not feel obliged to intervene every time; but perhaps we cannot, in which case we are doomed to go on having these debates every four years for eternity.

I want to make it clear that I am not wedded to any particular formula. To my pleasant surprise, I found myself in general agreement with my right hon. Friend the Member for Warley (Mr. Spellar), who is no longer in his place, when he suggested a number of different alternatives: indexing to the average increase in public service wages, for example, though he lost me on the Chicago grain index. Whatever formula we alight on has to be readily comprehensible to those outside this place. It also needs to be easily defensible so that we can look our constituents in the eye, which we have not always been able to do in the past.

Sir John Butterfill: We did once have a link with a certain grade of civil servant and it was suggested that our pay should go up automatically in line with that. The difficulty that has arisen is that there is now a basic increase for civil servants and then rewards for performance on top of it. That means that linking us to the base civil service increase, as we were last year, giving us 0.66 per cent., does not reflect the reality of the situation.

Mr. Mullin: I am not in favour of our trying to identify yet again another civil service grade to which we can be linked, because it has got us into all sorts of difficulties in the past. On one occasion, I believe that the grade was abolished, so we found ourselves promptly back where we had started.

Let me repeat that I am looking for something that is easily defensible and easily explicable to our constituents in the outside world and that will not get us back here debating the subject every three or four years as we are today. I fear that Sir John is going to come up with something—I am sure it will be independent—that either the Government will feel obliged to interfere with or will not be viewed as credible in the outside world.

It fills me with despair to think that the first of these debates I participated in was in 1987 and that it was exactly the same as today's: everyone was lamenting the fact that we were all here again discussing our own wages and everyone had their own complex formula for sorting it out. Nevertheless, here we are, 21 years later, going through it all again. I read the debate of 1975 and there was Edward Short at the Dispatch Box, talking about a formula linked to a civil service grade—but here we are yet again. I want to see us putting a stop to all that and doing something simple and easily explicable to the outside world. When the Deputy Leader of the House concludes the debate, I would like to hear some assurance that in their evidence to the review the Government will emphasise to Sir John the need for a formula that is simple, workable, easily understood and morally defensible.

3.48 pm

Mr. John Maples (Stratford-on-Avon) (Con): I think that I entered the House a little later than the hon. Member for Sunderland, South (Mr. Mullin), but I remember that one of the very first debates that I attended in 1983 was about Members' pay, and exactly the same issues that have been rehearsed today were rehearsed then. We sensibly decided on that occasion to link pay to a grade in the civil service. I did not think that it was particularly ambitious to link our pay to 78 per cent. of that of a principal officer—just one above the fast-stream entry grade—but, nevertheless, it resolved the problem for quite a long period.

I want to talk about two issues. One has had a lot of attention and the other has not, so hopefully I can shorten my speech. The one that has had a lot of attention is what the uprating mechanism should be. As the hon. Gentleman said, I personally think that it should be simple and comprehensible, not just to us but to our constituents. I would have thought that it should be something like the annual percentage increase in public sector pay. The Government are concerned that our pay must take account of their public sector pay policy, and that mechanism would. The Government are in one way or another negotiating if not setting public sector pay, and we would be one year ahead of it—or behind it, whichever way one looks at it. I believe that if our uprating on, let us say, 31 March every year were linked to the average increase in public sector pay over the previous 12 months, that would take the problem away.

The Government, whether Labour or Conservative or anything else, must keep their hands off this matter. When they interfere, they simply make the problem worse for themselves. They lower the increases for three or four years, which they think helps. Actually, I do not think that the press care; whatever we do, they will be unhappy with us. Whether it is 1 per cent. or 10 per cent., we will get the same bad publicity. If the Government interfere to suppress annual pay increases—I hope that the Deputy Leader of the House takes this on board—they can do it for four or five years, and then we will insist on having a whacking great catch-up increase and it will look awful. Were the increase 2.5 to 3.5 per cent. a year, or whatever the general rate of increase in the public sector was, that would satisfy us and the public, and would not create these horrendous problems. Linking it to public sector pay is the way to go, but I would be happy to consider any other index that is suggested.

I must pick up a point made by my right hon. Friend the Member for Penrith and The Border (David Maclean). This is a House of Commons matter, not a Government matter. The hon. Member for Sunderland, South said that the trouble is that the Government control the matter, but they do not. When it comes back to the House, I hope that some amendments will be tabled by Back Benchers, and that we will be allowed to vote on them. The Government do not control this; they control about 100 votes, but the rest of us can speak and vote for ourselves.

A fair amount of remarks have been made about the erosion in our pay, and I do not need to reiterate those. Had the mechanism that we had agreed been followed, however, we would now be paid between £65,000 and £66,000 a year. Were we to continue to allow the erosion of our pay relative to other people, or to the public sector, that problem would sooner or later get so bad that it would have an effect on the sort of people who get into this place. If we want to fill it with people who are either fanatics or rich, that is the way to go, but it is not sensible. There are people who would do the job for nothing—I would be happy to present "Newsnight" for nothing—but whether they are the right people is a different question. It is not the right way of qualifying for a job. We certainly do not want to fill the place up, as we did until about 100 years ago, with people who have significant other sources of income.

I want to turn to the second point. Once we have the uprating mechanism agreed, what is the starting point? Is it what we are paid now? Is it £66,000, £66,170 or what it would have been if we had had the uprating as agreed? Is it something different? I do not think that the study done for the Baker review was right. Comparing the skills that Members of Parliament bring to the job is not the right way to decide what they should be paid. We 646 Members constitute a huge variety of people. Some of us have enormous earning potential out of this place, and some of us do not. Some of us have professional qualifications, and others do not. But we all come here equal, and while we are here we are all equal, and we all need to be paid the same. Trying to compare the skill levels and the hours of work will not produce a satisfactory answer.

What we ought to do is look at what other people in the public sector are paid. I made a start with the people employed by the House of Commons Commission, all five members of which have spoken in this debate. It employs just over 1,500 people, of whom 92 are paid more than Members of Parliament. I expect that all of those people are properly paid—at one stage, when I was in the Treasury, I was responsible for civil service pay and an enormous amount of attention was given to trying to get the right pay grades to recruit, retain and motivate civil servants, and I am sure that a lot of attention is paid to their salaries. But is it right that 10 people in the Department of the Official Report are paid more than us, along with 10 people in the Department of Finance and Administration, 21 people in the Clerk's Department—that might be more understandable—13 people in the Information Communications and Technology Department, two people in catering, six in the Library and nine in the Serjeant at Arms Department? There is a status issue. We are not just putting in hours of work, being social workers for our constituencies, or giving vent to our views on the great events of the day. Members of Parliament have some sort of status as well. We have to consider where that should place us on the public sector pay scale. I find it difficult to believe that my status, and that of all of us, in the public sector is less than 92 people who work for us for the House of Commons Commission.

I have looked at one or two other areas of the public sector—I do not pretend that there is any system to the areas that I have examined. We are paid at the low end of what a lieutenant-colonel in the Army or commander in the Navy is paid. We are paid at the low end of what a police superintendent is paid. Lieutenant-colonels in the Army, commanders in the Navy and police superintendents are often—this is certainly the case in the armed forces—bright 38-year-olds who are going somewhere. Is that the right end of the pay scale for us, or should we be paid in conjunction with a higher grade?

When we look at pay in local government, we really do find out how badly paid we are. There are 852 officers working in 34 county councils who are paid more than Members of Parliament. Our pay is the same as about the middle rate paid to what is called a third-tier manager, and the third tier does not include the chief executive. The order is chief executive, first tier, second tier, third tier. There are 1,000 officers in district councils who are paid more than us, and we are

[Mr. John Maples]

slightly higher than the top end of the second tier. The order is chief executive, first tier, second tier. Then there are the metropolitan councils, the unitaries and all the rest. Nearly 7,000 officers in local government are paid more than Members of Parliament. Is that really how we see ourselves? Is it the right place for us to be?

There are 4,000 members of the senior civil service who are paid more than Members of Parliament. I do not agree with the methodology of the PricewaterhouseCoopers study, but I was interested by the suggestion that our comparator was a grade 1 civil servant. For those of us who go back a while, that is equivalent to the old grade 3 or grade 4 under-secretary level. The average pay of grade 1 civil servants is about £71,000 a year and their average bonus is about £10,000, so we are looking at about £80,000 a year. There is a grade 1a, at which the pay is about £10,000 or £12,000 more.

It may be a bad idea to take a look at the pay scales of the judiciary, but let us look at the bottom end, level 7. The chairman of an employment tribunal or an immigration judge receives £98,000 a year. At level 6, a Land Registry adjudicator or the regional chairman of a mental health tribunal—we are not talking about the Court of Appeal or the High Court—is paid £117,000.

We will all have views on where we sit on the scale, but I think we must consider where we as Members of Parliament see ourselves in relation to other people in the public sector. I very much hope that we shall be able to choose the right level in future, and I shall seek to table amendments to that effect when the issue returns to the House. I think that we should table a series of amendments suggesting levels £5,000 apart rising from £60,000 to £100,000, because I consider the right amount to be somewhere between the two. My own view is that it is in the £75,000 to £85,000 region, but I think there should be a series of amendments on which we can vote. We will take a lot of flak once, but we will settle the issue of what the base should be before whatever uprating mechanism on which we agree comes into effect.

Mr. Mullin: The hon. Gentleman got off to a pretty good start, but somewhere along the line he has gone away with the fairies. I fear that if we go down the track that he is now recommending, he will get us back into exactly the sort of trouble that we have got into in the past.

Mr. Maples: I will get us into it once. There will be one unpleasant occasion on which we settle this and then we will not have to settle it again, certainly during the hon. Gentleman's political career and mine. It is possible that the issue will return during the political careers of some of our younger colleagues, but I think it will see us out.

If we let the editorial writers of the *Daily Mail* and *The Daily Telegraph* set our pay, we are done for.

John Bercow: We would be paying them.

Mr. Maples: I am sure that none of the people who write those editorials would do the job even for the pay of the chairman of an immigration tribunal, let alone for what we get.

I think that we must set our pay. I do not know whether the right level is this level or one considerably higher, but when we settle the uprating mechanism we need to settle the base from which that mechanism will operate. I believe that Members of Parliament should have a series of choices on what the level should be, and I am happy to go along with whatever the majority decide, but I think that we must settle it, because if we do not settle the base I shall not be happy about settling the mechanism. I do not think that it should start from the present level, but if that is the view of the majority of my colleagues when we have a vote I will obviously go along with it.

Would this increase cost a lot of money? I do not think that it should cost the taxpayer anything at all. I would do two things in order to pay for it. First, I would abolish the ludicrous communications allowance that was introduced about a year ago, for which there is absolutely no justification. It is £10,000 per Member, which would probably handle a significant increase. Secondly, there are far too many of us. I handle a constituency of 85,000, and the boundary commission is reducing that to 65,000 by creating an extra seat in Warwickshire. It is completely and totally unnecessary. The House could function perfectly well with 100 fewer Members, which would allow us to be paid a great deal more and to have additional staffing allowances if that became necessary.

Mr. Kevan Jones (North Durham) (Lab): How would the hon. Gentleman pick those 100 Members?

Mr. Maples: The hon. Gentleman should pay more attention to my speeches. I had a ten-minute Bill on this subject in which I laid out exactly how that should be done. I proposed that the boundary commissions should reduce the number over a period of time: they should do so in stages every five years instead of every 15, and reduce the number by a certain amount on each occasion. I do not have my eye on the hon. Gentleman's seat—and certainly not on my own.

Sir Nicholas Winterton: My hon. Friend has introduced another element into the debate. I believe in being closely in touch with my constituents; that is a policy that I have had for all the 36-plus years I have been a Member of this House. Would not my hon. Friend's proposal to reduce the number of Members introduce a democratic deficit, where the close relationship between a Member and his or her constituency would be eroded?

Mr. Maples: I do not think so, but this is not the occasion to debate that. I have instituted debates on the matter in the past, and I might try to do so again in future—and, if so, I would be happy to engage with my hon. Friend. Suffice it to say that I have 85,000 constituents and I do not think they have any difficulty in maintaining links with me.

Mr. Andrew Turner (Isle of Wight) (Con): I have 108,000.

Mr. Maples *rose*—

Peter Bottomley (Worthing, West) (Con): If we took that Isle of Wight figure as the standard quota of voters, could we not reduce the number of Members perfectly reasonably?

Mr. Maples: I was simply offering a way of introducing a productivity gain to finance the pay increase, which is something we demand of other people. Abolishing the communications allowance would go a long way towards addressing the problem.

Let me conclude by reiterating my two main points. First, we need an uprating mechanism that does not involve annual, or even biannual, decisions, but that just happens automatically. The one I suggest is the average increase in public sector earnings during the previous year. Governments would have to agree to take their hands off, because although they might gain something for a year or two, they would lose it further into the future. Secondly, we have to set a base salary from which to operate, and I do not believe that the current salary is the right one, as there is a lot of catching up to do. We should set a salary that we think is right by looking at the pay of what we consider to be equivalent public sector posts. That should be done on a free vote of the House of Commons, with a range of salaries to choose from. I have given the salaries of some posts, and I think Members will be surprised to find that 7,000 local council officers are paid more than us and that the chairmen of immigration tribunals are paid almost £100,000 a year.

4.2 pm

Mr. Andrew Dismore (Hendon) (Lab): I do not want to say a great deal about the salary issue. I will support the Government's expression of opinion, but I was very taken by the remarks of my right hon. Friend the Member for Warley (Mr. Spellar) and the right hon. Member for Penrith and The Border (David Maclean). It is difficult to find a comparator for us, because we have a unique job. No other job in the world is like it, in terms of the hours we work or the demands on us. To say that we are in charge of our own work load is to misunderstand completely our situation.

I make the point about us being unique because it is one of the reasons why we have problems with the Senior Salaries Review Body's examination of our allowances and pay. It is also why I agree with the right hon. Member for Penrith and The Border that the Members Estimate Committee should address this matter. The only people who truly understand our job are other MPs. For other MPs to look at some of the difficulties involved would be a good way forward. I also urge the House to look at the amendment in the name of the hon. Member for Cities of London and Westminster (Mr. Field) on the London supplement.

I want to focus on London issues. As chair of the London Labour MPs, I put a detailed submission to the SSRB on our behalf. It addressed allowances primarily, but the supplement is also an important issue. According to Library figures of a couple of years ago, the differential between the rates of pay in London and the rest of the country is more than 22 per cent. It is worth noting that the differential in London weighting premiums was also higher.

My main concern is the lack of reflection in the IEP of any London element. It is self-evident that office rates in London and some other big cities are far higher than elsewhere in the country. I got the Library to do an analysis of that, which I submitted to the SSRB. The differential between London and other parts of the countries can be four times as much. Consequently, London MPs generally end up with poorer quality or much smaller premises than MPs in the rest of the country. Alternatively, they end up subsidising the cost out of their own pocket, from elsewhere in the allowances or sometimes out of party funds. A number of MPs have found that they have been unable to maintain their constituency office and have closed it down with a view to moving their staff back to Westminster. Other, newer Members never opened an office in the first place simply because they could not afford the rents.

This is not just a question of the rents, because a lot of the office running costs incurred in the constituency are met on the parliamentary estate. For example, the telephone bill for most constituency offices is substantial, but it is paid for free if the phone calls are made from Westminster. We ought to try to incentivise Members to have a constituency office. I do not want a system whereby those who decide not to have an office are penalised, but the present system has the perverse incentive of pushing people back on to the parliamentary estate, because if one does not spend one's IEP on rent, one can spend it on other things, such as an annual report or more staff. The net result is that those who have a constituency office end up rather worse off.

A system based on a square footage allowance is the way forward, but the SSRB's proposals are far too complicated. It is therefore right that the matter should be referred to the MEC for consideration as to how the system could be operated. It is important that our system reflects office rents separately from the remainder of the IEP expenditure and reflects the fact that rents differ around the country. I hope that the MEC examines the issue in a way that reflects those two important factors.

I am pleased both that the staffing allowance is going to be increased in respect of additional numbers of staff and that an element of London weighting will be involved. It is bizarre that London weighting was effectively abolished last time. That was grossly unfair to our staff who work in London compared with those who work elsewhere in the country. The net result was that staff ended up being paid less than the market rate—that is inevitable even on the new rates that are being proposed—or that Members employed fewer staff to meet the higher rate or our staff ended up not being looked after as well as they should have been.

There should be a London allowance to reflect realities in the labour market, but it should be payable to non-London MPs' staff who work at the palace as well as to London MPs' staff who work both at Westminster and in their constituency. It should also reflect the differentials in work load that some of us face, particularly those of us who represent some of the inner-city constituencies. As a result of the impact of multiple deprivation, such constituencies tend to generate significantly higher levels of complex case load than elsewhere.

I get very cross when people talk about how generous our pension scheme is. It is generous for people who work in the House for their full working

[Mr. Andrew Dismore]

life and who do not come here with prior pension arrangements. I had worked in the private sector for some 20 years prior to coming here, and I had built up a quite substantial pension pot of my own, despite the fact that Equitable Life victimised me somewhat and took a large chunk of it away. I have calculafed that the byzantine way in which the retained benefits system works means that if I am able to complete service up to the age of 65, when I retire I will have paid seven eighths of my pension and only one eighth of it will have come by way of an employer's contribution. Most pension schemes in the outside world would be far more generous to their employees than that, which is why we need to do something serious about the issue of retained benefits. The arrangements are unfair to those who come here having worked in the outside world and having built up pension arrangements elsewhere. The way in which our pensions are effectively taken off us to subsidise the House's pension scheme is peculiar.

Overall, the Government's proposals are fair and reasonable. It is appropriate that the MEC examines the allowance.

Stephen Hammond: The hon. Gentleman has been putting the case for London and London MPs. He just said that he supports the Government's case for putting various recommendations to the MEC. Does he therefore support the proposal that recommendation 29, on the London supplement, should also go to the MEC?

Mr. Dismore: The hon. Gentleman took the words right out of my mouth. That was exactly what I was about to say. I hope that the Government will accept amendment (a), which would mean that the London supplement would be considered by the MEC, too. I hope that they will consider the proposal put forward by the right hon. Member for Penrith and The Border and will come forward with alternative mechanisms to reflect the unique nature of our job. I do not think that anything in the outside world can reflect that, as we have seen from all the SSRB studies and other contributory research. Only we understand the way in which we work. If we had two reports to consider simultaneously—one complied objectively by someone from the outside world and the other compiled by those with experience of the House—that synthesis might provide the answer for which we have been searching for so long.

4.10 pm

Sir John Butterfill (Bournemouth, West) (Con): It will not surprise right hon. and hon. Members that I shall start by speaking principally about the parliamentary contributory pension fund.

I want to place on record my thanks to the Prime Minister for sending me an advance copy of the report, although I received it only a week before everybody else. Because I then had to plough through some extremely complex detail about the recommendations on the pension fund and the Watson Wyatt report, it would have been helpful, and I would have been able to make an even better contribution than I am able to make today, if, as I had requested, I had been sent the embargoed copy of the report some weeks before that. That would have allowed me, the staff in the pensions unit and the Government Actuary to put together a more considered response than that which I am able to give. In the future, if I can be trusted with an advance copy, that would make it much easier for us all to have a better debate on the subject.

Unfortunately, as I have already said in an intervention, it appears that there are many factual errors in the Watson Wyatt report. Perhaps I should deal with them first, as it is important to put them on the record. In volume 2, on page 76, in paragraph 2.18, the Watson Wyatt report gives its view on how the deficit in the scheme arose. It states that it arose

"as a result of a divergence in the experience of the PCPF since the previous valuation (primarily due to lower investment returns than expected) and changes to the assumptions"

about future benefits and so on. That is wholly inaccurate and is contradicted by paragraph 2.19 and the graph that accompanies it, which is chart 2.1. The graph shows that successive Governments took contributions holidays between 1989 and 2003. Those holidays were absolutely massive and, in the opinion of the Government Actuary, more than contributed to the current deficit. Indeed, at the time of the Government Actuary's last evaluation, he concluded that had it not been for the contributions holidays, the PCPF would have been £5 million in surplus.

The record needs to be corrected on the reasons why the scheme is in deficit. The Government, on behalf of the taxpayer, have been failing to make their correct and recommended contribution to the scheme. Even chart 2.1, it seems to me, contains an inaccuracy. My recollection from when I came to the House in 1983—no doubt you, too, will remember this, Mr. Deputy Speaker—is that we then paid 9 per cent. for a one-sixtieth scheme. It might be that the off-blue section of the chart, which is supposed to represent our contributions, is also inaccurate. I have not had the opportunity to check that in detail while I have been speaking. *[Interruption.]* I hear several hon. Members confirm that that is a fact.

Messrs. Watson Wyatt also say, on page 91 of volume 2, that the build-up of benefits above the two-thirds maximum post age 65 contributes significantly to the costs. It appears that no one has told them that in 1989 we abolished Members' right to accumulate post-65, apart from those elected before 1 June 1989. The overwhelming majority of hon. Members, therefore, do not have the right to accumulate past 65, and the remaining few who do will be phased out. However, that has not been taken into account in the calculations.

The next error appears in paragraph 2.3 on page 72. The final bullet point of that paragraph states:

"Members can commence receipt of their pension whilst remaining an MP".

That would be great news if it were true, but of course it is wholly untrue. Members cannot draw their pension while remaining an MP, and have never been able to do so. If it were true, the costs of the scheme would be greatly increased, but it is not true.

Indeed, in light of the Pensions Act 2004, we had to make some special arrangements for those Members aged 75 and over, of whom there are a handful. The Act meant that they were required to take their tax-free lump sum at the age of 75 and commence drawing their

pension, as otherwise they would lose their right to a tax-free lump sum. The special arrangement that had to be made for them was that they would be deemed to be drawing their pension from the age of 75, even though they would not actually receive it. However, they were able to take the lump sum, with the rest being held in escrow, so to speak: even though they were not getting the money, they did get increases in line with inflation as though they were getting it, so that the final pension level was correct when they eventually started to draw it. Again, I am afraid that Messrs. Watson Wyatt are labouring under a number of misapprehensions about elements that greatly affect their assessment of the scheme's cost.

Lastly, I invite Members to turn to page 71 of volume 2. Table 2.1 repeats incorrect assumptions by stating that the normal retirement age is 65,

"although members can continue to build up benefits after that age".

Only a few Members can do that, but the assumption is that all can. The table also says that the maximum benefit is two thirds of pensionable salary,

"although accrual can recommence if the member is older than 65"

another repetition of the same erroneous assumption. That seems to be quite a serious series of errors in the report's assumptions.

Mr. Ronnie Campbell (Blyth Valley) (Lab): Does the hon. Gentleman know who has been advising the people who have drawn up this report on our pensions?

Sir John Butterfill: I am afraid that I assume that it was the Treasury. I am by no means certain of that but, if it was, one would be entitled to be rather worried about what the Treasury knows about our pension scheme. Again, a number of the basic assumptions on which the calculations are based are erroneous.

Mr. Kevan Jones: Does the hon. Gentleman agree that the recommendation on trying to cap the Government contribution to the scheme is based on completely wrong information?

Sir John Butterfill: I shall refer to that later, if time permits, but it is important to get the facts on the record. Watson Wyatt apparently bases its calculations on the accrual of one year's pension for an MP aged 54 who serves a further two terms, which totals nine years, and who draws a pension at the age of 65. That is by no means a typical length of service for an MP. All those things mean that some of the conclusions are wrong. The report also does not take any account of the effect of retained benefits. As a number of hon. Members have said, retained benefits substantially inhibit the ability of Members to draw money from the pension scheme. My staff—in conjunction, I think, with the Government Actuary—estimate that that could overstate the pension cost by between 3 and 5 per cent., which is rather a lot. It has not taken into account Members who reach the maximum benefit limit of two thirds of pay. Again, that could overstate the pension cost by another 1 per cent.

Watson Wyatt has not made any allowance for the phasing out of the early retirement provisions. The press and the general public, who are informed by the press, do not remember that on 4 November 2004 we voted to end our generous early retirement arrangements; they were to be phased out from 2009. The Government were asking civil servants and all those in the public sector to go down a similar route, although they proposed that the date for those groups be 2013. Faced with the threat of strikes across the country, the Government backed down. We made that gesture, thinking that we were leading the way and showing that we were not frightened of making the change. We thought that we would get some credit for that, but we did not—not with the public, and not with Messrs. Watson Wyatt.

Mr. David Anderson (Blaydon) (Lab): Did not the Government put that proposal to employees across the public sector in 2004 because of the same problem that the hon. Gentleman said affected us—contribution holidays had been taken by public and private sector employers over a number of years?

Sir John Butterfill: The situation is that the right to retire early exists in all other areas of the public service, but it is not available to Members of Parliament.

Mr. John Gummer (Suffolk, Coastal) (Con): If all the mistakes are so obvious why, when Watson Wyatt completed its first draft, did it not go through the facts with the one set of people who ought to know them—my hon. Friend and his team in the House of Commons? Why were the factual details not discussed with him?

Sir John Butterfill: I share my right hon. Friend's puzzlement. I can only hope that if Messrs. Watson Wyatt or some other distinguished firm of actuaries was asked to perform a similar operation in future, there would be such discussions. Then we could avoid difficulties. The effect of not allowing for the fact that we have no early retirement provisions is to overstate the pension cost by approximately another 1 per cent. The percentage points are really starting to add up.

Watson Wyatt assumes in its calculations that MPs' salaries will increase by an average of 4.5 per cent. per annum. I wonder where that assumption came from, given that, since 2002, MPs' salaries have increased by about half that—by about 2.25 per cent. a year on average, and by well below inflation. I do not entirely understand—or understand at all—why Messrs. Watson Wyatt should assume an annual increase of 4.5 per cent. when making their valuations.

On that basis, one must look with a fair degree of scepticism at the recommendations and assumptions that Watson Wyatt have made. They have also made wild errors in relation to the costs of schemes for our comparators. With reference to public sector comparators, Watson Wyatt say that the cost of the police scheme is 11 per cent. The police current employer contribution is 24.6 per cent. and police throughout the country are complaining that it is not enough, and that because of the high cost of their pension scheme, they will have to get huge subsidies from their local authorities to be able to maintain their present activity.

That demonstrates once again that the methodology and basic assumptions of Watson Wyatt are critical in this. They seem to have based their costs on a similar 1/60th accrual, on the same basis as in the calculation

[Sir John Butterfill]

for an MP with the nine years' potential service. However, a chief superintendent is likely to have a career of more than 20 years. That would result in an accrual rate of 1/30th for each year of service between 20 and 30 years. When Watson Wyatt look at our comparators, they seem to get it seriously wrong. Some of the other examples are not quite so badly wrong, but it does not give one a huge degree of confidence in the recommendations that they subsequently draw from the assumptions that they have made.

It is important to get it on the record that the parliamentary contributory pension fund—PCPF—is rather a good scheme. It is similar to a number of others in the public sector, but despite what frequently appears in the press, the cash benefits that are provided under the PCPF are not a king's ransom. The average pension in payment to former Members in the last Government Actuary Department's valuation in 2005, excluding what was being paid to widows, was £15,700 per annum, yet if one looks at what is published in the papers, they give the impression that MPs have to do only one or two terms here to be on £25,000 a year. The average pension in payment is £15,700 for Members who have done many more years than that.

The GAD estimates that the average pension currently in payment is around £17,000. That takes account of the pension increases in the past two years and the level of pension of Members who will have retired following the election. The average pension built up to date by serving Members is £20,100. All these figures, which are comfortable—much more so than the pensions of many of our constituents—are nothing like the allegations of gold-plated pensions that appear in the national press.

The last triennial valuation of the scheme costs by the Government Actuary's Department increased the Exchequer contribution to 26.8 per cent. of Members' salaries. It is being put about that that is the cost of the scheme, but it is not. It is the cost of the scheme, including the amount that the Government now have to put in to make up for the 15 years under successive Governments of contributions holidays that were taken, which created the current deficit of about £49 million.

Mr. Ronnie Campbell: Can the hon. Gentleman tell the House how many former Members are on the full-term pension?

Sir John Butterfill: I do not have the figures to hand, but it is a very small number. Only a minority of Members ever go the full distance. The average Member comes in at the age of 42 and leaves at the age of about 52. Very few Members will ever get to the full final salary, and that will not change much because of boundary changes and Members losing their seats. The media think that we backdated the fortieths, but we did not. I would still have to work in the House for 31.5 years to get a full pension. Only those Members who have come into the House most recently since we moved to the fortieths arrangement will not have to work more than 27 years.

As I was saying, the 26.8 per cent. headline figure of contributions for us is misleading, because it includes 8.7 per cent., which is the sum per annum that is allowed to make up the estimated deficit of £49.5 million, which has arisen entirely from the contribution holidays. That is not helped by the abolition of the tax relief, which the Government implemented early in their life. Our scheme has been affected by that just as much as anybody else's.

That leaves an actual Exchequer contribution for future service of about 18.1 per cent., which is broadly similar to private sector schemes and other public sector schemes, which can quite often be more. For example, the civil service scheme is costing about 19 per cent. So we are not out of line with either the private sector or the public sector.

Ours is an unusual scheme in a number of respects. First, ours is virtually the only public sector scheme that is funded by Members' contributions, investment returns—because ours is fully invested—and an Exchequer contribution. So it is unique in that. The other area in which it is unique is that it is not a final salary scheme. It is a scheme based on the salary of the lowliest Back Bencher at the time of retirement. It is true that Ministers or office holders have an additional amount of income and they pay 10 per cent. of that addition into a special account, which then effectively buys them additional years—that is the way it tends to operate—but that applies only for the period, often limited, when hon. Members are Ministers or office holders. They can be very brief careers indeed in some cases. The general public think that Ministers will retire on a pension that is two thirds of their ministerial salary. They do not and they will not, with the exception of the Prime Minister, Mr. Speaker, and, until recently, the Lord Chancellor, although that is now being reviewed. Everybody else retires with a pension that is based upon that of the ordinary Back Bencher. That is unique. When everyone outside says, "Oh, but you are on a final salary scheme," they expect us to have a scheme that is based on our peak earnings in this place, but that is not the case.

If an MP—even those who have elected to build up at a fortieth rate, which is the newer people coming into this House—was to serve 15 years, which is rather more than the average, they would be entitled to a pension of only £22,500 compared with the enormous figures that are estimated by the media, who are extraordinarily badly informed on these matters.

Earlier, I touched on the problem of retained benefits. Those who had pensionable careers before they came to the House are not entitled to their full parliamentary contributory pension fund pension because of the restrictions imposed, although they could go back to a 1/60th scheme, which is one of the recommendations in the SSRB report. Even as we are, MPs will have paid a higher contribution rate, at 10 per cent., than that made by almost all other employees in the private and public sectors. Indeed, executives in the private sector typically pay less than 6 per cent. for far more generous schemes than are available to us.

I turn to the report's recommendations. Recommendation 8 relates to the deficit and says that the Government contribution should be limited to 20 per cent. of the payroll. I do not disagree with that, but the Government are suggesting that if they go beyond that, we should either have a full review or any increase in costs should be shared equally between Members

and the Government. For the most part, that pattern does not exist outside the House; if there is an agreement that an increase will be jointly funded, it is normally according to the same ratio—for us, that would be 20:10, or two thirds for the Government and one third for us.

Recommendation 6 is about retained benefits, and I am happy about it because it provides for an arrangement under which reduced contributions would be payable by those who could not get a full pension. That seems fair; at the moment, people are paying quite a lot of money for something that they cannot get. The review body recommends that any additional cost should be at the Government's expense, because they have been gaining from the contributions.

The Government now suggest in the resolutions that the additional cost should be funded by other savings made by scheme trustees. It is true that we propose to make savings, as we have done before—as we did in respect of early retirement and the abolition of the public sector transfer club. We are now considering the problem of early retirement due to ill health, and think that some of the rules on what constitutes ill health need to be tightened. The Government have suggested that the two things be linked, but I personally do not think that appropriate. The trustees started to do that under their own steam. It is likely, in fact, that the savings made will cover the cost, but I am not sure that they should then immediately be grabbed by the Government so that they can avoid complying with the SSRB recommendation.

Finally, the Government ask the trustees to consider a whole range of alternatives to the current arrangements. Those include our going to a defined-contribution scheme as opposed to a defined-benefit scheme, and going to a career-average scheme. The latter would not make much difference in our case as we are already on a flat level, linked to the salaries of Back Benchers; we do not have the steep incline that occurs elsewhere.

The Government also suggest that we should consider ways of sharing the costs. The trustees are perfectly happy to consider all those proposals and come up with ideas on how they could be implemented. However, the proposals are not without their problems. For example, have Watson Wyatt told the Government that if we closed down the current scheme to new entrants and said that they would all have to be on a money-purchase scheme, there would be substantial one-off costs related to the funding of the existing scheme, because no new money would be coming in from new Members? We will need to discuss such issues in future. We will consider them; we are always ready to do so, although it would have been nice if we had been able to, together with the Government Actuary, somewhat earlier.

4.39 pm

Mr. David Anderson (Blaydon) (Lab): The speech by the hon. Member for Bournemouth, West (Sir John Butterfill) showed how the debate has gone today, with people of massive experience across the House speaking very seriously about very serious issues. I do not have the experience that he has in the matters that he discussed, but I do have the experience of being involved as a trade union activist and negotiator for the best part of four decades. Going right back to the early 1970s, I was involved in a national strike, as were some of my hon. Friends sitting in front of me. In 1972, miners were getting paid the paltry sum of £26 a week; we went on strike and ended up with the fantastic sum of £35 a week. I go from that experience to the early 2000s, when I was involved in the negotiations on the "Agenda for Change", which covered 1.5 million workers in the health service, and single status in local government, which covered 1 million workers. I would therefore argue that I have, if not expertise, some experience in this area.

Throughout all those years, I have never seen a pay round so badly handled by a Government. Without a doubt, the Treasury has had its fingerprints over all the public sector pay deals this year, so that we have ended up in the situation in which we find ourselves, both as public servants and as representatives of millions of public servants outside. Nurses should have been given the pay that they were due, because they were covered by a pay review body, as were prison officers, who did not get what they were due either, and ultimately ended up going out on strike; now they are facing legal challenges in this House. Obviously, as a former miner I do not have a lot of time for the police, given the history between us, but on a point of principle they should have been given what their pay review body said that they were entitled to.

The key thing about pay review bodies is that they were not settled on by some sort of whim, but mainly to try to avert or resolve disputes, and they have been very successful in that. They should have been respected, but they have not been. The sad thing about where we are today is that our pay review body should be respected, but because of how the Treasury has handled the situation in the past nine months, we cannot legitimately say that we want our piece of the cake if our constituents—our fellow public servants—are denied their share of it. We therefore have no option other than to agree to the Government's position on the 1.9 per cent.

We need to learn a lesson from this—that pay review bodies and deals must mean something. We must have a mechanism that works, but it must be simple, too. My blood ran cold when the right hon. Member for Penrith and The Border (David Maclean), in a very good speech, talked about job evaluation and comparators. When he said that we should look at responsibility, but not at work load or hours worked, I was taken back to 10 years of knocking my head against a brick wall trying to implement the single status agreement in local government, when the very same things were said, and where we have ended up with ordinary men and women facing court cases because they cannot get agreement on equal pay, and suchlike. We need a very simple mechanism, and it is not beyond the wit of people in this Chamber to achieve that.

I ask my Front-Bench colleagues to listen to what the people on the Members Estimate Committee have said and work with them, because, as was clearly shown by the hon. Member for Bournemouth, West, they have an element of expertise that the so-called experts have not shown. We are where we are, and we need to get away from it; part of that is about involving the people whom we entrust with looking after our own interests.

4.43 pm

The Deputy Leader of the House of Commons (Helen Goodman): We have had a very good debate, in which we have seen how immensely complex the issues and systems are in connection with determining MPs' pay and allowances. However, I am still not clear about what system was used by the people of Weymouth in 1463, when they decided to pay their Member of Parliament 500 mackerel.

My right hon. and learned Friend the Leader of the House began by setting out the four key principles that underpin the Government's approach: MPs should be properly paid for the valuable work that they do; they should be properly reimbursed for the costs of fulfilling their responsibilities; like others paid from the public purse, they should share the same discipline when it comes to pay rises; and in future, MPs should not vote on their own pay. Throughout the House, there has been a consensus on those four principles.

Sir Nicholas Winterton: Although I believe that this House can and should always set an example, it is wrong to suggest that we are setting an example in this year alone; we have been setting an example in our pay since 2002, because our increases in that period have fallen below average earnings, below the retail price index and below inflation. We are happy to set an example, but for how many years can we do so without making the life of MPs, given the work that they do, extremely difficult?

Helen Goodman: What the hon. Gentleman says is born of his long experience, but I would draw a distinction between the Government's proposals for the system and the upshot of a formula that everyone agrees has not worked satisfactorily in recent years.

The right hon. Member for Maidenhead (Mrs. May) made an extremely sensible speech this afternoon, and we are all grateful to her for her bravery in tackling the media coverage of this issue. She emphasised the importance of getting the timetable right, and that was also referred to by other hon. Members. I would like to restate and re-emphasise the position on the timetable for this year. As the written ministerial statement said, Sir John Baker has been charged with reporting back to the Prime Minister before the end of May. That will give us two months to consider the report, to consult and to table motions in the House, so that hon. Members can think about the process and vote on where we go from here.

Nick Harvey: Will the hon. Lady confirm whether it is possible for the system emerging from Baker's report to make a pay award for 2008-09? At the moment, only my amendment (f) provides anything for 2008-09. Will she say whether her proposal can make an award for 2008-09?

Helen Goodman: Yes. Our objective is that Baker will report, and we will then take decisions on what he proposes, which should be an appropriate independent mechanism and comparators. We will vote on those proposals. It should not, therefore, be necessary to have separate votes on numbers, as we are doing this afternoon. The numbers for 2008-09 should come into immediate effect on the basis of the decisions about the mechanisms and the comparators; they will flow from that, and be effective for 2008 and 2009.

Mrs. May: The issue of timetabling is important. The hon. Lady said that the Baker review would be given to the Prime Minister before the end of May, and that he or the Government will then consult on that review and table motions. Who will the Government consult, and will they undertake to publish the Baker review as soon as the Prime Minister receives it, so that Members can see it in its entirety before the Government have the opportunity to do some behind-the-scenes deal?

Helen Goodman: I am sorry if I was not absolutely clear. We will publish the report so that all hon. Members can reach a view

Mr. Christopher Chope (Christchurch) (Con): When? When?

Helen Goodman: We will publish the report after we have received it. We will give ample time for all hon. Members to make their views known.

Mr. Maples: Will the House be able to reach a conclusion on the matter before the summer recess?

Helen Goodman: Yes.

My hon. Friend the Member for Manchester, Central (Tony Lloyd) emphasised the value of consistency and the great importance that everybody places on getting the mechanism right when we make decisions this summer.

The hon. Member for North Southwark and Bermondsey (Simon Hughes) spoke of the importance of independence and genuine openness. All hon. Members agree with that, and that is why we are setting up the review by Sir John Baker, which will consider the mechanism for determining pay. I hope that my response to the hon. Member for North Devon (Nick Harvey) about the way in which decisions on the comparators and the mechanisms will determine the numbers for 2008-09 tackled the main concerns that the hon. Member for North Southwark and Bermondsey expressed. He also mentioned the importance of there being no further delay.

Sir Michael Spicer: Will the hon. Lady give way?

Helen Goodman: I am sorry, but other hon. Members have raised many issues, which I want to address.

We are all grateful to my right hon. Friend the Member for Warley (Mr. Spellar) for his work as chairman of the advisory panel on Members' allowances. It was evident how clearly he understands the issues. He made it clear that we do not envisage a permanently sitting SSRB, and that we would move back to examining mechanisms if the comparators collapsed, as the previous one did.

As has already been said, the right hon. Member for Penrith and The Border (David Maclean) is a distinguished and experienced member of the Members Estimate Committee and we are all grateful to him for his work. He asked about the involvement of

the Members Estimate Committee and stressed its importance, which we accept. The Leader of the House would welcome the Members Estimate Committee producing and publishing a memorandum for the Baker review. Of course, after Sir John's review has reported, the MEC can make its further views clear to the House, and individual members of that Committee, like all other hon. Members, will be free to table any amendments to Sir John's proposals that they believe appropriate.

My hon. Friend the Member for Plymouth, Sutton (Linda Gilroy) spoke about the important work of our staff and the importance of paying them properly. Let me remind her that all hon. Members are already required to review the pay of their staff every year. However, I am sure that all hon. Members agreed with her point.

Linda Gilroy: I sought clarification of whether, by accepting today's proposals for the staff allowance, we could also refer automatic increases for staff to the MEC for consideration.

Helen Goodman: I understand my hon. Friend's point, and she is, of course, free to make representations to the MEC about that, if she wishes.

The hon. Member for North Devon spoke to his amendment (f) to the motion before us, which proposes that we stay with the existing system until a new system is put in place. I hope that I have explained to him why we do not believe that to be necessary. We are proposing to remove the current system as an earnest of our intent to achieve the timetable that we have promised this afternoon. Furthermore, we do not believe it right to vote on the numbers for years two and three beyond the current financial year, which is what his amendment would do.

The hon. Member for Stratford-on-Avon (Mr. Maples) suggested that it would be possible to align hon. Members' pay with public sector workers and that that would necessarily be in line with the Government's policies on public sector pay and inflation. He is perfectly free to put that perspective to the Baker review, and I am sure that it will be taken into account.

Mr. Mullin: My hon. Friend has missed me out. I wanted her to make it clear to Sir John Baker that we need a formula that is simple and readily understandable by our constituents outside this place, rather than the arcane formulae that we were saddled with in the past. Does she remember that?

Helen Goodman: I am very sorry; I did not intend any rudeness towards my hon. Friend, who is a pioneer in the field. I am sure that Sir John Baker will be made fully aware of his remarks this afternoon.

My hon. Friend the Member for Hendon (Mr. Dismore) spoke about the issues facing London Members. I would point out that implementing the SSRB's proposals for London Members would mean that they would receive an increase in their salaries of 2.9 per cent. — way beyond what is acceptable in the public sector.

Stephen Hammond: Will the Deputy Leader of the House give way?

Helen Goodman: No, I will not, because there is no time.

The London supplement is part of taxable pay, and so is completely different from all the other allowances, which are reimbursements for costs.

The hon. Member for Bournemouth, West (Sir John Butterfill) spoke as chair of the trustees of the parliamentary contributory pension fund. He displayed his excellent grasp and fantastic understanding of the PCPF. He does not receive many thanks for all the work that he does on that, but we are all most grateful to him. I note that he supports the principles outlined in the Government's motions.

We also heard from my hon. Friend the Member for Blaydon (Mr. Anderson).

A major theme of this afternoon's debate has been the importance of trust in our democratic institutions, and in this House in particular. My right hon. and learned Friend the Leader of the House began by saying that MPs should be properly remunerated for the valuable work that they do. As Lloyd George said when introducing MPs' salaries in 1911:

"It is a demand from the democracy"

that voters have

"an unlimited choice to pick the people who will suit them best."

It is also important that we provide, through the allowance system, adequate resources for hon. Members to do their jobs properly — and that that is seen to be separate from remuneration.

Finally, it is vital that the public should have confidence in the decisions that we take. The motions before the House in the name of my right hon. and learned Friend are designed to achieve that, by setting a pay increase for this year in line with what key public sector workers are receiving, and by establishing for the future a system for deciding pay that is fully transparent and independent. This issue is not one of narrow party interest or the authority of the Government; rather, it is a matter of the integrity of the House, and the trust and respect that our fellow citizens can place in it. It is for that reason that I urge all hon. Members to support the motion in the name of my right hon. and learned Friend the Leader of the House.

Mr. Speaker: Amendments (f) and (g) to the motion before the House are not being moved. Amendment (d) thereto therefore falls, as does amendment (a) to the second motion, on Members' Salaries. Does any hon. Member wish formally to move amendment (c) to the first motion, on Members' Salaries (Expression of Opinion)?

David Maclean: In view of the firm commitment by the Leader of the House that she and the Government would welcome the Members Estimate Committee producing its own memorandum or report, which could be published for consideration in due course, I do not wish to move amendment (c), Mr. Speaker, and I hope that other colleagues will follow my line.

Resolved,

That, in the opinion of this House, the system for determining the salaries of Members of Parliament should be reviewed, in

[David Maclean]

particular with a view to removing the need for final decisions on salaries to be subject to approval by this House; and that

(1) the yearly rate for salaries of Members of this House, including the additional salaries of chairmen of select and general committees, should be increased (in addition to the increase of 0.66 per cent. provided for in respect of the year starting with 1st April 2007 under the resolution of 10th July 1996 relating to Members' Salaries (No. 2))

(a) with effect from 1st April 2007, by 0.84 per cent. of the rate as it stood on 31st March 2007, and

(b) with effect from 1st November 2007, by a further 1.06 per cent. of the rate as it stood on 31st March 2007;

(2) from 31st March 2008, the resolution of 10th July 1996 relating to Members' Salaries (No. 2) should cease to have effect.

It being after Five o'clock, MR. SPEAKER *put the remaining Questions necessary to dispose of proceedings, pursuant to Order [22 January].*

MEMBERS' SALARIES

Queen's recommendation having been signified

Ordered,

That the following provision shall be made with respect to the salaries of Members of this House

(1) the yearly rate for salaries of Members of this House, including the additional salaries of chairmen of select and general committees, shall be increased (in addition to the increase of 0.66 per cent. provided for in respect of the year starting with 1st April 2007 under the resolution of 10th July 1996 relating to Members' Salaries (No. 2))

(a) with effect from 1st April 2007, by 0.84 per cent. of the rate as it stood on 31st March 2007, and

(b) with effect from 1st November 2007, by a further 1.06 per cent. of the rate as it stood on 31st March 2007;

(2) from 31st March 2008, the resolution of 10th July 1996 relating to Members' Salaries (No. 2) shall cease to have effect.

[Helen Goodman]

PARLIAMENTARY PENSIONS

Resolved,

That this House endorses in principle Recommendations 7, 8 and 9 of the report of the Review Body on Senior Salaries on parliamentary pay, pensions and allowances (Cm 7270-I) a copy of which was laid before this House on 16th January, relating to the Parliamentary Pension Scheme, and endorses the change to the Scheme rules outlined in Recommendation 6 if it can be implemented in conjunction with changes identified by the Trustees which produce sufficient offsetting savings to be cost neutral. *[Helen Goodman]*

MEMBERS' ALLOWANCES

Resolved,

That this House notes the recommendations made in Chapter 5 of the report of the Review Body on Senior Salaries on parliamentary pay, pensions and allowances (Cm 7270-I) a copy of which was laid before this House on 16th January, and is of the opinion that

(1) recommendations 20-22 relating to an increase in staffing allowance should be implemented, subject to the decisions of the Members Estimate Committee with regard to their timing and administration,

(2) recommendations 17-19, 23-28, 30 and 31 (relating to reimbursement of unreceipted expenditure, audit, central funding of constituency office costs, Incidental Expenses Provision, partners' travel, Communications Allowance, Resettlement Grant, Winding-up Allowance, and nomenclature of allowances) be referred to the Members Estimate Committee for further consideration following consultation with the Advisory Panel on Members Allowances. *[Helen Goodman]*

Defence Aviation Repair Agency

Motion made, and Question proposed, That this House do now adjourn. *[Mr. Watson.]*

5.2 pm

Gordon Banks (Ochil and South Perthshire) (Lab): I always have this effect on people, Mr. Speaker. I can empty a room at 100 paces. Thank you for allowing me this opportunity to debate this issue, which is so important to my constituency and—dare I say it?—to the Ministry of Defence. I am also glad that the Minister for the Armed Forces is in his place for this important debate.

It might be helpful to the House if I provide a little background to this issue, and explain why I feel that it is necessary for us to debate the ins and outs of the Government's position and of the proposal that has been placed on the table by the trade unions. The Defence Aviation Repair Agency—more commonly known by the acronym DARA—has a base in Almondbank that provides maintenance and repair facilities for the UK's military helicopter fleet. The House will forgive me if I focus my remarks on Almondbank although the issue also affects Fleetlands. Some of my hon. Friends have also expressed their wish to contribute to the debate. I thank them for giving me prior notice of that.

I cannot speak highly enough of the 300 or so dedicated and skilled members of the work force at Almondbank. They have met or exceeded every target set by the Ministry of Defence, streamlined output and reduced downtime. We should not lose sight of those important facts. Almondbank is also important in terms of its ability to train and to skill apprentices. DARA Almondbank has forged some very strong links with nearby Perth college to encourage our young people to learn a trade. Those young people have learned, and are learning today, the skills necessary to compete in this industry. The Government have a duty of responsibility to those young people who see their futures within DARA.

I attended a reception at No. 10 Downing street before Christmas, which brought together some of the finest young people involved in apprenticeships from around the UK. Many of those individuals were employed in the private sector, which made me think that surely the Government should be fighting to create and retain those skills in the public sector. We have the skills at Almondbank and we are faced with a choice of whether to keep them in the public sector or risk losing them to the private sector—or to even lower skilled employment if those people are not content in the private sector.

I know that the Government are committed to protecting the current skills base and to developing new skills in the form of modern apprenticeships, and although devolved issues come into play in this case, I would hope that the MOD will take the UK's long-term objectives into account when deciding on the future of DARA. DARA's work is world renowned and remains a credit to Perthshire, to Scotland and, indeed, to the UK.

Sarah McCarthy-Fry (Portsmouth, North) (Lab/Co-op): As my hon. Friend mentioned earlier, this issue is also relevant to DARA in Fleetlands, where many of my constituents work. When it was announced that the work was going out to tender with a view to outsourcing, people were concerned that the jobs would not remain in the UK. Does my hon. Friend agree that that is one of the main worries of the people who work there and that they should addressed?

Gordon Banks: My hon. Friend is right that people are concerned about whether the jobs remain not just on the individual sites that we are discussing tonight, but in the UK. I hope that the Minister will deal with my hon. Friend's point when he replies to the debate.

I have had the opportunity to visit the Almondbank site on several occasions and I will be there again tomorrow when Baroness Taylor, who has accepted my invitation, visits the site before reaching a decision on it. Almondbank is always busy and during my visits I am always impressed with the enthusiasm and professionalism of the work force and the way in which they go about their business, pulling together to meet tight deadlines. I believe that the House owes a great deal of gratitude to the work force, as they ensure that our brave soldiers are supported with a well maintained helicopter fleet. I have no doubt that I will witness more of the same hard work and commitment tomorrow, and I am glad that Baroness Taylor will be there to see it too.

Mr. John Spellar (Warley) (Lab): It is not just hard work and the skilled quality of work that are on display at Almondbank, but a dramatic improvement in productivity. That has been achieved through the co-operation of the work force, setting an example not only to the rest of government, but to the rest of British industry.

Gordon Banks: My right hon. Friend makes a telling point. As I said earlier, the work force at DARA have met and exceeded every expectation placed on them by the MOD. That should be a positive factor to bear in mind when the decision about its future is taken. I would like to take this opportunity to thank Baroness Taylor for giving up her time to visit Almondbank and I trust that my right hon. Friend the Minister will make her aware of that. I have always felt that it is vital for Ministers to meet local management and workers on site before taking any such important decisions.

No one is pretending that this is an easy situation and we all realise that tough decisions are necessary, which is what being in government is all about. The introduction of market forces to the public sector has forced Government agencies to reconsider the way they operate and it has been no different for DARA. Obviously, the Government have a duty to ensure that defence budgets are spent wisely and the fact that the MOD decided to "test the market" to determine whether DARA and its work force would be better suited outside the Ministry of Defence is indeed the reason why we are here tonight.

It is only right at this point to pay tribute to the trade union officials of Unite, PCS and Prospect who have come together under a single banner, led by Ian Waddell, and have put forward very detailed and well informed proposals. The unions have worked with the Government in defence matters in other areas,

[Gordon Banks]

especially on the Defence Support Group. There is confusion as to why DARA cannot fit into that concept.

Union officials have argued well on behalf of their work force and continue the fine tradition of trade unionism in Scotland. The workers can feel rightly proud of how their union officials have fought their corner. The unions will agree that their proposals came late in the day, but they were encouraged to play that role by the previous Minister, Lord Drayson. The important point, however, is that the proposals have now been made and are on the table. I am grateful that Baroness Taylor has delayed the decision on DARA's future, and I hope that the time is being well used to explore all the options fully. But will my right hon. Friend the Minister tell the House what the Government's time scales are in relation to the decision-making process?

When the Vector Aerospace proposals were made, sale was the only game in town. It represented the best, and at that time, only option for securing the future of the work force. Ministry of Defence officials saw it as the only alternative to long-term decline and inevitable job losses.

Sarah McCarthy-Fry: At Fleetlands, the workers saw the engine maintenance business disappear, which left only helicopter repair. I take on board my hon. Friend's point. Should we not ask the Minister to delay as long as possible to ensure that the workers are fully consulted and feel fully a part of the decision? Does he agree that the workers support and enable our armed forces to do the job that they do so well around the world?

Gordon Banks: I could not agree more strongly with my hon. Friend's point. That issue has been raised in discussions with unions and the work force. Were the Government in a position, at some point in the not-too-distant future, to establish a working group to consider the future of the plants outwith a private sector sale, I am sure that Members, unions and the work force would embrace the MOD's proposals.

I met Vector Aerospace's chief executive officer, Donald Jackson, twice last year, once in Canada and once in London. Our talks were civil and Mr. Jackson recognised the skills of the work force. He outlined to me that were his company successful, the Almondbank work force would have a major part to play in the future of Vector Aerospace. Those assurances were welcome and remain so. Concerns about the company have been flagged up, however, particularly relating to its size and the permanence and stability of its future plans. I assume that as Vector Aerospace has been selected as the preferred bidder, the Government are satisfied with its ability to take DARA and its work force forward. But will the Minister outline how and why Vector has the capability to move DARA forward whereas the public sector does not?

I anticipate that my right hon. Friend will tell me that the Chinook, Sea King and Lynx platforms have a limited life span, and that future rotary wing maintenance requirements will become the responsibility of the manufacturer, due to a change in the purchasing policy at the MOD. But the very fact that the responsibility lies with the manufacturer, whose sole objective is to produce new helicopters, means that it will be forced to subcontract much if not all of that maintenance work. It is my understanding that Vector Aerospace would aim to secure such contracts for Almondbank. The question must be: why cannot DARA secure that work in the public sector? If Vector has investment plans that will facilitate that development, they have not been made clear to the trade unions in the ongoing negotiations. If the Minister is aware of Vector's investment plans, will he tell the House a little about them tonight?

Colleagues might think me psychic, but I am also sure that when the Minister replies he will say that privatisation will give DARA more of an opportunity to secure commercial work, thus giving the company a greater degree of stability. But DARA already has a private sector order book. Again, we must ask why the existing commercial order book cannot be "grown" while remaining in the public sector. I hope that the Minister will be able to address that.

Let me give some of the details of the trade union proposals. The unions want a system of mobile servicing parties to be introduced. The parties would be based at our main operating bases, and would provide service support for aircraft and components. The proposed arrangements would reduce downtime, and as a result would increase the availability of aircraft. The unions believe that that approach has a proven track record at ABRO, where in-barracks support arrangements currently apply to the ground vehicle fleet. However, it is important to remember that if ownership leaves the MOD, with the loss of ownership will go a loss of influence and control. The new owners of the operation will make the decisions.

A further benefit of the union's proposals is that inexperienced servicemen can work alongside experienced and seasoned craft personnel, and learn on the job as they are coached. The unions see no reason why that "man in a van" approach, which is successful elsewhere, could not be equally successful at DARA. They also propose the establishment of a dedicated DARA liaison representative at each main operating base to act as a contact point for the squadrons and to co-ordinate mobile servicing parties, ensuring that all expectations and demands are met. They suggest that service personnel should be reintegrated at centres of excellence, in this case Almondbank and Fleetlands. That in itself would build stronger relationships between DARA and its main customer, and would make possible a knowledge transfer that could be taken to the front line.

I suppose that it would not be possible to have a debate of this type without mentioning the security of service to our armed forces, especially when the United Kingdom helicopter fleet is playing such a vital role in supplying our troops. I hope the Minister accepts that it is not inappropriate to ask whether the time is right for such a move. With a fleet of over 300 helicopters serving in operations all over the world and given the commitment made in 2005 to invest £3 billion in the helicopter fleet over 10 years, it is not unreasonable to ask if that could be better achieved within the MOD. Nothing in my mind or in my words suggests that MOD Ministers will not consider fully the effect on the armed forces and make a decision that is in their best

interests—I know that they will—but I suggest to my right hon. Friend the Minister that it is legitimate to ask whether this is the right time.

No one is claiming that the union's proposals are perfect, or indeed that Vector's proposals are all bad. However, it has taken the MOD years to reach preferred-bidder status with Vector Aerospace, and as the union's proposals have only been with the MOD for a matter of weeks, it is questionable whether there has been enough time for them to be fully evaluated. Will the Minister undertake to make representations to his colleagues to ensure that trade union proposals focusing on retaining the skills based at Almondbank in the public sector will be given all due consideration? If the Department experiences difficulties, I ask for them to be discussed constructively with the unions in a way that gives them an opportunity to address the points that are made.

Each day that passes without a decision adds to the uncertainty of the work force, and increases the likelihood that staff will look elsewhere. We are talking about vital skills, not jobs that we can get off the shelf. If we lose those skills, DARA will lose its effectiveness, and also its attractiveness to both the public and the private sector. Then we will be in serious difficulties.

South Perthshire is not a highly skilled area, and it certainly would not be possible to replace staff quickly if there is truth in the report that current employees are already looking for other work in case the business is sold. The sale could therefore result in an outflow of highly skilled staff, which would in turn destabilise the business. I ask the Minister to ensure that that too is taken into account in his Department's considerations.

Certainly in my constituency, DARA is one of the few large-scale employers left, thanks in no small part to the—currently invisible—Conservative party. We are, in some senses, lucky not to be talking about closure, and instead to be discussing in what sector and in what form Almondbank will exist in the future.

The only point I have yet to make is to re-issue my invitation to the Secretary of State for Defence and Baroness Taylor to visit Almondbank, but in light of yesterday's announcement at Scottish questions I no longer have to do that. However, I do not want to leave out my right hon. Friend the Minister, so I extend an invitation to him to come to Almondbank, and I also assure him that he is always welcome in my constituency. If he wishes to come to Scotland with Baroness Taylor tomorrow, on the birthday of Robert Burns, I am sure that we will make him feel very welcome.

I hope the Minister can answer the points raised and shed some light on his Department's current thinking on the Defence Aviation Repair Agency. As I have said, the key is to ensure that the unions' proposals are fully considered—and, indeed, responded to. Privatisation is no longer the only option, but I am aware that it remains an option. If there is any way that DARA can be kept within the Ministry of Defence while remaining a viable business, I shall certainly support that. The Minister will also have the support of the work force and the unions; I can assure the House of that.

5.21 pm

Pete Wishart (Perth and North Perthshire) (SNP): I congratulate the hon. Member for Ochil and South Perthshire (Gordon Banks) on securing this debate, which is important for both our constituencies. Although DARA Almondbank is in his constituency, the vast majority of its work force are my constituents from the city of Perth, and it is located less than two miles across our boundary. I share the concerns of the work force and the joint trade unions about the future of this first-class facility. I have had several meetings with local trade unions, and I have spoken with employees and I have met with the management. There is a genuine, general concern across Perthshire about the fate of DARA Almondbank.

My colleague, Roseanna Cunningham, the MSP for Perth, had a similar debate in the Scottish Parliament last week, in which she attracted cross-party support for the plight of DARA Almondbank. I also understand that the First Minister of Scotland is due to visit in the next few weeks, and there will, of course, be an important visit tomorrow by Baroness Taylor. I also extend an invitation to the Minister: he should come to Perthshire on Burns' day as he would have a fantastic time—but he is probably too busy.

All of this interest is because DARA Almondbank is vital to the Perthshire economy. In 2006, it was reckoned that it accounted for about 6.4 per cent. of the total employment in the area, and that the Defence Aviation Repair Agency's presence contributed about £38.4 million to the local economy of Perth and Kinross. Perth and Kinross council has had an ongoing watching brief of DARA Almondbank over the past 10 years, and it has seen the extent of its contribution and how key a resource it is for the area.

The type of jobs it provides is an important aspect of that. Like much of rural Scotland, Perthshire is overly dependent on tourism. I welcome tourism—it is a great industry for my constituency—but it is notoriously low paid and low skilled. The jobs at DARA Almondbank are high skilled and high value—the kind of jobs we do not see too often in Perthshire. It is essential that we hold on to them, and develop them and the skills associated with them, so that we can take more young people into those high-skilled, high-value jobs.

Disappointingly, the Ministry of Defence has said that there are only two options for DARA Almondbank: privatisation or a managed decline. That suggests a poverty of imagination. The unions and the work force have refused to accept that they are the only two options, and they have put forward a compelling case for DARA Almondbank to be retained in the public sector. I welcome the fact that we are not debating the possible closure of DARA Almondbank; I respect the fact that the facility is to be saved, but what we as local Members want is the best possible outcome for it. We do not want it just to be retained and to remain; we want it to be developed, and to ensure that it goes from strength to strength and wins more of the awards that it is famous for winning, and to develop its skills. That requires our attention within the public sector. I was quite encouraged yesterday when the Secretary of State for Scotland told me during Scottish questions that he would be open to "all" proposals.

I still hope, even at this late stage, that the joint trade unions' proposals will secure that fair wind, because their suggestion is truly imaginative. The hon. Member for Ochil and South Perthshire touched on some of the things that they are offering. Among them are: the creation of mobile repair teams to service helicopters at

[Pete Wishart]

bases or at the front line; a change in funding to contracting for capability; and integrating service personnel into the business.

The joint trade unions have been to Westminster and have met the Minister to discuss the proposals. I understand that they were not particularly encouraged by what he had to say. Perhaps the intervention by the hon. Member for Ochil and South Perthshire in this debate and the emphasis that has been put on DARA will mean that the Minister will re-examine the proposals and give them a bit more of a fair wind.

We know that the preferred bidder for DARA Almondbank is Vector Aerospace. I do not share the confidence of the hon. Member for Ochil and South Perthshire in that company. It is a small Canadian outfit, and if it acquired DARA Almondbank, its whole output would be doubled. That is how small Vector Aerospace is. It has no track record in UK defence infrastructure, and I have concerns about its ability to run DARA Almondbank effectively.

Gordon Banks: Lots of figures are bandied about concerning what effect taking over DARA Almondbank would have on the size of Vector Aerospace. The most reliable that I have is that doing so would increase Vector Aerospace as an organisation by a third, and not by 200 per cent.

Pete Wishart: I am grateful for the hon. Gentleman's correction. It still concerns me that Vector Aerospace would almost become dependent on the output of DARA Almondbank. Several questions remain. If this is not successful, what happens to the skilled jobs and to the DARA Almondbank facility? Will the jobs be lost? Will this be the end of an award-winning, first-class facility? We need to be reassured that the jobs will be safe.

I took some comfort yesterday from Baroness Taylor's comment that she would not permit the ongoing sale to a third party. That gives a measure of reassurance to some of the Almondbank work force, but it would remain cold comfort if the whole operation fails. That question needs to be addressed, given the concern that we have about all this.

I am grateful for the fact that Baroness Taylor will be visiting DARA Almondbank on Friday. I know that she will enjoy her trip, because she will meet a skilled work force who are totally committed and dedicated. They have provided such an excellent service to front-line defence capabilities and to so many operations in the course of the past 10 years. I only hope that when she speaks to the work force she will listen to their real concerns and to the compelling case to retain DARA in the public sector.

5.27 pm

The Minister for the Armed Forces (Mr. Bob Ainsworth): I congratulate my hon. Friend the Member for Ochil and South Perthshire (Gordon Banks) on securing this debate. He is assiduous in pursuing local issues on behalf of his constituents, and he has rightly been very active in this matter on the future of the Defence Aviation Repair Agency, and in particular Almondbank. He is, of course, joined in his concerns by the trade unions, acting on behalf of DARA's employees, and they, as well as he, have raised issues over time. As he has said, they have put together alternative proposals for consideration at the invitation of Lord Drayson. I have read the trade unions' proposals. Baroness Taylor has gone through the proposals in detail, as has the Secretary of State for Defence. As my hon. Friend knows, we have also talked to him and listened to his advice, ideas and representations.

We have two guiding principles in examining DARA's future, which override all other considerations. I hope that the House and my hon. Friend will agree that those principles are the priorities that should steer our decisions. First and foremost are the interests of our armed forces, who are involved in difficult and dangerous operations on our behalf and are dependent on the equipment—in this case helicopters—that we supply them with for their effectiveness and safety. We will do nothing that does not protect and potentially enhance our ability to supply our forces effectively now and in the future.

Our second guiding principle is securing the skills that we have at DARA. Short-term financial considerations are of little or no value. In rotary wing maintenance, as elsewhere, we need a sustainable skill base in the UK that is capable of meeting our needs over the long term as well as providing quality jobs in constituencies such as that of my hon. Friend. Those principles underlie the defence industrial strategy. They are widely supported in the House, and by the trade union movement, too. Indeed, the only people who oppose the principles of the strategy are the free market zealots who believe that the maintenance of industrial capabilities in defence is not important.

Historically, DARA's role has been to provide depth maintenance, to repair and to overhaul the fixed-wing aircraft of the RAF and the helicopters of all three services. In recent years, logistical reform has led to the migration of depth repair to our partners in industry, including some at the main operating bases. Such changes already happen. Partnering is working particularly well in the maintenance of our fast jet fleets, both Tornado and Harrier. There are 11 more Harrier aircraft available to the front line at any one time, as they spend less time in depth maintenance because of the partnering arrangements that we have managed to agree to cover that work. The time spent in depth maintenance is reduced by 59 per cent., allowing us greater capability on the front line.

As a result of those developments, DARA has progressively become less viable. Its businesses for fast jets and engines have already closed. Its business in Wales, having lost its fast jet work, now supports only the VC10. DARA's helicopter repair business is based at Fleetlands, Hampshire and the associated helicopter components business is based at Almondbank. The vast majority of its work is to support the Chinook helicopters, as a subcontractor for Boeing, and to support Sea King helicopters, which it currently undertakes directly for the MOD although it will soon be a subcontractor for AgustaWestland.

Support for new helicopter platforms such as Merlin and Apache is provided by the manufacturer, which provides through-life support because of its inherent knowledge of the platforms' design and military capabilities. As our equipment becomes more complex,

that is an inevitable trend. We will need depth maintenance to be provided by the original manufacturer, as it knows the detail of the equipment that it supplies.

On the basis of its defence work load alone, we cannot see how DARA's rotary wing business can remain viable beyond the out-of-service date of the Sea King helicopter. In sharp contrast to our industrial partners, DARA holds very little intellectual property or design capability. However, as a subcontractor, it possesses technical know-how and, as my hon. Friend said, a highly skilled work force who are extremely capable and committed to supporting operations. We must ensure that that capability endures. That is what we are about.

So, since late 2005, we have been examining options for the future of these businesses, aiming at a solution that best preserves the capability to support the armed forces and secures the long-term employment of the work force. We looked at both sale and in-house options. It is not true, as some assert, that Vector Aerospace was the only interested bidder: in fact, we received expressions of interest from more than 20 bidders, out of which three companies were selected as provisional preferred bidders.

As the process continued, however, Vector Aerospace demonstrated that it was best placed to deliver the capability that our armed forces require, and to provide longevity of employment to the work force. Thus, in July 2007, I announced that Vector Aerospace was the preferred bidder for the rotary wing and component businesses.

My hon. Friend asked about consultation with the trade unions. I can tell him that, throughout the period since 2005, we have been in both formal and informal consultation with them. Yes, they have raised concerns, but it is their job to do so. My hon. Friend was right to say that the unions have produced their own report, but I would not like the House to get the impression that we have not had consultations with them throughout the period. Moreover, Baroness Taylor is prepared to continue to talk to the trade union movement into the future.

Despite its relatively small presence in the UK, Vector Aerospace has considerable defence experience, especially in north America, where it provides rotary wing maintenance to the US military. Through its UK subsidiary, Sigma, it already services the MOD's VC10 Conway and Hercules engines, and it is seeking to broaden its footprint. There are clear indications that there will be future growth in this area, and Vector Aerospace has already actively made the necessary approaches to secure further MOD engine business for its UK base.

There is tacit but substantial support from Boeing and AgustaWestland that Vector Aerospace would be a key link in their performance under future contracting arrangements. There are therefore real prospects for investment and for winning future business through commercial and military work.

In this process, we have insisted that the bidder complies with all employment obligations and with the Government's fair deal for staff pensions. We will not sell the businesses unless Vector Aerospace complies with those vital employment safeguards. Moreover, I can tell my hon. Friend the Member for Portsmouth, North (Sarah McCarthy-Fry) that the protections are identical for both the Fleetlands and Almondbank sites, and that they also apply to any subsequent sale of the business to a third party. Vector Aerospace has also undertaken to support and take forward the apprentice scheme.

Vector Aerospace has legally undertaken to retain the businesses in the UK. To provide further certainty for the work force, we have secured equally binding assurances that Vector Aerospace will remain at the current locations as long as it is economically viable to do so. The MOD has also secured a legally binding commitment that Vector Aerospace cannot sell or transfer the business to a third party without the MOD's prior approval.

If the sale proceeds, we expect Vector Aerospace not only to maintain current capability but to innovate and to improve the current service that DARA provides. Vector Aerospace has a good track record, in both employee relations and improving performance. I can also confirm that it has no current plans for redundancies at either site.

The hon. Member for Perth and North Perthshire (Pete Wishart) has accused the Government of lacking imagination, and he has asked that we think again about the sale. I do not know to what degree he has looked at the developments that have taken place under the defence industrial strategy. I am not at all sure what priority he gives to the issue, because I am not certain what priority his party gives to defence per se, never mind to the industrial hinterland that is required if we are to maintain our defence capabilities.

All the innovation that the hon. Gentleman talked about, and the methodologies for bringing well-paid employment and high levels of performance to the defence industries, is already taking place through partnering arrangements. There are such arrangements for different aspects of manufacture: for fleet maintenance—my hon. Friend the Member for Portsmouth, North (Sarah McCarthy-Fry) will be more aware of that than anyone else in the Chamber—and for fixed-wing and rotary. If we are to develop, maintain and ensure security for the work force, that has to be the road forward. That is the direction that all contracting is taking. Inevitably, it must go in that direction.

I know that Members of Parliament have a job to do, and my hon. Friend the Member for Ochil and South Perthshire has been doing that job for some time. However, I hope that they will not deliberately posture and scare people, because in the end it may be not the sale but ongoing uncertainty about the future that drives the work force away from DARA. They need to know that they are appreciated. I think that the main reason why the company is interested is the work force's skills. It is not the real estate that the company wants; it wants that skilled work force, so that it can develop them and take them forward. If my right hon. and hon. Friends in the ministerial team and I did not believe that, we would not be considering the option as a way forward.

Pete Wishart: There is no scaremongering going on at Almondbank. The hon. Member for Ochil and South Perthshire (Gordon Banks) and I have received countless

[Pete Wishart]

representations from the concerned work force. The Minister speaks glowingly of the private sector's involvement in defence installations, but I remind him that Scotland's experience with privatisations and with the private sector becoming involved in defence facilities has not been particularly positive. One need only look at the Rosyth naval base in Dunfermline to find out what happens when the private sector is involved. The experience is not as positive as the Minister says. It is right that we raise concerns about such privatisations.

Mr. Ainsworth: I have visited the base at Faslane, where partnership arrangements have led to improved efficiency and an ongoing future for the work force. I doubt whether the hon. Gentleman supports that base; he is probably more likely to be at the gates demonstrating against its very existence. Only the other week I visited the RAF base at Marham, where we have partnering arrangements. BAE Systems employees work on the base alongside military people and Rolls-Royce employees to deliver supply and efficiency improvements in support of our Tornado fleet. Those methodologies are well-embedded, and are delivering real gains and security of employment for skilled people, not just in Scotland but across the length and breadth of the United Kingdom.

Mr. Eric Joyce (Falkirk) (Lab): Apprenticeships have been mentioned. My hon. Friend the Member for Ochil and South Perthshire (Gordon Banks) and the hon. Member for Perth and North Perthshire (Pete Wishart) are referring to very skilled jobs. It is not the policy of the Scottish Executive or Government, or whatever we call them, to fund apprenticeships in the workplace to the same degree as the UK Government, but is my right hon. Friend the Minister aware that one place where apprenticeships are still funded by the UK Government is in Scotland in jobs such as those that we are discussing?

Mr. Ainsworth: Part of our negotiations has been aimed at securing a commitment to continuing the situation as regards the apprentice scheme at DARA. We have got commitments from the company on that. We expect it to take the scheme forward, and to develop the apprentices and the apprenticeship, just as we expect it to maintain and develop the work force.

Gordon Banks: May I take my right hon. Friend back to the point that he made a few moments ago about the skills base at DARA at Almondbank? The expertise there which, as I said in my remarks, has met and exceeded every expectation of the MOD, makes the site attractive to a private sector buyer, and that same expertise has saved that location from closure and the other rationalisation of DARA that has gone on. Some of my constituents, as well as some of the constituents of the hon. Member for Perth and North Perthshire (Pete Wishart), see it as a double-edged sword—the expertise that saved the site from possible closure may now take them out of the MOD family that they have been in for so long.

Mr. Ainsworth: My hon. Friend is right to highlight the issue. We all know from experience in our own lives and in our constituencies that change is always worrying. I can only repeat what I said earlier. The two principles that we have in taking the proposal forward are, first, to maintain and improve support to our armed forces. We must never let go of that. It must always be the overriding first principle for anyone who is interested in the defence of the realm. The second is to make sure that we maintain the skills base that allows us to do that over the long term. If we did not believe that that was possible in this case, we would not be considering the proposal.

If the sale proceeds, we will expect Vector Aerospace not only to maintain current capability, but to innovate and improve the current service that DARA provides. Vector Aerospace has a good record both in employee relations and in improving performance. I can confirm that it has no current plans for redundancies at either site.

As I indicated to my hon. Friend, we have looked seriously at the alternative trade union proposals. We do not dismiss the work that they have done. The document is an impressive piece of work. I have read it, and my hon. Friend the Under-Secretary has gone through it in great detail. However, we remain of the view that under the current arrangement DARA is not viable into the future and not viable on MOD rotary work alone. It needs care and investment, it needs to win other business and it needs to use and exploit the skills that its work force clearly possess.

The objective of the proposals that we are developing with Vector Aerospace is to generate the best opportunity to secure the business and investment and thereby protect the skill base that is so important to the constituency of my hon. Friend the Member for Ochil and South Perthshire and to our nation's industrial capacity.

I cannot join my hon. Friend in Scotland tomorrow. I am the duty Minister here in the House. A day in Perthshire might be a lot more pleasant than hanging around waiting for the Whips to tell me what or what not to do. I hope that he will continue discussions about this important matter with Baroness Taylor tomorrow, and I hope that over time we will be able to allay some of his fears and those of the work force at DARA.

Question put and agreed to.

Adjourned accordingly at twelve minutes to Six o'clock.

House of Commons

Friday 25 January 2008

The House met at half-past Nine o'clock

PRAYERS

The Chairman of Ways and Means took the Chair as Deputy Speaker, pursuant to the Standing Order.

Orders of the Day

Planning and Energy Bill

9.33 am

Mr. Michael Fallon (Sevenoaks) (Con): I beg to move, That the Bill be now read a Second time.

I am grateful for the wide support that the Bill has received, not only from my co-sponsors from all parts of the House, but from those councils at the forefront of good energy practice, the Local Government Association and our energy industry, which is ready and willing to help meet the challenge of climate change.

This is not a big Bill, but it does one important thing: it will enshrine in law, I hope, the so-called Merton rule, which I shall describe in more detail. Back in 2003, the London borough of Merton adopted in its local planning documents the policy that, for new developments, at least 10 per cent. of the new energy required must come from renewable or low-carbon sources on or near that development. The aim was to reduce the amount of energy that had to be brought in from miles away and to encourage microgeneration and more energy-efficient buildings, which would use less energy in the first place.

The Bill therefore gives Merton-style planning policies statutory protection. I should emphasise that it does not compel other councils to follow Merton, although around 100 are doing that. I should add—perhaps because the ghost of our late colleague Eric Forth seems to haunt this place on Fridays—that the Bill does not compel anybody to do anything. What it does is to put on the statute book the ability of a council to adopt a Merton-style policy, if it wants to do so. Without the Bill, councils will be left uncertain as to whether the policies that they adopt will remain legal.

Nothing illustrates that uncertainty better than the shifting position of central Government since Merton originally adopted its policy. I welcome the Minister to the Dispatch Box, but Ministers have blown hot and cold on Merton policies. First they encouraged Merton; then last summer we heard a new draft planning policy statement that seemed to back off. It looked as though borough-wide policies might be excluded or even that off-site energy might be included. Then last month, three weeks after I had sent a copy of the Bill to the then Minister, the latest text of the planning policy statement appeared, which said that borough-wide policies could be included and that off-site energy supplies would definitely be excluded.

I welcome that improvement, but there has been too much to-ing and fro-ing, and we are still not clear about what central Government's final position will be. We now have the guidance to follow that planning policy statement, and all the lobbying and counter-lobbying will begin all over again. The whole point of the Bill is to get away from all that and give councils the certainty that they need, so that they are no longer dependent upon a supportive Minister or at the mercy of the latest lobbying of No. 10. The Bill therefore sets out, very simply, that councils can—not must, but can—set a minimum requirement for local energy generation and energy efficiency standards that are higher than the minimum.

The big volume house builders would of course prefer a single set of rules for the whole country; but I want to be clear to the House that I would not be promoting the Bill if I thought that it would inhibit the future development of new affordable housing.

Mr. Tim Boswell (Daventry) (Con): Will my hon. Friend take it from me, at the user end in the rapidly expanding town of Daventry, that I can recall no objections from home owners or purchasers to the use of enhanced planning powers? Nor have I encountered any representations from the developers who are developing the town about the difficulty of meeting the council's requirement.

Mr. Fallon: That is very encouraging evidence indeed.

David Howarth (Cambridge) (LD): I thank the hon. Gentleman for giving way and, even more, for bringing forward the Bill, which I very much support. Its origins lie partly in the difficulties that Cambridge city council encountered in setting policies higher than the national standard. Does he agree that it is no objection to the Bill that it might lead to different standards? There is already a different standard between publicly supported house building and the private sector, because on the social housing side, the Housing Corporation already requires higher standards. One could therefore argue that the Bill will allow the same standard to be set for all sorts of housing.

Mr. Fallon: I am sure that that is true. The hon. Gentleman makes a helpful point. I am well aware of Cambridge city council's position on this. Of course, a borough-wide policy sets a more even standard than the setting of individual requirements for individual developments within a borough or city.

I would not be promoting this Bill if I thought that it would inhibit housing generally. I have made inquiries of Merton borough council, and it has assured me that no developer has ever had any difficulty in coping with its requirements. Let us look at the facts. Merton's policy is four years old, and its housing target—set by the Greater London authority—states that it must build 430 new homes each year. Since the policy was adopted in 2003, the actual annual totals of new homes constructed in Merton have been 484, 497, 546 and 528. So there is no evidence there that the policy inhibits the growth of new housing.

Stephen Hammond (Wimbledon) (Con): I rise to support my hon. Friend's point, having been a councillor in Merton before being elected to this place. I support the forward thinking of the council in introducing that measure, which was unusual for the time. I should like to confirm that there have been no problems with the planning procedure or with the building of new houses there.

Mr. Fallon: The House has just heard the voice of Merton, and my hon. Friend fully supports the position that I have just set out.

Let us also remember that the percentage for new housing set by Merton is not 90 per cent. or 80 per cent. or even 75 per cent. It is only 10 per cent. So this measure cannot be something that will over-excite the volume house builders. Indeed, some other house builders have told me that they can achieve a premium for houses built under these policies, and that they have no difficulty in doing so.

Let me turn to some of the specific issues raised in the Bill. I want to emphasise that I am very happy to meet any concerns about the drafting of any part of clause 1 in Committee, if the House allows the Bill to proceed today. In respect of the definition of part of the proposed development, of course I want it to include near-site as well as on-site, provided that that is connected to the development. I also want to assure developers that this must involve a dedicated supply. They would not necessarily be required to supply energy over a much wider area.

The provision in clause 1(c) will incentivise councils to reach beyond the minimum building standards, and of course I should like to see that aligned with Government policy on the code for renewable energy. I also want to point out that, as set out at the beginning of clause 1, the whole of my Bill is subject to the test of reasonableness. Developers and house builders will not cannot be required to do anything that is unreasonable. In any event, they will be fully consulted in the drawing up of the local development plans to which my Bill refers.

In the final analysis, Ministers will still have control. It is for Ministers to approve local development plans, and when individual planning applications are taken to appeal the Secretary of State sends her inspectors in to rule on them. I am therefore disappointed that I have not yet heard that Ministers are fully supportive of the Bill, especially as it is they who want all new homes to be zero-carbon by 2016. That is only eight years away, after all. I want local councils to help us to meet that challenge. I fear, however, that Ministers still think that can be done by central prescription.

This is not a big Bill, but it involves a clear difference of approach. Ministers seem to want circulars, statements and guidance; they seem to want revision after revision and draft after draft.

Mr. Peter Ainsworth (East Surrey) (Con): I congratulate my hon. Friend on introducing the Bill, which, as he knows, has support on both sides of the House. He has just referred to the attitude of Ministers, and it is mysterious that there seems to be a lack of clarity in that regard. Presumably, he has had discussions with Ministers about the Government's approach to the Bill. Has he been encouraged or discouraged by those discussions?

Mr. Fallon: I do not want to refer too much to private meetings, but yes, the House should know that I have had discussions with Ministers. As soon as I had finalised the draft of my Bill, I thought it right and courteous to send a copy to the Minister concerned, and I did so in November. There was a subsequent meeting. I claim no particular prescience, but one of the points that I made at that meeting was that Ministers come and go. Last night, that Minister went, which is a little unfortunate.

There is a point to that. Circulars are succeeded by other circulars, and guidance is succeeded by other guidance. A planning policy statement, even when finalised, will be succeeded in two or three years by another planning policy statement. My Bill backs a better route. It puts councils in the driving seat. It also encourages a measure of competition by emulation. More than 100 other councils have already followed Merton's lead.

Robert Key (Salisbury) (Con): My council has a problem that I am sure is common to many rural councils. Does my hon. Friend think that his Bill would be capable of amendment in Committee to address the anomaly whereby people living in areas of outstanding natural beauty who wish to put a solar panel on their roof have to pay £135 and apply for full planning permission? People who do not live in an AONB do not have to do that, as long as their roof does not face a road. Such details present a real disincentive. Does my hon. Friend believe that we could address that matter in Committee?

Mr. Fallon: Yes, I do. That is exactly the kind of issue that the Committee stage is designed for. We could certainly look at that kind of detail, and at some other issues, such as new building in agricultural and conservation areas, where some of these targets and requirements might be harder to meet. Those matters can certainly be taken up in Committee, and perhaps my hon. Friend would like to take part in that by agreeing to serve on the Committee if the Bill makes progress today.

As I have said, the Bill takes a different approach. The last Minister said that she backed local power schemes. The Bill backs local powers. If we are to meet the challenge of climate change, this cannot just be a matter for central Government. We need to have our local communities out in front, helping to meet that challenge. We are all in this together, and I urge the House to back localism and give the Bill a Second Reading.

9.47 am

Mr. Martin Caton (Gower) (Lab): I congratulate the hon. Member for Sevenoaks (Mr. Fallon) on coming first in the ballot and, even more importantly, on choosing this issue as the subject for his Bill, which I wholeheartedly support. Perhaps that is no surprise, as it is remarkably similar to my private Member's Bill of last year. It has a much snappier title, however, and I congratulate the hon. Gentleman on that. When my Bill fell by the wayside, I sought to achieve exactly the

same objectives through an amendment to the Local Government and Public Involvement in Health Bill, although that attempt also sadly failed.

My objectives are exactly the same as those set out in the short Bill before us today. It is an enabling measure. As the hon. Gentleman said, it would not make anyone do anything. It would free local authorities to help to combat climate change using planning policy. It would allow councils to set higher standards for energy efficiency in their development plans than those laid down in building regulations, and allow them to make provision for sustainable energy and microgeneration requirements in the same document.

That approach has wide support across the House. An early-day motion supporting this kind of legislation was signed by more than 300 Members last year. It also has wide support outside the House, from local government, the sustainable energy partnerships, the Royal Institute of British Architects, the Royal Institution of Chartered Surveyors, the Socialist Environment and Resources Association and, of course, from its primary supporters, the Association for the Conservation of Energy and the Micropower Council.

The Bill is about empowerment, but it is also about encouragement. Climate change is undoubtedly the greatest challenge facing the planet now—perhaps the greatest challenge that it has ever faced. We need every level of government, including local government, to play its part in meeting that challenge. Following the lead of councils such as Woking and Merton, this Bill points planning authorities in the right direction of setting high environmental standards for new developments, residential and non-residential alike.

This Government's policy of making all new homes zero-carbon by 2016—and the Prime Minister's proposal for new eco-communities—is excellent and we should all support it, but to turn the concept into reality, we need more examples of low and zero-carbon homes than the present small number of experimental buildings, including those about to be constructed. We need them very soon and local authorities can, if enabled to do so, make that happen in planning policy development. As the Government's renewables advisory board said in November:

"The zero carbon policy is longsighted and bold and could produce big environmental benefits in existing and new homes if it is used to accelerate the development of decentralised energy services and technology. However"

Adam Price (Carmarthen, East and Dinefwr) (PC): I am grateful to the hon. Gentleman for giving way and I would like to record Plaid Cymru's full support for the Bill and the principles enshrined within it. I would like to ask him about what may seem a technical constitutional point, but we are talking about decentralising power. Does he agree that it would be worth looking further in Committee into conferring framework powers on the National Assembly, which could be a better means of achieving the Bill's objectives in Wales?

Mr. Caton: The hon. Gentleman raises a very good point. He knows that, as a fellow Member representing a constituency in Wales, I am a committed devolutionist. I realise that the Bill talks about England and Wales, but the most appropriate way to move forward, especially given that the Minister with responsibility for planning is currently consulting on combating climate change, would be to provide for those framework powers in the Bill.

Bill Wiggin (Leominster) (Con): I am curious why the hon. Gentleman believes that the Government will not support the Bill. We have seen not a twitch from the Minister, yet at a time when the UK has been set a 17 per cent. target for renewable energy and we are achieving only 2 per cent. can the hon. Gentleman think of any reason why his party in government will not support this excellent Bill?

Mr. Caton: I think I know what the Government will say—that the ground is already covered in planning policy statements—but I shall come on to say that I do not accept that. When my Bill and amendments were up for discussion, I met Ministers and their civil servants many times, but I never really received a satisfactory answer to the question that the hon. Gentleman has just put to me.

Let me continue to quote what the renewables advisory board said:

"However the Government's current timescale postpones much of the hard work until 2016, with little opportunity to learn or build capacity in the UK onsite renewables sector in the next eight years. If left unaddressed this could slow house building but we think there are options to overcome this supply gap. This includes using the planning system to require earlier uptake of renewable energy in larger housing developments."

Up until now, there has been great uncertainty in local government about whether it can or cannot set higher standards. The Bill's supporters certainly advocate that it should.

Government planning inspectors responsible for overseeing the development plan process have sent out extremely mixed messages. For example, Reading was allowed to specify thermal performance requirements at least 12 per cent. higher than required in building regulations, but Cambridge was made to water down its planning policy, which required large developers to provide evidence of how they had minimised energy consumption and maximised energy efficiency and to consider the feasibility of using combined heat and power systems. To that, the planning inspector said that it was

"unreasonable to the extent that it imposes more onerous requirements than the Building Regulations".

The same line was taken by the Government office for the east of England when Bedford borough council wanted to reduce CO_2 emissions by 10 per cent. more than in the building regulations in certain developments. We need clarity and active encouragement for ambitious standard setting.

We are now in a different position from last year because we have the planning policy statement on climate change published in December. That was welcome and certainly moves us in the right direction of travel. It says that councils will be expected to provide for onsite renewables and local community energy schemes to cut carbon emissions in new developments. In the Department for Communities and Local Government press release and, indeed, in letters to myself and other Members, it is claimed that

[Mr. Caton]

the PPS builds on the Merton rule, which requires all new non-residential developments above a certain size to generate at least 10 per cent. of their energy on site from renewable sources. Then there is the Mayor of London's plan to double the renewables share of UK electricity supply from the 2010 target of 10 per cent. to 20 per cent. by 2020. That all sounds very good and I suspect that the Minister will argue that there is consequently no need to enact the Bill.

Unfortunately, I do not believe that. The problem is that the policy statement is unlikely to match in achievement the rhetoric that has accompanied it. It contains too many caveats and hurdles to jump over, which will put off all but the most committed local authorities from going for higher standards in their development plans, and it provides loopholes for developers. In reading it, I gained the impression that minimising carbon emissions through planning policy comes a poor second to making development happen. When they set their targets, councils have to

"have regard to the overall costs of bringing sites to the market (including the costs of any necessary support infrastructure) and the need to avoid any adverse impact on the development needs of communities".

In respect of housing development and when setting development area or site-specific expectations, councils need to

"demonstrate that the proposed approach is consistent with securing the expected supply and pace of housing development shown in the housing trajectory required by the Housing Planning Policy Statement of 2006."

My real fear is that those conditions will be used by some planning inspectors to overrule provision in some local development plans for challenging targets for renewables or other carbon reduction requirements. My even greater fear is that it will deter planning authorities from being as ambitious as they would like. I am also still concerned about the provision for off-site generation of green energy by a developer instead of the on-site generation stipulated in Merton. If that approach is chosen by developers, as I suspect it often will be, we will end up utilising renewables that would have been built anyway, so it does not, in the end, increase green energy capacity. That said, much in the PPS is good and I wish it well, but I do not accept that it obviates the need for this Bill to become law.

Underlying the resistance to this measure—and, indeed, the caveats in the PPS—is a fear of what councils will do if they are empowered in the way we want them to be. That fear is misplaced and wrong-headed. Councils will not want to deter economic development within their own boundaries, nor prevent the provision of new homes for their citizens. They will weigh up all the factors and set realistic and measured targets. We need reflect only on how things have worked out in green leader councils such as Merton, Woking, Croydon, Knowsley, Calderdale, Sefton, Norwich and many others that the hon. Member for Sevenoaks mentioned to see that this can be done—and done responsibly. Indeed, in making the case for my Bill last year, we asked DCLG officials to provide us with evidence of local authorities that had prevented progress by setting higher environmental standards. We are still waiting for those examples.

I hope that this Bill receives its Second Reading today. Yes, it will need to be amended in Committee to address Government concerns, but I am sure that it can provide a useful weapon in combating climate change. We should not reject it.

9.57 am

Tom Brake (Carshalton and Wallington) (LD): It is a pleasure to speak in favour of the Bill. The House is rightly focused on the issues of climate change and planning, which is exactly what the Bill does in highlighting those two critical issues.

I welcome the three main objectives set out in the Bill. Hon. Members will have noticed that clause 1 states that a local planning authority

"may...specify that any person making an application for planning permission should include such reasonable provision",

going on to list the three areas in which it applies. I emphasise the word "may", which means that the Bill is not prescriptive, but provides local authorities with the flexibility they need to implement policies that are appropriate to their areas. Broadly speaking, we are all supportive of that and the Secretary of State for Communities and Local Government has repeatedly stated the importance of allowing local authorities to take their own decisions.

The hon. Member for Gower (Mr. Caton), who ran with the issue before—I hope that this Bill receives more success—said that the Bill makes nobody do anything. Normally, I would object to that in principle, but in this case it is entirely right, as the Bill provides flexibility to local authorities. The Bill sets out the powers that a local authority would have to specify the generation of energy from renewable sources, the generation of low-carbon energy and an appropriate and more challenging energy efficiency standard for any proposed development in its area.

The hon. Member for Sevenoaks (Mr. Fallon) rightly indicated that the Bill might require refinement, as is often the case with private Members' Bills. Regrettably, Back-Bench Members do not have the same level of resource as Ministers when they prepare Bills. This process should provide the opportunity to refine the Bill if the Minister feels that it is not as precise as it should be.

All Members will appreciate why the Bill is needed. Since 1997, CO_2 emissions have gone up. Far from tackling what is, in the words of the Government's chief scientific adviser, the "biggest challenge we face"—a real global threat—we have seen CO_2 emissions rising. The Bill would help in that respect.

The Bill would also counter the potential impact of the Planning Bill. I do not know how closely Members have been following that Bill, but part of it would set up the infrastructure planning commission. If the Government get their way, the IPC will authorise up to 50 large-scale infrastructure projects a year. There is a real concern that the safeguards in that Bill in relation to environmental issues are weak. The IPC might allow through a raft of significant developments such as nuclear power stations or airports, which will have a very negative impact on climate change. This Bill will counterbalance that by tackling CO_2 emissions in local developments.

This Bill will also help the Government face the very tough task of meeting the targets set by the European Union. Other Members will have looked at the research

paper helpfully produced by the Library, and will be as familiar as I am with the table on page 10 setting out the UK's achievement in generating electricity from renewable energy in comparison with other EU countries. I am afraid to say that the UK performs very badly. A few countries are doing worse than we are—Malta, which has no figures, Estonia, Belgium and Poland. But the list of countries doing better than the UK includes the Czech Republic, Hungary, Ireland, Greece, Bulgaria, Romania, Latvia, Sweden and Austria. The UK is performing exceedingly poorly in providing more electricity from renewable sources.

The Bill is also necessary because it allows local authorities to introduce tougher energy efficiency standards. Again, our performance in that regard is, I am afraid, pathetic. Members are probably sick to death of references to BedZED, a zero-energy development in my constituency. Its first occupiers moved in four years ago, but it is still an exemplar of its type. All aspects of the development, from using recycled materials in its construction, through to triple glazing and the highest energy efficiency standards, with green roofs and so on, minimise energy use. I remember BioRegional, the developers, coming to my surgery nearly nine years ago, and yet the UK has made little progress since then.

Chris Huhne (Eastleigh) (LD): Does my hon. Friend agree that the evidence from the continent, particularly Germany, is that when large numbers of new homes with microgeneration and substantial energy efficiency measures are built, the cost comes down dramatically? The Government should therefore be far more resistant to the lobbying calls of the big house builders, and far more open to a substantial increase in such build, so that we can get the economies of scale and the energy savings that would offset the extra building costs.

Tom Brake: I agree entirely with my hon. Friend's comments. More imagination is also required to allow certain smaller schemes to go ahead. Russell Smith, a constituent of mine, gutted his brick-built semi-detached property, which is typical of the UK housing stock that will be with us probably for the next 50, 60 or 70 years, and installed a range of insulation measures, panels and so on to demonstrate how a property of the type that most people live in could be transformed suitably into an energy-efficient dwelling. He was frustrated in his attempt to get permission to install a small combined heat and power plant, and ended up having to give up on that, as it proved too complex. We need to look at what is happening abroad and ensure that we are more flexible in our approach.

It is a regret not that the Merton rule exists but that it is called the Merton rule. It is significant that one local authority in the UK has given us the name Merton rule as a way of describing local authorities that are taking the lead environmentally. I doubt very much whether Germany has something called the Munich rule or the Hamburg rule, because all local authorities there are involved, and there is no need to point to one local authority that is way in advance of all the others.

Mr. Peter Ainsworth: I understand the hon. Gentleman's point, but is it not encouraging that so many other councils in the country are adopting the Merton rule—well over 100? Does that not provide further evidence of support among the local authority community for the Bill that we are debating?

Tom Brake: I agree entirely with the hon. Gentleman's comments. Many other local authorities are following Merton's lead and taking the lead in other respects in relation to the environment. Many of those authorities, whether Merton or my local authority, Sutton, which is the neighbouring borough to Merton, have been mentioned today. It is still significant, however, that we often think of individual authorities taking the lead. In many respects, the energy efficiency standards or building regulations are deficient or at least not challenging enough.

The Bill addresses energy efficiency standards and clears up the uncertainty that surrounds the Merton rule. In response to a number of questions and interventions, DCLG Ministers have given assurances that there is no threat to the Merton rule. The experience on the ground, however, is that some local authorities find it difficult, or are reluctant to use it, to provide the level of renewable energy provided in Merton.

I do not want to detain the House any longer. I want to see the Bill proceed. It is a short Bill that would make a huge difference to the UK's ability to tackle CO_2 emissions and climate change, and I hope that it will receive its Second Reading today.

10.9 am

John Battle (Leeds, West) (Lab): It is customary to congratulate the Member who wins the ballot. I have always wondered why we do that—I would rather have won the ballot myself—but I do congratulate the hon. Member for Sevenoaks (Mr. Fallon) on choosing this topic. I was happy to lend my name to this brief, modest and reasonable Bill.

The Bill calls for a bit of reverse engineering in our approach to tackling the challenge of climate change, rather than leaving everything to top-down targets without thinking about the mechanisms that are needed on the ground floor. The very first word—"enable"—is probably the most important. The Bill is intended not to tell, not to spend, not to force, but to enable. It contains another word that I hesitate to mention, the word "reasonable". I know that we can spend hours, weeks and years in this place debating what it means to be reasonable, and I hope we will not get into the semantics now, but I think that the intention in this instance is more than clear.

We sometimes underestimate the hugeness of the challenge of climate change to our politics, our public institutions, to private business and to our personal behaviour. It covers the waterfront. Ipsos MORI recently published a review of the year which I think was sent to Members, although I was not able to lay hands on it yesterday. One of the centre-spreads featured attitudes to climate change. The general conclusion was that people in Britain now accept that there is a problem and accept that human behaviour is making a difference, which was not the case five or 10 years ago. When it comes to dealing with the problem, however, a gulf emerges. The survey exposed the fact that apart from doing a little bit of, dare I say,

[John Battle]

recycling—perhaps changing light bulbs—most of us are "armchair environmentalists". We demand that the Government do something rather than doing anything ourselves, while issuing the caveat that whatever the Government propose we will oppose, and thus we make no progress whatever. The purpose of the Bill is not to focus on the great big problem and leave it nebulous, or to ask the Government to do everything, but to concentrate on what local government can do and enable it to build in the capacity to meet its targets.

I approved of what the hon. Member for East Surrey (Mr. Ainsworth) said in his intervention. We ought to acknowledge that local authorities are getting ahead of the Government on this issue, and engage in a stronger dialogue with them about what they can achieve at ground-floor and local-community level. The aim of the Merton rule, which has been widely known and accepted for more than four years and has been copied by over 100 local authorities, is to persuade developers to obtain at least 10 per cent. of any new building energy from renewable sources.

I know about the BedZED project, but there are quite a few other projects scattered across Britain. There are combined heat and power and energy-efficiency projects, and experimental schemes initiated by architects going all the way back to Susan Rolfe's experimental house with solar panels in Oxford. Such development is patchy, however. The Bill is intended to achieve some co-ordination so that best practice can be shared, and authorities can learn about what is going on elsewhere and proceed in a positive fashion.

Tom Brake: The Bill also allows for much more trials. Even in the case of BedZED, things often do not work quite as one would like because they have not been tried before.

John Battle: I jotted down a phrase that the hon. Gentleman used earlier. He said that what was needed was more imagination, political and practical. We also need to take more cognisance of developments in science and technology, and experiment a bit more. It might mean failing some of the time, but we might also achieve our aims more quickly. The 10 per cent. target will be hard to achieve without co-ordinated action on the part of all local authorities.

The Bill's purpose is to enable all local authorities to set renewable and low-energy targets for new developments. That could apply not just to individual buildings, but to complexes. Without the Bill, I can envisage the game being played in the opposite way. Without a mandate to get on with meeting the 10 per cent. target, it could be challenged by people who would say "We will hold up the planning process because you are trying to suggest that we do something that we know we do not have to do." The whole process could be stalled and blocked by authorities pulling us in the opposite direction from the best-practice councils gathered around Merton.

Let me pursue the point made by the hon. Member for Carshalton and Wallington (Tom Brake) about imagination. When I was Minister for Energy and Industry between 1997 and 1999, we published a report on renewable energy. It did not quite catch the zeitgeist—I am pleased that we have moved on in the past 10 years—but at the time I went to Northumberland to see a project on a council estate consisting of about 3,000 houses. The developers had adopted almost a traditional village-green approach: using brilliant engineering and science, they had managed to blend in a complex of renewable microgeneration in the centre of the estate, using energy from waste, wind power and biomass. Rather than depending on a wind farm, which would produce nothing when the wind did not blow, they were able to "cross-reference" energy sources.

That approach has not been considered more widely. In general, people are opting for single-issue solutions. Given that there is no single source of energy that could be described as perfectly pure and green, why not blend sources together and create new possibilities like the developers of that estate in Northumberland, which was kept warm by a complex of renewable energy sources?

Hospital waste cannot be buried. I had a furious row with some "deep greens" who said "We cannot burn hospital waste." Well, hospital waste must be burnt, but why not install a combined-heat-and-power station in the hospital and use energy from the waste to heat it? That has already been done at St James's University hospital in my city. We need more imaginative application at local level if we are to get anywhere near our targets.

It has been said that the Bill is about individual buildings. I think back to that community in the north-east, because in my view the Bill should be about communities. The hon. Member for Eastleigh (Chris Huhne) mentioned cost. In Leeds there are still rows and rows of terraced houses—classic terraced streets with washing hanging across them but their ownership is mixed. A terraced house there could be owner-occupied, owned by a landlord, or a council miscellaneous property. In the past, if new roofs were needed it was not a case of putting a roof on one house, leaving a gap because a roof could not be afforded for the next house, putting on another roof, leaving another couple of gaps, putting on another roof and so on all along the terrace. There was a scheme enabling the whole terrace to be repaired—roofs, doors and windows. It was called "enveloping".

The same system could be applied to renewable energy, including solar energy for heating water. I know that January has not been a brilliant month for sunshine, but although most people do not realise it, what is needed for solar energy is not bright sunshine but light in general. We could improve whole communities and rebuild neighbourhoods: we could build renewable energy into neighbourhoods.

I am still thinking in terms of imagination. A report published by the Department for Business, Enterprise and Regulatory Reform and Ofgem suggests that we should view the distribution of energy in Britain very differently. We should not think of the system as a grid, although it is one at present. How can we build microgeneration into it? We might not need buried cables and power lines stretching across the country in future; instead, the system could function at micro level. The Government have already made good progress, after great argument, to enable the electricity that is generated but not needed in a local community to be passed back to others through the grid.

Gregory Barker (Bexhill and Battle) (Con): The right hon. Gentleman is talking a great deal of sense and he will find a lot of support for what he is saying from Conservative Members. His comments are all the more important because he speaks from experience as a former Minister. Has he had the opportunity to read "Power to the People", the Conservative policy document on microgeneration, which encapsulates much of what he says and puts some flesh on the bones of how we might achieve our aims?

John Battle: I will be delighted to read anything that the Conservatives publish. I cannot say that I have read the document but if the hon. Gentleman sends me a copy, I assure him that I will read it. It is amazing to hear the Conservatives speaking of "Power to the People". I sat on the Opposition Benches for 10 years and usually heard the opposite. However, this is not the occasion to become deeply divided politically about who is and who is not on the side of the people.

Chris Huhne: To support the right hon. Gentleman's point about microgeneration, does he agree that the more we decentralise and devolve sources of energy, the more resilient we are likely to be in coping both with natural disasters of the sort that we saw in his county of Yorkshire last summer and with terrorist outrages? We would have a portfolio of different energy sources, none of which we would be reliant on in the totality.

John Battle: I agree but perhaps the hon. Gentleman's background motive – this also applies to the response I gave to the hon. Member for Bexhill and Battle (Gregory Barker) – relates to the fact that the term "Power to the People" means engaging people so that they can be involved in formulating, building and owning the solutions to their problems. They therefore take some form of ownership. What do I mean by that? I mean that people and communities become personally engaged in microgeneration. I do not want them to do that because they fear that supplies through the gas pipeline may be cut off by the Russians; I want microgeneration to be seen as part of community building. Energy generation and waste management will have to take place in local communities and we will have to take more personal and community responsibility in the future.

One of the hallmarks of our culture is that we all watch "Neighbours" in our homes with the door shut. We know everything about Ramsay street in Australia, but no one here has a clue who lives in the flat above them or in the street alongside. What we do in neighbourhoods may play a part in rebuilding and refabricating new communities, and the energy and waste management issues will be key to that. However, let us look at that in the positive terms of building relationships and new systems rather than through acting out of fear.

On that note, I congratulate the Government on introducing eco-communities. I do not know whether the concept of eco-communities appears in the Conservative's pamphlet, but that notion could be radically deepened and expanded. We should have a debate and engage people in this issue; otherwise they will be left only with the fantastic targets. They hear about Kyoto and Bali and they think big numbers, but then they ask themselves what they can do. They think that it is laudable that the Government are setting targets for the reduction of carbon emissions that are miles ahead of those set by everyone else, and we are about to build those targets into law through the Climate Change Bill. We are miles ahead of the rest of Europe, which is quite positive on this issue, and we have managed to get the Americans to catch up a little, but I fear that those big figures, including the one that says that we should not increase the warming of the planet by 2°C, only lead people to ask what they can do about managing the whole planet. There is a disconnection between what a person can do and the targets we are setting.

The target that all homes should be carbon zero by 2016 is laudable, and I say to the hon. Member for Eastleigh (Chris Huhne) that I am pretty sure – perhaps the Minister can confirm this – that the Home Builders Federation is signed up to the zero-carbon targets. I do not want to set house builders against the microgenerators; I do not think that they are at odds. A conversation is going on and a consensus is building that could be useful. However, even if we have the target of zero-carbon homes by 2016, people at the ground floor level will ask what they can do about it. They need to be part of the conversation in a practical way. That is why the Bill reverse engineers the whole process. Rather than setting targets that are left there hanging nebulously, let us try to build the targets into the buildings in the new communities and address the problem through the planning system and local authorities.

I welcome the Bill and applaud the hon. Member for Stevenage for the work that he has put in. *[Interruption.]* Did I get the constituency of the hon. Member for Sevenoaks wrong? What did I say? [HON. MEMBERS: " Stevenage."] I do apologise; Stevenage is the new town. I also applaud my hon. Friend the Member for Gower (Mr. Caton), who has insisted that we rightly keep this issue in the forefront of our minds. Eventually, we will get there. In that spirit, I suggest that this is a modest and reasonable little Bill, and I will be surprised if the Minister says that it is not necessary and that it is all done. We have much more to do. In response to all the contributions I have heard today, I simply say that this matter will not go away. Whether the Bill does or does not go through, we have a lot of work to do to embed its spirit and intention within our communities.

10.25 am

Mr. Nick Hurd (Ruislip-Northwood) (Con): It is a pleasure to follow the right hon. Member for Leeds, West (John Battle). I was left feeling that if we are to be condemned to having a Labour Energy Minister, I rather wish that it were still him. I found myself agreeing with a great deal of what he said. I join him in congratulating my hon. Friend the Member for Sevenoaks (Mr. Fallon) on his good fortune in the ballot, on the pithy nature of his Bill and on the punch of his argument for its Second Reading.

I was in my hon. Friend's shoes this time last year when I proposed the Second Reading of the Sustainable Communities Bill. In essence, that Bill was about localism and its premise was that, when it came to decisions about local communities and their future, local people knew best. I am very happy to support this

[Mr. Nick Hurd]

Bill, because the same principle is at play here today. My Bill became an Act because it had strong cross-party support and because the central Government got comfortable with the view that it went within the grain of their localism agenda. This Bill is another test of how far the Government are prepared to go down that track. It fundamentally asks, "To what degree are we prepared to stimulate ambition, innovation and diversity among local authorities?"

This Bill sends out a very positive message to the market. It says, "Yes, in the face of the biggest challenge that we face"—namely the transformation of our energy infrastructure—"you, local authorities, be prepared to go beyond the minimum standard that we set in the centre. Help us raise the ground floor", to use the expression of the right hon. Member for Leeds, West that I liked. The Bill sends out a challenge to the most conservative of industries—the house building industry—to go the extra yard and be more efficient in delivering renewable energy and energy efficiency at a lower cost. That freedom will be put in statute, so that the industry and the market have certainty rather than be exposed to the capriciousness of central Government and the revolving ministerial door.

That is an extremely positive and simple message that sends a much stronger signal to the market than the message coming out of Government. As my hon. Friend the Member for Sevenoaks suggested, after 10 years of talking about climate change, the Government have only just got round to recognising what the Stern report trumpeted loud and clear and that we have followed up in our quality of life commission—that planning and land use are fundamental tools in our collective effort to get on top of emissions.

The Government's approach is in contrast to the Bill's simplicity. They drip out bland planning guidance that encourages action as long as it does not compromise other social objectives and that comes on top of a botched consultation on the national standards that we need. Anyone who has any doubt about that should listen to the evidence before the Environmental Audit Committee in its inquiry on sustainable homes. The Government's guidance also comes on top of the debacle on home information packs that we thrashed out many times in the Housing Bill. All that bends towards a target of zero-carbon homes by 2016, which sounds great on the airwaves but is not propped up by any credible detail or strategy for achieving or enforcing it. As the right hon. Member for Leeds, West suggested, surely by now, we have learned that simply expressing a remote target is not enough.

The background to the Bill is fundamentally one of failure. We are failing to control our emissions. As was said by the hon. Member for Carshalton and Wallington (Tom Brake), who speaks for the Liberal Democrats, emissions of CO_2 have risen since 1997. It is not enough for Ministers to stand at the Dispatch Box and keep talking about the Kyoto target. We know the background to it, and we know why we did well on that target. We know about its inadequacy, and about the scale of the challenge that we face in meeting the targets ahead of us. We know that we are not on top of our emissions.

Underpinning that general macro-failure is a chronic failure as regards our renewable energy strategy. I have been invited to speak at a few renewable energy conferences held by people who are trying to make money out of the industry, to finance the industry, or to deploy the technology, and I always ask three questions: "How many of you think that the Government's renewable energy strategy is a success?", "How many of you think that the UK is the most promising market for renewable energy in Europe?", and "How many of you think that we are on track to meet our 2010 target, let alone our 2020 target?" To date, I have seen only one hand go up in answer to those three questions, and the person concerned turned out to be a consultant to the Government. When it comes to renewable energy, the Government's strategy and credibility are in tatters.

As the hon. Gentleman who spoke for the Liberals pointed out, the reality is that we drastically underperform in Europe when it comes to the deployment and penetration of renewable energy. The Library note mentions the figure of 4 per cent. of total gross energy, that is compared to an EU average of 14 per cent., despite our having some of the best natural resources in Europe. The failure is not just in the relatively low levels of penetration and deployment; it is in the amount of money that we have spent to achieve the little that we have achieved. Both Ofgem and the National Audit Office have been coruscating in their criticism of the Government. The simple fact is that the very limited amount of renewable energy that we produce costs British taxpayers £1.4 billion a year. The cost per tonne of CO_2 abated is a staggering £110. By comparison, the average price of carbon under the EU emissions trading scheme in 2006 was about £11.50 a tonne.

We have achieved very little at a high cost, and it is clear that we need a different approach. That is why I wholly applaud the work done by our Front Benchers, particularly the hon. Member for Bexhill and Battle (Gregory Barker), through our paper, "Power to the People", which takes a different approach to decentralising energy.

The other failure that is relevant to the Bill is the failure to transform the energy efficiency of our housing stock. That is a crucial part of our collective approach to climate change, because 50 per cent. of emissions come from our buildings. When it comes to thermal performance, the UK has some of the worst housing stock in Europe. As the Liberal spokesman made clear, if we compare the dynamism and ambition of our Government to that found in Germany, it is frankly embarrassing.

Chris Huhne: On that point, the hon. Gentleman may note that in Sweden, where average January temperatures are 7° C below ours, the average household energy bill is £385 a year less than the average household energy bill in the United Kingdom. That is an extraordinary condemnation of our failure to get to grips with the issue that he raises.

Mr. Hurd: I thank the hon. Gentleman for that intervention. I have heard him make that point before. I think that it comes on the back of research that he has done, and it is an extremely powerful statistic. He will be aware of the frustration that is felt about the extraordinary paucity of ambition and energy shown

by the Government. We have to remind ourselves that back in March 1995 the current Prime Minister announced that the Labour Government would lead a major push for energy efficiency in the home. However, as the hon. Member for Cambridge (David Howarth) will know, the Association for the Conservation of Energy said to the Environmental Audit Committee that

"the energy efficiency industry as a whole...is extremely disappointed by the painfully slow progress towards introducing new economic instruments to improve household energy efficiency. Frankly, we are beginning to wonder whether it will *ever happen*"

The background to the Bill is one of failure, and we should recognise that. There has been no shortage of rhetoric from the Government. That rhetoric has its place, particularly on the international stage, but we must get to grips with the fact that there is failure of delivery on the ground. The problem is not a shortage of initiatives. The policy landscape is very full; in fact, it is cluttered, and there is lots of stuff going on, but it is all driven by the proposition that central Government have all the answers. The penny must soon drop, and we must soon realise that the levers that central Government are pulling are not necessarily connected to anything.

As the right hon. Member for Leeds, West suggested, we need to take a different approach. We should realise that if we are to encourage people to change their values and behaviour over economic cycles and across generations, we have to engage them in a bottom-up process, and involves them in their communities. There has been chronic failure to do so, and an opportunity has been missed. Local authorities are closer to their communities and are more trusted than central Government.

The reality is that local authorities are not adequately engaged. They are major stakeholders in the debate. They are huge estate managers; 25 per cent. of the housing stock in this country is social housing, which is their responsibility, directly or indirectly. They are service providers, who must help us to manage waste and enforce building regulations. They are enablers, and play a role through Warm Front and the energy efficiency commitment. They ought to be standing shoulder to shoulder with central Government as partners in that collective effort, but they are not. As the National Audit Office pointed out to the Environmental Audit Committee in a 2007 report:

"Although over 200 local authorities have made high level commitments to climate change...analysis suggests a mixed picture of performance, with few replicating the achievements of the best."

I am struck by how often we come back to the examples of Woking and Merton in such debates—there are no other names in the frame. However, things are happening out there, as my hon. Friend the Member for East Surrey (Mr. Ainsworth) said. I draw particular attention to Kirklees, which is enormously innovative and energetic on such issues. My council, Hillingdon, is one of the 100 authorities that are beginning to deploy some of the principles behind the Merton rule, in their own way. We need more leaders. The Bill is attractive because it sends a strong signal to the market to encourage people to lead, not through imposing targets but by giving local authorities real power. The Bill is therefore a step in the right direction.

10.37 am

Angela Watkinson (Upminster) (Con): I begin by congratulating my hon. Friend the Member for Sevenoaks (Mr. Fallon) on bringing forward this eminently sensible and worthy Bill. I hope that the consensus that there has been so far will continue until the Minister's comments at the end of the debate. The Bill has been described as small; it is indeed brief and concise, and its purpose is to enshrine the Merton rule in primary legislation. That will make an important contribution towards the Government's 2016 targets on zero-carbon homes.

The Merton rule requires all new non-residential developments of a certain size to generate at least 10 per cent. of their energy on-site from renewable sources. The policy was adopted in October 2003 in Merton's unitary development plan, and it has since been adopted by a number of other councils—the figure that has been mentioned today is 100. Compliance with the policy is a condition of planning consent. Until the condition is signed off, the development will not be legal. I am delighted to be able to announce to my hon. Friend the Member for Sevenoaks and the rest of the House that the excellent London borough of Havering—my forward-thinking, efficient council—has already introduced its own policy, which requires new developments to include a target of at least 20 per cent. of renewable energy in its large non-residential developments. I am grateful to the Local Government Association for sending me a note about that, just in case I had not been aware of it; I was, but had I not been, the note would have been very useful.

One thing that I hope will come out of the debates in Committee is how the effects will be measured and monitored when the policies are adopted by local authorities. Having the target and the policy enshrined in the plans is one thing; ensuring that the policy is working and being achieved is another. We need to be imaginative in looking at developments after they have been built, when they are occupied and in use, to ensure that they are achieving the 20 per cent.—or, in other local authority areas, perhaps 10 per cent.—target. That needs to be a reality, not just an aspiration.

I am sure that all colleagues here will regularly have received letters from constituents who assume that MPs have powers over local planning. One of my constituents wrote me a notable letter saying, "You're in charge of the local council. Why did you not stop it granting this planning application?" Such constituents are often disappointed to hear that MPs are not involved in planning applications; this Bill, however, is an example of when MPs can indeed influence the planning process. I wish the Bill well; I have not yet heard one comment against it in this debate, so I am optimistic. I do not wish to put any pressure on the Minister, but I give him every encouragement to join the consensus.

Colleagues as ancient as I am—especially those brought up in cities; I was brought up in London, but other cities were probably the same in this regard—will recall the smogs of yesteryear: those extremely unhealthy, thick yellow fogs from the days when solid fuels were the main source of energy. People actually went out in masks, and we all welcomed the Clean Air Acts of the 1950s and 1960s.

[Angela Watkinson]

Progress is continually made on energy use and production, and we now encourage individuals not to waste energy; there is an important distinction between using and wasting energy. People are now willing to leave their cars at home and walk if their journey is short, they have no heavy equipment to carry and it is not pouring with rain. People now make choices about when to use their cars, but not so long ago they might have got into their cars automatically, no matter where they were going. That change has meant a reduction in energy consumption.

When people flick the switches in their homes, they expect the light to come on; when they switch on their central heating or gas fires, they expect their homes to become warm. We have to strike a sensible balance between energy use and the general necessities and comforts of life on the one hand, and excessive use and waste on the other. That message is now reaching the general public and there is a great deal of co-operation as people try to reduce their energy use and energy bills; that is particularly pertinent at the moment, because energy costs are rising alarmingly.

The situation may be more difficult for low-income families, who could not consider solar panels or even a new central heating boiler. They might have an old, inefficient boiler but not have the income to replace it. However, there are lots of things that everybody can do without suffering any inconvenience—not leaving electrical equipment on standby and switching off lights when they leave rooms, for example. I and people like me have done such things all our lives; I remember the post-war years when there was a shortage and nobody wasted anything. I no longer save string or brown paper, but I have a lifelong habit of not wasting energy—I do not put more water than is necessary into the kettle, for instance. Such ideas are new to the younger generation, but huge swathes of the population have been aware of them all their lives, and the habits are being reintroduced. Individually, such simple economies do not make a huge difference, but collectively they do.

In encouraging conservation in energy use in large non-residential developments, the Bill will make a significant contribution. Local authorities are looking for all sorts of ways to help the moves towards reducing carbon emissions and making zero-carbon homes. Some local authorities will consider making energy from waste, provided that there is community consent and that the waste being burned is residual and contains nothing that could be recycled. Contaminated plastics, for example, have a high energy content and little other use. However, the process needs to be small in scale so that it does not encourage lots of lorry movements bringing waste from A to B. The burning process needs to be modern, clean and efficient. Local authorities are generally considering every possible way of reducing energy needs and making everything as efficient as possible.

We are setting a good example in this country, which produces comparatively few carbon emissions. In global terms, what we can achieve is probably modest, but in setting a good example to other countries, what we can achieve is important and cannot be underestimated.

John Battle: The hon. Lady has focused on personal contributions. However, does she agree that we must ensure that the new, renewable technologies are developed, encouraged and fostered? They are an example of good science: good, practical engineering imagination goes into the new ideas on tackling the challenges. Such technologies mean the provision of the jobs of the future as well as tackling the emissions challenge. They will involve a new set of industries that will provide new jobs for the youngsters of today. We have to be encouraging and get the framework right so that those new technologies and businesses can get going as well.

Angela Watkinson: The right hon. Gentleman is absolutely right; we need to consider such education and training for very young children so that they are focused on the widening job opportunities in engineering, technology and development, which will become ever more modern. We need to keep up with the latest developments and have the imagination to initiate them. That contribution will be extremely important—not only nationally, but internationally.

I urge all Members to support the Bill and I am hopeful that the Minister will join the consensus in this debate. I have carefully considered the Bill and cannot foresee any reason why the Minister would not allow it to proceed to Committee if this Second Reading reaches a positive conclusion.

10.48 am

Gregory Barker (Bexhill and Battle) (Con): It is a great pleasure to speak on behalf of the official Opposition in strong favour of this excellent Bill introduced by my hon. Friend the Member for Sevenoaks (Mr. Fallon). I am pleased that it bears a striking resemblance to an amendment that I tabled to the Climate Change Bill during the last Session. The cause has a good history, not least that of the battle fought by the hon. Member for Gower (Mr. Caton). We recognise the efforts on both sides of the House to give statutory standing to the localist agenda at the heart of this new and badly needed legislation.

This has been a very worthwhile and particularly good Friday morning debate. All the contributions from both sides of the House have been extremely positive and insightful, drawing on the great experience of the Members who are here. Many Members support this measure, including the right hon. Member for Leeds, West (John Battle), the hon. Members for Gower and for Carshalton and Wallington (Tom Brake), and my hon. Friends the Members for Ruislip-Northwood (Mr. Hurd) and for Upminster (Angela Watkinson), who all made worthwhile and forceful contributions to the debate.

The Bill is an excellent piece of workmanlike drafting; it does exactly what it says on the tin. I commend my hon. Friend the Member for Sevenoaks for his brevity. In just a page, it could achieve a paradigm shift in the pursuit of climate change policy.

Members need little reminding of the economic and human necessity of acting now to restrict the worst impacts of climate change. The latest report from the intergovernmental panel on climate change states in the strongest language yet that the scientific evidence is now overwhelming. The case for economic action now rather than later is also increasingly clear thanks to the work of Lord Stern. Yet despite the seemingly widespread acceptance of those facts across the House,

the policies of this Government, while generally heading in the right direction, lack sufficient ambition and urgency and the vision that is needed to meet the scale of the global warming challenge within the time frame that we now know is necessary. The Government's record on carbon reduction and low-carbon technology deployment here in Britain is disappointing to say the least.

Credit is due to the Government for introducing the Climate Change Bill; we look forward to working constructively with them to toughen it up when it reaches the Commons shortly. However, unless there is a clear layer of policies beneath the Bill to deliver real change in our economy, it will have been a waste of time and risks just becoming an effective way to audit our failures. On its own, it will not deliver the changes that we need to make—the dynamic industrial changes, the changes in consumer behaviour, the changes in Government policy—if we are to rise to the challenge of a low-carbon future.

Despite three consecutive Labour manifesto promises to cut emissions by 20 per cent. by 2010, it is a matter of record that total UK carbon emissions have risen since 1997. If the Government had a record to boast of in this regard, perhaps there would be less passion and less need for my hon. Friend's Bill, but all the evidence and all our experience show that the drive and impetus for the radical changes that we need to make in the UK are coming from the bottom, not the top. In 2006, emissions fell by just 0.1 per cent., despite the great help from some of the warmest weather on record. In 2006, Labour's manifesto commitment was quietly dropped in favour of a watered down target of 15 per cent. by 2010.

John Battle: Just for the record, emissions are sometimes the result of warm weather because the greatest use of energy and cause of crises on the grid is usually in the summer when people rush out to buy fans for cooling. Use of energy is not a function of whether the weather is warm or cold. I make that point because there is a great misconception about where the stresses and strains are.

Gregory Barker: The right hon. Gentleman makes a good point, but I was referring to mild winters when air conditioning is not typically used, rather than hot summers. Air conditioning, unlike winter energy use, is growing rapidly and is very energy-intensive. We need to tackle that if we are to crack this problem.

In the same year that the manifesto commitment was dropped, the then Chancellor pledged in his Budget £20 million—not a great sum, but welcome nevertheless—to energy efficiency, but only a quarter of those funds made it through into efficiency projects. Last year, the Government cut around £300 million from their DEFRA climate change initiatives, including recycling, energy conservation and emissions reduction programmes. The existing capital grant scheme for microgeneration technologies—the low-carbon buildings programme—has been insufficient from the outset. The grants on offer were so undersupplied that they typically ran out after 30 minutes of being available on the internet on the first day of each month. Since then, the low-carbon buildings programme has descended into little more than a farce. In the past 12 months, there have been no fewer than five major changes to the grants programme, including a reduction in the maximum grant per household from a really worthwhile £15,000 to just £2,500.

Then, the new Prime Minister, five months into his premiership, finally made his first foray into the climate change debate. That speech was welcomed in advance, but what was the big idea at the centre of his new climate change strategy? It was a consultation on plastic bags—welcome, but not exactly commensurate with the scale of the challenge of global warming. Do these actions suggest that the Prime Minister is making Britain's low-carbon future a real priority? Sadly, I do not think so.

That is why, in Britain in the early part of the 21st century, we are now so reliant on local initiatives. There is, in direct contrast to the inertia at the centre of Government, excitement, passion, drive and determination to push some of the most progressive and innovative schemes coming up from the local level. There is real support in our communities, and there are great things going on in our local councils, universities, local organisations and community action groups, with people pushing for genuine change.

Tom Brake: I would like to draw the hon. Gentleman's attention to my constituent Russell Smith who set up a company called Parity Projects. Members should be able to see on his website the readings from his own house on heat loss according to the different insulation materials that he has installed. They show the effectiveness of the various measures that he has implemented.

Gregory Barker: That is a terrific plug for a very good and welcome innovation.

Ultimately, if we are honest, all these measures, while making a contribution, will not be enough unless we have dynamic industrial change and real leadership at the centre, but it appears that we are going to have to wait for a change of Government for that. In the interim, the best that we can hope for is that the lead will be given not from the centre but from the community.

John Battle: The hon. Gentleman should be fair. Many of those projects are funded by grant from central Government, including Susan Rolfe's house in Oxford, which got the first solar panels. Sometimes the spark has been provided by assistance and funding from central Government. It is not the case that there is no support for initiatives, but it is a question of connection and scale.

Gregory Barker: The right hon. Gentleman is right, although grants are not necessarily the best way of supporting innovation and diversity. We believe that feed-in tariffs giving long-term support for microgeneration represent a better way. That is outlined in our pamphlet "Power to the People: the decentralised energy revolution". However, if we are going to have a grant scheme, we should fund it properly so that there are examplars. As I mentioned earlier, the maximum grant has been cut from £15,000 to £2,500. I wonder how much money the

[Gregory Barker]

excellent project the right hon. Gentleman referred to benefited from, because I would wager that if that was attempted again with the grants that are currently available, it would struggle to put together the finances.

John Battle: I am looking forward to reading the hon. Gentleman's pamphlet, because I hope his proposals stretch right across the piece and do not look at the Warm Front budget alone. I was a Science Minister, and I suggest the hon. Gentleman look at the science budget, including for the research councils. Where does he think the funding for many of the new science and technology developments came from? It came from Government to the science research councils and then through to universities, technology colleges and institutes. This issue must be looked at in the round, because more is happening than the hon. Gentleman might be prepared to acknowledge.

Gregory Barker: That is absolutely right, and I acknowledge the right hon. Gentleman's considerable experience in, and knowledge of, this sector. Our universities and research centres are among the best in the world, and it is only fair to say that there has been an increase in funding, which is to the Government's credit. However, I cannot think of one other G8 country that spends a lower proportion of its GDP on research and development than Great Britain. The general direction of travel under this Government, who lauded their support for science and research and development when in opposition, is downwards almost year on year. That is very unfortunate. The right hon. Gentleman is right to say that we have extraordinary creative genius in this country and some of the most talented individuals, and I believe that the solutions to many of the greatest challenges we face are locked in our universities. They can play a huge role in allowing this country to facilitate those solutions not only by leading by example, but by sharing information, solutions and technology. Unfortunately however, under this Government we are not realising our potential. We have huge potential. We see it, but, sadly, the Government are not unlocking or exploiting it.

John Battle: It is important that we get the facts right. The *Financial Times* publishes investment in research and development and it shows that our Government invest more than other Governments across Europe—and including America now. The failure is in the private sector, where businesses and other concerns do not put enough of their own profits back into research. That is the gap that we need to address. It is not fair simply to say that the Government do not invest as much in research and development as other countries. We must look at where investment comes from, and that is a complex issue.

Gregory Barker: The Government are pretty quick to claim credit for private sector investment when that goes up, and to claim the credit for growth in the economy; all that growth comes from the private sector. The Government have a responsibility to create an environment in which companies come forward to invest in research and development and to put in place a long-term framework. On any count, it is clear that the Government have failed to do that. That is simply because there is not the vision, the ambition or the determination to create the innovative, skills-based economy with a long-term direction that we desperately need. That is one reason why good local initiatives are so badly needed, and why the Bill deserves our full support.

When, in 2003, Merton council took the bold step of setting a 10 per cent. target for on-site renewable generation, it helped to spark an unprecedented investment in the microgen sector. Investors felt that frameworks such as Merton could provide a long-term marketplace for the developers and manufacturers of small-scale, low-carbon technologies.

On the path towards the zero-carbon homes target in 2016, there are stepped increases in minimum standards for public sector housing projects. In 2013, the standards jump to a 44 per cent. efficiency improvement on today's standards—or level 4 in the code for sustainable homes. That is ambitious. There is concern in the microgen sector, voiced by industry groups such as the Micropower Council, that this large increase could result in a huge increase in demand for microgeneration in a short period of time, and that unless careful thought and preparation goes into anticipating that, the industry will struggle to meet it. That is because previous minimum standards could be met through energy efficiency measures alone, whereas it believes that the 44 per cent. standard could not, which would demand that that standard is met by on-site renewables in almost all cases. Many of the manufacturers argue that at its current level the microgeneration sector could not supply that demand, and that that failure would seriously upset the 2016 zero-carbon homes target.

Merton rules provide the longer term security for continued and sustained investment in the microgeneration sector and will allow it to match demand as standards are ratcheted up. We need that sustained growth in microgeneration. The Government's response to the Merton rule has been typically shambolic and dithering. In a written statement to the House in June of last year, the then Minister for Housing and Planning, the right hon. Member for Pontefract and Castleford (Yvette Cooper), endorsed the rule, in what many thought was a welcome move. She said:

"the Government expect all planning authorities to include policies in their development plans that require a percentage of the energy in new developments to come from on-site renewables"—[*Official Report*, 8 June 2006; Vol. 447, c. 33WS.]

Those were sound words.

The statement encouraged yet more councils up and down the country to set such rules according to their local needs—dealing with on-site renewables and energy efficiency in residential and commercial properties as appropriate. Although it is still early for these schemes to be judged, the early adopters, such as Merton and Croydon, have met with considerable success, and, with no significant impact on building rates in those areas, the rules provided a lifeline to the renewables industry and began to lower the shamefully high emissions of our property stock.

Yet, sadly, following intense lobbying from the house building sector—uneasy with change and keen to preserve its one-size-fits-all production methods—the Minister, wielding the empty threat of a slowdown in the housing market, performed a dramatic U-turn on

her statement. On Tuesday 23 August, a leaked document from the Department for Communities and Local Government argued:

> "Planning authorities should...focus on local development or site specific opportunities, and avoid blanket requirements applying across extensive areas with a broad range of development proposals and circumstances."

That clumsy U-turn did untold damage to the microgen sector, set a hare running in the press and created uncertainty, which is bad for investment and confidence, and it was broadly condemned by environmental non-governmental organisations, trade associations and environmental campaigners, as well as by many authoritative commentators.

Therefore, when Ministers assure us that the change of heart in December's planning policy statement now supports Merton-style rules, how can we believe them? Can the innovative talents in the microgen sector now go to their investors with a straight face and say, "Don't worry; the U-turn's been U-turned and we've now got a new turn"?

The Bill is important precisely because of this culture of uncertainty and dither that lies at the very heart of the Government. The Bill will replace dither with clear statute. Short, pithy and to the point, it will give certainty. As has been said, it is a permissive Bill; it will give new rights, not impose regulations. It will enshrine the rights of local councils to make their own proposals for renewable targets within reasonable limits in law. It will prevent the unseen hand of Whitehall choking off local initiatives. There was a brazen example of that earlier last year, when the Yorkshire and Humber development plan was scrutinised by the former Minister. Its on-site renewable target mysteriously disappeared.

The Bill would protect in law the right of local councils to set targets while ensuring that they are reached through the public process of consultation on a development plan. I am sure that the Minister will claim that the planning policy statement in soon-to-be published guidance will give all councils guidelines on making the targets. How is a centralised diktat better at meeting local targets than local planning officers acting in consultation with local property owners and developers, local people and communities and locally elected councillors?

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright) *rose—*

Gregory Barker: I would be delighted to hear from the Minister.

Mr. Wright: I am listening to the hon. Gentleman's speech extremely closely. Will he inform the House precisely where in the planning policy statement it ensures that there is a central diktat?

Gregory Barker: That is what a planning policy statement is—it is a diktat that comes from central Government on high. Planning guidance has the weight of law, but it is not debated and it is not accountable in the same way.

Let us consider the example of inner-city areas, and, in particular, high-rise developments, where it is harder to place renewables on site. In such circumstances, near-site renewables or dedicated generation may be a better solution. The exact definition of an acceptable near-site renewable could be decided on, as appropriate, within each local authority's development plan. We should trust local communities to get the solution that is right for their area. The Government's approach is typical of their one-size-fits-all, centrally-controlling mentality. Who is to say that the next planning policy statement will not flip-flop back against the rules, promoting again the Government's centralised targets-setting policy, which raises only the floor and leaves no opportunity to raise the ceiling?

The Bill may stipulate energy efficiency in the mix too. It is incredibly important that while building standards drive up the underachieving councils, councils with the vision to see the benefits and leadership involved in moving ahead, and with the support of their communities to do so, are given the ability to drive progress in their area and create beacons of excellence.

Mr. Caton: One of the problems with relying solely on building standards to improve energy efficiency is that even our existing building standards, which do not set high enough targets as yet, are not being enforced. Many of those present in the Chamber are either members or former members of the Environmental Audit Committee. It has taken evidence that showed that more than 30 per cent. of new houses are built below existing building regulations standards. Planning can thus help to fill that gap.

Gregory Barker: The hon. Gentleman is spot on. I think I am right in saying that there has not been a single prosecution for breaches of those standards—perhaps the Minister could inform us of any such prosecution. The standards might be a good idea in Whitehall, but they are not being implemented in the country. It would be far better to give local communities local ownership of, and input in, these matters.

Mr. Wright: I agree with the sentiments expressed by my hon. Friend the Member for Gower (Mr. Caton) and the hon. Gentleman. Would the hon. Gentleman join me in welcoming the clauses in the Housing and Regeneration Bill that extend the time limits for prosecutions of building regulations breaches from six months to two years? They will enable us to capture a lot more breaches and many more prosecutions will take place.

Gregory Barker: That Bill will not capture a lot more, because we are not currently capturing any at all. If it catches one, that will be an improvement. I do not want the time limit for prosecutions to go from six months to two years—I want the Government to get on with the job and start prosecuting shoddy cowboy builders and irresponsible developers. I want them to enforce the existing legislation, rather than seek longer time to do the job that the Minister and the rest of this inefficient and calamitous Government are failing to do now.

Mr. Wright: The hon. Gentleman is missing the point. The extension to the time limits is necessary precisely because we need more evidence to ensure that those shoddy cowboy builders are prosecuted. Surely he welcomes that.

Gregory Barker: I am certainly not opposed to it in principle, although I am not familiar with the Housing and Regeneration Bill. I would be more comfortable about doing that if I really thought that a strong effort was going into prosecuting as things stand. I do not want us just to give more wriggle room. However, I hear what the Minister is saying.

Some councils may allow developers to account for some of their target through efficiency measures and others may set independent targets for microgeneration and efficiency. There are concerns that there may be a plethora of new efficiency standards as a result of the Planning and Energy Bill, but the current wave of Merton rules has produced no such complexity. It is clear that it is far more time-efficient for most local authorities to use existing codes, such as the Government's sustainable homes code, than to develop completely new standards from scratch. The rule also gives a welcome chance to smaller, local property developers to serve their local market. Larger developers, who have a more unwieldy, mass-produced product to adapt, might not as easily tap into such a market. We could thus use the benefits of local knowledge and of involving small entrepreneurs.

If we are really serious about tackling climate change, every aspect of government must be prepared for dynamic change. We must also be prepared to challenge the status quo. This Government have proved that business as usual will simply not deliver the speed of transformation in our economy that we need. We must foster excellence in innovation and new technology, invest in and develop burgeoning green technologies, and we must look ahead and be far more ambitious in their deployment. Rather than pick individual technological winners centrally, or dictate from Whitehall planning guidance that is uncertain in the long term and unsuitably broad brush in its approach for the needs of localism, the Bill would allow and empower those communities who are most able—often those where land values are higher—and most willing to blaze a trail for others to follow.

The Bill would allow the right solutions to reach the endlessly varied parts of this country and give us at least a fighting chance of reaching our 2016 zero-carbon homes target. The Government claim from time to time to back Merton-style rules. Indeed, the former Minister for Housing—now Chief Secretary to the Treasury—has called the PPS solution Merton plus. If she had been truly convinced of the importance of market certainty to developing our microgen sector and of the power and effectiveness of Merton rules, she surely would have joined us by giving local authorities the statutory right to set them.

Before I conclude, I should like to cite the word of the president of the Royal Institute of British Architects, Jack Pringle. He has said:

"The RIBA strongly believes that local authorities should be free to demand higher building standards than those set nationally. Individual local authorities can play a huge role in driving innovation and can themselves become beacons of sustainability. If the reports are true and this ability will be lost, that will be detrimental to the government's goal of reducing carbon emissions from buildings."

In this time of Government dithering, business certainty is vital. This Bill has the potential to provide that in one area at least. It does exactly what it says on the tin. One would expect something crisp, sharp, pithy and non-regulatory from my hon. Friend the Member for Sevenoaks, who is a tireless and redoubtable member of the Treasury Committee and a hammer of needless regulation and burdensome government. The Bill has also proved him to be a champion of modern localism. He has not only captured the spirit of a new political age in the Bill, but he has endeavoured to give our local communities, which are far more ambitious and more progressive than this inert Government, the power to begin the job that we will finish.

11.19 am

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright): I begin by welcoming the spirit in which the debate has taken place today, and the intent, manner and sentiment behind the Bill, although that was spoilt somewhat by the partisan approach of the hon. Member for Bexhill and Battle (Gregory Barker).

I am glad that we have moved on. We have all come a long way in 20 years, not least the hon. Member for Sevenoaks (Mr. Fallon). As a north-eastern MP, I remember him as a former Member for Darlington. There has always been a lot of animosity between Darlington and Hartlepool, largely as a result of football clubs, but I hope we do not see any of that animosity today. About 20 years ago, climate change was so low on the political radar that when Margaret Thatcher's chief scientific adviser warned her about the threat of global warming she is said to have replied, "Are you seriously telling me that I should have to worry about the weather?" That is important; we have moved on because climate change is of profound concern to us all today. The weight of scientific evidence is irrefutable.

Mr. Hurd: Would the Minister acknowledge that Mrs. Thatcher was the first mainstream world leader to put climate change on the global agenda?

Mr. Wright: I would still maintain that throughout the 1980s, climate change was not one of the Thatcher Administration's main concerns, and this Government have progressively ensured that it has moved further and further up the political agenda.

Before I move on, I pay tribute to the hon. Member for Upminster (Angela Watkinson), whose comments resonated a lot with what I think. I shall not say too much about energy efficiency, but her point about going round turning lights off resonates with me. I am a father of four children and I seem to spend my weekends doing exactly that. As the hon. Lady was speaking, I recalled the scene in the BBC comedy series "The Royle Family", where they were sat on the sofa and Caroline Aherne's character, I think, said, "Where were you, Dad, when Kennedy was shot?" and he said, "I've no idea, but I'm sure our immersion heater was on"—very similar to our household.

We are moving towards a powerful international consensus that urgent action is needed to tackle climate change. The evidence suggests that human activity is a major cause of climate change, and that evidence is growing. This state of affairs does not just affect climate change and energy policy; it will have major global repercussions for things such as migration, economic development and economic policy. We need to tackle the problem in the round.

I would like to describe some of the actions being taken by the Government to address climate change, particularly through housing and planning legislation. The benefits in particular of the planning policy statement on climate change that was published in December are central to my argument Unfortunately, when that guidance was published, the results of the ballot had already come through for the hon. Member for Sevenoaks. He may correct me on this, but had he been aware of the PPS, he would have been aware that his Bill would be superseded by it, and he might have changed his mind regarding its content. The PPS renders the hon. Gentleman's proposals unnecessary. It achieves the same ends, and there is a strong consensus throughout the House on the basis of those ends. The Government cannot support the Bill. Although we support the ends, we can achieve them through different means.

David Howarth: Given what the Minister has said, will he put on the record that the Government's new policy position makes lawful and acceptable the rule that the local authority in Cambridge put forward and had rejected? That rule stated that developers have to provide evidence of how they have minimised energy consumption, maximised energy efficiency and considered the feasibility of combined heat and power. If he can put on the record that such a rule is okay, I shall go along with what he is saying. Otherwise, the Bill is necessary.

Mr. Wright: I am unfamiliar with the Cambridge example, and I do not want to box myself in. Having said that, the planning policy statement states that local authorities should have climate change and its mitigation at the heart of what they do in their local planning documents. In that respect, I imagine that Cambridge should be doing exactly that. I hope that answers his question.

I have been struck by some of the comments made in defence of the Bill, and I wrote some of them down, such as, "It makes nobody do anything". I approach such matters on the principle that legislation should make somebody do something—[HON. MEMBERS: "Oh!"] Opposition Members surely accept that there needs to be an absolute reason for legislation. That is the whole point of our being in this House—to make things a lot better. The concerns raised by Opposition Members surprise me, because we need to ensure that climate change is mitigated as effectively as possible, bearing in mind the fast-moving elements involved and the changes in technology. The planning policy statement helps to address that.

Although I have a problem with the fundamentals of the Bill, I agree with all the sentiments expressed today about the need to take radical action to tackle climate change. Indeed, as the hon. Member for Bexhill and Battle acknowledged most graciously, the Government are leading the world in taking the tough action needed through our Climate Change Bill. That is currently in the other place, and it sets out our plans to tackle climate change in the next 50 years. It demonstrates to the world that we are determined to take the tough decisions needed, and that we will not ask any country, especially the poorer ones, to take any steps that we are not prepared to take ourselves. That Bill is the first of its kind anywhere in the world, setting clear legally binding targets to reduce carbon dioxide levels by at least 60 per cent. by 2050, and by 26 to 32 per cent. by 2020, based on 1990 levels. It will provide a new system of legally binding five-year carbon budgets, set at least 15 years ahead, which will provide clarity on the optimum pathway towards the key targets. I suggest to the House that that will offer greater certainty and confidence, facilitating the business planning and investment necessary to work towards a low-carbon economy.

Angela Watkinson: I was contemplating what points the Minister could possibly dredge up as objections to allowing the Bill a Second Reading, and I hope that he is not moving towards such an objection. Is he saying that the provisions of the Climate Change Bill encompass what the Planning and Energy Bill provides? Earlier, he said that this Bill does not achieve anything. Does he not agree that enshrining the Merton rule in primary legislation is a positive thing for the Bill to achieve?

Mr. Wright: The main thrust of my argument is twofold. First, as I shall come to later, last year's planning policy statement provides local authorities with what is required by the Bill, but gives us flexibility because we do not need primary legislation to deal with it. My second argument, which I shall advance in a moment, is that the range of legislation currently going through this House and the other place, such as the Climate Change Bill, the Energy Bill, the Planning Bill, most importantly, and the Housing and Regeneration Bill, provides other means by which we can achieve what is set out in this Bill. Because parliamentary time is extremely valuable, I would suggest that the Bill is not necessary. Our commitment to tackling climate change and ensuring that that can be done within the planning framework absolutely reflects what the hon. Member for Sevenoaks wants to achieve, but it achieves it by other means.

We need to ensure that every element of our economy and society can reinforce our ambitions to cut carbon emissions and tackle climate change throughout the fields of transport, buildings and industry. In my Department for Communities and Local Government, we are paying particular attention to what can be done to improve housing and planning in order to cut carbon emissions from buildings.

As I said to the hon. Member for Upminster, we also believe that the planning system has an important role to play in promoting the greater use of renewable energy. The Planning Bill has been introduced—it is in Committee at the moment—in order to promote a green and growing economy. The new planning rules set out stronger environmental requirements for local authorities, putting the tackling of climate change at the heart of the planning system for the first time. I understand that the Public Bill Committee considering

[Mr. Iain Wright]

that Bill will shortly be dealing with clause 147, which is entitled, "Development plan documents: climate change policies". That clause sets out that local authorities must include policies in their development plan documents that are

"designed to secure that the development and use of land in the local planning authority's area contributes to the mitigation of, and adaptation to, climate change."

In effect, the clause puts a duty on councils to take action on climate change in preparing their local plans. It does precisely what it says on the tin, and it also does what the Bill proposed by the hon. Member for Sevenoaks says on its tin. That duty has been welcomed by stakeholders because of the positive contribution that it will make.

Adam Price: Further to the point made by the hon. Member for Sevenoaks (Mr. Fallon), there are so many caveats in the planning policy statement that it is left open for developers to challenge. The policies will not therefore have the statutory force that they would if the Bill were passed.

Mr. Wright: I am not entirely certain what the hon. Gentleman is getting at. The point that I am advancing is that clause 147 of the Planning Bill, which will be debated very shortly, will introduce in primary legislation the very point that the hon. Member for Sevenoaks wants to make with his Bill.

Adam Price: The Minister just said that the clause will place a general duty to refer to climate change measures. It does not go into microgeneration or low-energy generation, which are what we are talking about today. The two things are related, but they are not the same.

Mr. Wright: I can understand the hon. Gentleman's point that the subjects are related. As an enabling Government, we are providing a web of policies, guidance and legislation to ensure that everything is captured, and at the same time we are ensuring that local authorities step up to the plate and make provisions according to their responsibilities on a range of matters—particularly on climate change and planning, but also on housing growth and economic development. We have adopted precisely the right approach. I hope that the hon. Gentleman would agree with me on that.

Section 19(2) of the Planning and Compulsory Purchase Act 2004 states that in preparing a development plan document, local planning authorities must have regard to

"national policies and advice contained in guidance issued by the Secretary of State".

That guidance includes the planning policy statement on climate change that we published last month—this is the point that the hon. Member for Carmarthen, East and Dinefwr (Adam Price) just touched upon—which will in effect set the parameters for implementing the duty set out in clause 147 of the Planning Bill. That clause, the requirements of the 2004 Act and the PPS together implement our proposal in the planning White Paper to legislate in order to set out clearly the role of local planning authorities in tackling energy efficiency and climate change. That should be welcomed by Members in all parties.

I am a junior Housing Minister, and that is incredibly important today—*[Laughter.]* I still have my phone on, though. The point has been made that housing contributes a great deal to our carbon emissions—something like 26 or 27 per cent. We need to do something to cut that. That is why—this has been mentioned time and again by hon. Members on both sides of the House—from 2016, all new homes will be zero-carbon. What do we mean by zero-carbon? The definition is that over the course of a year there will be net zero-carbon emissions from homes, including from heating, lighting and appliances—everything from the TV to the fridge. We are the first country in the world to be so ambitious, particularly when our ambitious targets for housing growth are considered. We want to have 3 million such homes by 2020 and 2 million by 2016.

There is agreement from green organisations and house builders that our goal is achievable. More than 170 organisations in the building industry have already signed up to our zero-carbon target. The recent review of the house building industry by John Calcutt confirmed that that industry has the skills and capacity to deliver environmentally sustainable housing growth. As Calcutt recommended, we will set up a delivery body to ensure that we reach that target. We will outline the details of that organisation shortly.

We already have a clear timetable for raising the energy efficiency standards of homes, with progressively tough standards enshrined in building regulations. In 2010, there will be a 25 per cent. improvement from 2006 in the number of homes built to comply with part L of the building standards. In 2013, there will be a 44 per cent. increase in those standards. We are putting in place a series of measures to set us firmly on the path of achieving the zero-carbon target. They include measures to promote energy efficiency, and also to promote the greater use of renewable energy. One method alone, I suggest, will not be enough.

With a demanding national timetable, it is important that councils have a strategic local lead, including through their planning responsibilities. Our new planning rules, backed by the climate duty in the Planning Bill, provide a strong framework for the collaborative and responsible working needed to make that happen. *[Interruption.]* Perhaps the hon. Member for Upminster would agree that someone has left the kettle on. They have put too much water in it, and it keeps boiling and boiling.

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. If the Minister goes on like that, there will be great confusion in the *Official Report*.

Mr. Wright: I stand corrected, Mr. Deputy Speaker.

We have also talked about the code for sustainable homes. Again, this is an important point. The Housing and Regeneration Bill is in Committee. The hon. Member for Ruislip-Northwood (Mr. Hurd), who is a member of that Committee, has to suffer my company daily. That Bill will make it mandatory for all new homes to be rated against the code for sustainable homes. The code demonstrates the overall

sustainability of each new home—not just in energy efficiency, but in water use. Standards set out in the code match up with the progressively demanding building regulations that will be introduced. Code level 6 represents zero-carbon and exemplary development in energy and water efficiency.

By making it mandatory for homes to have a sustainability rating, we are providing the information that consumers need to make informed judgments when they buy. Homes built to higher code levels, for example, are likely to have lower fuel bills, which any prospective buyer will consider important. They will move the market accordingly. Fridge ratings could form an analogy. Five or 10 years ago, people did not know what fridge ratings were, and now no one would buy a fridge or other white appliance if it was not energy rated. I think that homes will go down a similar path.

It is not mandatory for all homes to be assessed. In some circumstances, developers will be building only to minimum building regulations and there is no need to make them pay for an unnecessary assessment. However, English Partnerships is already building at code level 3. The Housing Corporation will join it for the next affordable housing programme. That will give developers that are building mixed developments a choice about whether they want to be seen to build homes that are less sustainable than Government-funded housing programmes. They will have to consider that when they market their new homes. We are already seeing movement in the building industry to support the code. Developers can already use the code voluntarily. Berkeley Homes, for example, has already committed to building all new homes to code level 3.

Local planning authorities are already working with developers in innovative and imaginative ways to help us to meet our house building targets and to ensure that those houses are more stable and resilient, so that they can deal with the challenges posed by climate change, such as more extreme weather and floods. We also believe that we need to develop a similar approach for non-domestic buildings, so that all new shops, offices and so on would have to be zero-carbon. The work undertaken by the UK Green Building Council suggests that it would be possible, in the right circumstances, for the majority of non-domestic buildings to be zero-carbon by 2020. We are considering those findings.

The final element that I want to mention is the biggie: last month's planning policy statement on climate change. It has four main themes. The first is the aim to ensure that local plans have strong carbon ambitions and targets. That will fully integrate tackling climate change into all planning policy. It will ensure that councils will take such issues into account when considering the location for new developments so that they can take full advantage of local renewable and low-carbon energy opportunities. The PPS emphasises the need for delivery, accelerating action so that plans do not simply sit on shelves.

Secondly, to pick up on a point that my right hon. Friend the Member for Leeds, West (John Battle) made and about which I am excited, the PPS represents a major direction that energy policy can take in the next century. It will help deliver decentralised, renewable and low-carbon energy and expect new development to incorporate local renewable and low-carbon energy when viable. In the Housing and Regeneration Bill Public Bill Committee, we are currently discussing the right to buy and the relative merits and demerits of that. It goes without saying that many communities felt empowered by that in the 1980s and 1990s. Decentralising the energy network, whereby local communities have some sort of facility to generate electricity, feed it into the national grid and be paid for it, could be a modern way in which to empower new local communities and provide genuine community spirit. The PPS facilitates that.

Many councils are already adopting policies and development plans that require a percentage of the energy in new developments to come from on-site renewables when that is viable. As has been said time and again, that is known as the Merton rule. It follows the example in 2003 of the London borough of Merton, which established a policy whereby new residential developments over a specific size were expected to incorporate renewable energy production equipment to provide at least 10 per cent. of predicted energy requirements.

Although the idea has been somewhat derided, I believe that the PPS goes even further and embeds Merton plus rules in all councils. That means that we expect a council-wide, Merton-style rule for cutting carbon by using local renewable and low-carbon energy in new development as well as tailored targets for sites where there are bigger opportunities than the council-wide target. We do not want the average to be the height of ambition.

The PPS will encourage new developments that limit carbon dioxide emissions, and help existing developments adopt local renewable or low-carbon energy. Moreover, the PPS confirms that there will be times when local councils should expect higher standards of building sustainability than those set nationally through building regulations. They could include, for example, areas of serious water stress, where, without the highest standard of water efficiency, the proposed development would be unacceptable.

Thirdly, the PPS would speed up the shift to renew renewable and low-carbon energy. It expects regional targets for renewable energy in line with national targets—better, when possible. It will encourage technical innovation. If one word sums up the theme of today's debate, it is "innovation". The PPS helps innovate. It will develop decentralised, renewable energy generation networks. It is all exciting stuff, which will provide what the Bill hopes to achieve.

Fourthly, the PPS will help create communities that are resilient to the effects of climate change. We must act to reduce the impact but also to mitigate it. The PPS will ensure that communities are fit for future climates. It especially emphasises the importance of providing public and open spaces in new developments, recognising the many benefits that green spaces provide, not only to local people but to wildlife and biodiversity.

In summary, the planning rules go much further than the Bill, which would simply enable councils to set requirements for energy generation. When councils do not take the new planning rules seriously and reflect them in their plans, they are more likely to find those plans amended or overturned.

[Mr. Iain Wright]

Let me discuss the extent of consultation on the PPS to show the depth of support for its approach, in contrast with the limited endorsement that the Bill received. The draft PPS was first published for consultation more than a year ago. That closed in March 2007 and we received more than 300 responses. A range of organisations responded to the consultation, including 11 developers, 158 local planning authorities, 22 regional planning organisations, 39 non-governmental organisations, 38 professional bodies and 12 quasi-governmental organisations such as the Carbon Trust.

Consultation responses showed strong support for the PPS and made clear the value of using planning positively to help shape and deliver places with lower carbon emissions that are resilient to the impact of climate change. More than 200 consultees agreed that the proposed climate change PPS, as part of the Department's wider package of action, including the 2016 zero-carbon homes policy, would secure planning strategies that deliver reductions in emissions and help shape sustainable communities that are resilient to the extent of climate change, which is accepted as inevitable.

The consultation also sought views on the proposal that local planning authorities should ensure that a significant proportion of the energy supply of substantial new development is gained on site, renewably and/or from a decentralised renewable or low-carbon energy supply. That approach was supported by 169 respondents; only 21 disagreed. There is, therefore, a range of support for our approach.

Let me deal with the Bill. It would enable a local planning authority to specify for any development in its area the generation of energy from renewable sources as part of the proposed development; the generation of low-carbon energy as part of the proposed development; and an energy efficiency standard in all, part or parts of a proposed development that exceeds any required by national building regulations.

My interpretation of the Bill, which the hon. Member for Sevenoaks reinforced in his opening speech, is that its purpose is to promote the Merton rule. As I said, the PPS promotes Merton plus—and more. I want to make it clear that I disagree with the fundamentals of the Bill simply because it is impractical and ineffective. We therefore reject the means rather than the end.

The approach in the PPS means that councils need to examine the best options in their areas, which could mean on-site renewables or local low-carbon energy such as CHP. It would not be sensible to specify rigidly the right solution for each development or to predict the most effective technology in the coming years. The pace of change in technology and research and development is too fast. For that reason, we do not want councils to insist on on-site renewables if there are better ways of cutting carbon from local energy.

Insisting on an on-site definition may be a barrier to local renewables. That is because a new housing development could get more power from a medium-sized wind turbine on a nearby hill or verge, rather than from one for every house in the development. A site near a power plant could utilise its surplus heat with a combined heat and power generator. A medium-sized wind turbine or a combined heat and power plant may not be feasible within many individual development sites but could provide the most cost-effective way of cutting carbon and be located locally and close to the development—perhaps on a highway verge or other open space.

Experience suggests that local policies are most effective if they include elements of both on-site and near-site generation and do not rule out, for example, low-carbon CHP such as that in Woking, or medium-sized wind turbines serving a whole development.

I strongly believe that councils could set targets for decentralised renewable energy if the evidence suggests that that is sensible. However, the overall approach should promote and encourage renewable and low-carbon energy generation but not dictate or prescribe the solution for every area. The hon. Member for Sevenoaks made that precise point. That will become increasingly important as we work towards our zero-carbon homes target and our similar ambitions for zero-carbon new non-domestic buildings.

There is increasing evidence that it would be impractical and not cost-effective if every development specified on-site, rather than near-site, renewable energy. For example, Element Energy, in its recent work for the Renewables Advisory Board on the potential contribution of renewables to the zero-carbon homes policy, recommends that

"local offsite generation is encouraged".

It advises that it is important that

"larger scale CHP and district heating is culturally and commercially attractive in the UK since it offers a relatively cheap route to compliance".

Similarly, the work that we commissioned from the UK Green Building Council on energy efficiency in new non-domestic buildings underlines the importance of local energy solutions in moving to zero-carbon new buildings, and highlights the planning system's key role in making that happen. The council says:

"planning by local planning authorities therefore needs to incorporate energy planning, undertaking heat mapping and community renewable potential, in order to assign the best near-site solutions in terms of carbon reduction and maximising the use of resources."

We have therefore specifically rejected using primary legislation for the type of provisions proposed in the hon. Gentleman's private Member's Bill, because of the difficulties in keeping it up to date and responsive to fast-moving and changing circumstances. We need policy to keep up with the rapid advances in technology. With the greatest of respect, I suggest to the hon. Gentleman that it would be somewhat cumbersome and time-consuming if that meant amending primary legislation time and again. If, for example, we needed to tighten the requirements on renewables but not on low-carbon energy, it would be far easier to amend the PPS than primary legislation. That is why the PPS is the right place to set out the detail.

Because the Bill is a somewhat blunt instrument, it has the potential to undermine the progress towards the zero carbon target, through a series of counter-productive consequences. I understand where the hon. Gentleman is coming from, and that is clearly not his intention, but it could be the effect. First, the Bill does

not replicate the safeguards within the PPS. Those safeguards will ensure that environmental standards are raised in a sensible way, so that we can continue to deliver the necessary levels of new housing at the same time. Whatever requirements councils set need to be tested publicly as part of the planning process and need to be compatible with delivering housing targets and affordable homes. The Bill does not have the same safeguards. It requires councils only to set targets that are "reasonable", but as my right hon. Friend the Member for Leeds, West said, we could talk for hours—indeed, I am tempted to do so—about what is "reasonable". As a result, the Bill could undermine our targets to deliver much-needed affordable housing.

Secondly, the Bill could rule out, for example, more cost-effective local but near-site energy solutions, by stipulating just on-site renewables or just low-carbon energy. That excludes local community energy schemes. We recognise that the industry producing solar panels and small scale wind turbines has been arguing strongly for such an exclusive approach. However, we believe that councils should not set rules that deter developers from connecting new developments directly to a local community renewable scheme. That is why the planning rules are clear that councils should consider near-site energy generation as well as on-site generation. By "near-site" we mean in the local area and dedicated to serving, or serving via a wider energy network, the development concerned, not a site many miles away, such as in Orkney.

Thirdly, the Bill would enable councils to set their own energy efficiency standards. That would effectively allow every council to set their own building regulations, which, as the Minister responsible for building regulations, I believe would cause huge problems for the delivery of new zero-carbon technologies and the delivery of housing. That would not be workable and would be a nightmare for industry to adapt to, which is why the proposal is not feasible. If house builders have to meet hundreds of different types of standards across the country, that will prevent the economies of scale, which have been mentioned, that are desperately needed in the industry for building zero-carbon homes; it will make it much harder for house builders to deliver the homes that we need; and it will reduce competition, by making it harder for house builders to cross boundaries into areas that require different building techniques.

There is therefore a risk that the Bill would distort investment in research and development, and technologies, and could disrupt the orderly development of supply chains for the delivery of zero-carbon homes. I do not think that that is what the hon. Member for Sevenoaks wants. Instead, the Government's current framework will increase national standards substantially and clearly, in 2010 and 2013, and fully reach zero carbon by 2016, so all builders will have to meet higher standards and the construction industry can benefit from economies of scale and, importantly, plan for that zero carbon target.

The enabling provision on energy efficiency could set different standards for different parts of the same development, which could encourage the fragmentation of building standards. We are keen to avoid that, as it would be at odds with the approach set out in the PPS, which encourages councils to go for a higher code level for specific sites and where there are particular, demonstrable circumstances to justify such action. It is important to note that, although different councils might be working to different standards, they are all standards on the same scale, set out in the code for sustainable homes, rather than each council adopting an entirely different approach, as the Bill would permit.

The House will be pleased to hear that I am now reaching my conclusion. I again welcome the spirit of the Bill and commend the hon. Gentleman for bringing it to the House. What our green and growing economy needs is an evidence-based and comprehensive green strategy, not a green fig leaf that dies quickly when this season's fashion ends. We need practical, local proposals that capture the support of the wide range of organisations that we need to work with to realise our shared ambitions, not the unrealistic dreams of one particular lobby group. We need a flexible approach that can respond to advances in technology and changes in demand, not a legislative straitjacket that would leave us unable to swim on as the water rises. This is what the current legislative programme offers and, importantly, what the PPS provides, but it is what the Bill would fail to deliver. That is why I do not believe that we should give it a Second Reading.

11.55 am

Mr. Fallon: With the leave of the House, I should like to say that the case for the Bill has been well supported on both sides of the House, and I am most grateful to all those who have spoken. I simply do not understand how the Minister can describe it as a green fig leaf. The whole point of it is to place on the statute book and beyond doubt the ability of councils to adopt these policies.

Question put, That the Bill be now read a Second time:—

The House divided: Ayes 45, Noes 0.

Division No. 054] **[11.56 am**

AYES

Ainsworth, Mr. Peter
Baldry, Tony
Barker, Gregory
Boswell, Mr. Tim
Bottomley, Peter
Brake, Tom
Brazier, Mr. Julian
Carmichael, Mr. Alistair
Caton, Mr. Martin
Cohen, Harry
Cormack, Sir Patrick
Davies, Mr. Dai
Davies, Philip
Dorries, Mrs. Nadine
Dowd, Jim
Evans, Mr. Nigel
Fabricant, Michael
Fallon, Mr. Michael
Francois, Mr. Mark
Gale, Mr. Roger
Gerrard, Mr. Neil
Gove, Michael
Greenway, Mr. John
Grieve, Mr. Dominic
Hammond, Stephen
Harper, Mr. Mark
Herbert, Nick
Hollobone, Mr. Philip
Howarth, David
Hurd, Mr. Nick
Key, Robert
Kramer, Susan
Leigh, Mr. Edward
McLoughlin, rh Mr. Patrick
Neill, Robert
Price, Adam
Randall, Mr. John
Stanley, rh Sir John
Steen, Mr. Anthony
Turner, Dr. Desmond
Villiers, Mrs. Theresa
Watkinson, Angela
Whitehead, Dr. Alan
Wiggin, Bill
Willetts, Mr. David

Tellers for the Ayes:
Mr. Oliver Heald and John Battle

NOES

Tellers for the Noes:
Mr. Frank Roy and
Steve McCabe

Question accordingly agreed to.

Bill read a Second time, and committed to a Public Bill Committee, pursuant to Standing Order No. 63 (Committal of Bills).

Peter Bottomley (Worthing, West) (Con): On a point of order, Mr. Deputy Speaker. Am I right that there was a time when the occupant of the Chair would remind Members that if they call a vote they are normally expected to vote the way that they are supposed to? Could the Minister be invited to come back, give an explanation for not voting against the Bill and perhaps offer his resignation within 24 hours of taking up his position?

Mr. Deputy Speaker: I am sure that the Government will hear the hon. Gentleman's comments, but we need not take up more of the House's time, as another Bill is before us.

Environmental Protection (Transfers at Sea) Bill

Order for Second Reading read

12.8 pm

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): I beg to move, That the Bill be now read a Second time.

I thank the Royal Society for the Protection of Birds for its support in the preparation, development and encouragement of the Bill. I declare that support as an interest. I also thank the Scottish Wildlife Trust, the Wildlife Trusts throughout Britain and Surfers Against Sewage for their backing for the Bill. I have received support from many Members on both sides of the House, particularly my hon. Friend the Member for East Lothian (Anne Moffat), who introduced a ten-minute rule Bill on the subject last year. Support has come from across the House, across the country and across parties.

The Bill seeks to improve the regulation of ship-to-ship oil transfers around the United Kingdom. As some Members will know, the proposal for such transfers in the firth of Forth is a long-running issue in my constituency. I shall say more about that later. Other Members representing coastal areas all around the country will have similar concerns. By ensuring effective regulation of ship-to-ship transfers, the Bill will have significant benefits for protection of the marine environment, wildlife and coastal communities throughout the United Kingdom.

Ship-to-ship cargo transfers are carried out globally, both for commercial reasons and in emergencies to prevent pollution or risk to human health and safety. They are established and standard practice in many parts of the world, and take place regularly in various parts of the United Kingdom—for example, in harbours in the Northern Isles and a number of designated locations off the coast of England. The busiest United Kingdom locality is Scapa Flow in Orkney, with a maximum of more than 2 million tonnes of oil transferred in one year.

As the distribution patterns arising from the world trade in oil have changed, the shipping industry has been presented with opportunities for new trading activities. In particular—this is the background to the proposals that have caused concern in my locality—the rising trade in oil from offshore fields in northern Russia has led to an increasing flow of traffic through the Baltic and Barents seas, and a resulting increase in tanker-based transportation. What is particularly significant about the new trade is that the offshore fields require specialised vessels that are unsuited to making long journeys with oil cargoes. As a result, the cargoes must be transferred from those vessels to general tankers that can make longer crossings to the United States and the far east, which is an important market for the new oilfields.

I should make clear that my Bill does not seek to ban ship-to-ship transfers of oil or other cargoes. Such operations are perfectly acceptable if carried out in the right place and the right conditions, with the right infrastructure and pollution prevention expertise. However, it must be ensured that they can take place

only in locations where they are safe, with the appropriate protection mechanisms applied in case something goes wrong. The transfer of oil at sea is of course an inherently hazardous activity, and aspects of the regulation of the marine industries of some of the countries from which oil may come in the future might—to put it mildly—cause us some concern. It is therefore important to ensure that we have the right kind of protection for our marine environment.

Peter Bottomley (Worthing, West) (Con): Environmentalists in and around Worthing and district will understand the points that the hon. Gentleman is making. Although the greatest threat exists on the northern costs of Great Britain, when a large amount of timber floated ashore in Worthing from the Ice Princess we were well aware of what would have happened had there been 2,000 tonnes of oil floating around the seas and the Solent. Timber does much less damage. The hon. Gentleman will receive considerable support from the south coast as well.

Mark Lazarowicz: I am grateful for the hon. Gentleman's support. It is true that some of the worst disasters involving pollution have happened off the south coast. Most of us will remember the Torrey Canyon, and there have been other incidents along the south coast in recent years.

In seeking regulation, I do not seek to prohibit or regulate what are known as emergency transfers which take place when it is essential to move oil from one vessel to another. I am talking about general practice and general trading operations.

As the hon. Gentleman reminded us, there is concern about the transfer of oil at sea precisely because many parts of this country are blessed with beautiful coastlines that are of major importance to the communities that live along them. They are important not only for the natural environment in itself, but for the support that the natural environment brings to local communities in terms of tourism, recreation and other economic activities. I mentioned the Torrey Canyon, but there have been other episodes in recent years off the south coast of England. Indeed, as hon. Members are well aware, the oil spill from the Erika off the west coast of France also had consequences for the UK.

As a Member representing a constituency in Scotland, I can point to the beauty of Scotland's seas that are home to 45 per cent. of the breeding seabirds in the entire European Union. Those seas are of European significance and, in that regard, I should put on record the support that I have received from the staff at the Scottish Seabird Centre in North Berwick who have helped to publicise the issues behind the Bill and the campaign. I strongly recommend to anyone who has not visited the centre that they should do so. It is a good example in showing how important the welfare of the natural environment is for the protection of our most vulnerable marine species. The firth of Forth alone is home to about 300,000 seabirds and the seas around Scotland contain a wide variety of species, from basking sharks to rare coldwater corals. As I have suggested, that wildlife brings great financial benefits to our coastal communities. It is in everyone's interests that the marine environment is managed sustainably to allow us to reap the benefit of healthy, productive and diverse seas and coasts.

Philip Davies (Shipley) (Con): I am sure that I support the sentiments behind the Bill and I am all for protecting our coastlines and our wildlife. However, the shipping industry is an equally important part of our economy, so can the hon. Gentleman tell us what representations, if any, about the Bill he has received from that industry? Does it see any particular reasons why we should not support the Bill?

Mark Lazarowicz: I am grateful to the hon. Gentleman for raising an important point. As a Member representing a coastal constituency, I also represent a port, although one that is not as busy as it once was. I am equally interested in ensuring that there is a healthy and vibrant marine industry. Although there has been widespread publicity for my Bill in some of the specialist press and media dealing with the marine industry, it is interesting that, as far as I am aware, no one from the industry, apart from one individual, who is opposed to the Bill, has contacted me.

On the other hand, many organisations—obviously primarily from the environment and community side—have contacted me to support it. I emphasise that I certainly do not want to do anything that would undermine the shipping industry. As I hope to assure the hon. Gentleman later, the Bill would provide for the industry a bit of a—level playing field is an unfortunate analogy for things at sea—level regime that would benefit it in some respects. Part of the concern is that the oil may come from countries whose regimes for marine safety are not as good as ours, and that is why it is in the interests of this country to have a high-quality regime that applies to all. Although I have particular concern for my area, the issues are of concern throughout the entire UK—along the south coast of England, and in Devon, Cornwall, Wales and many other areas.

Ship-to-ship transfers take place in Scapa Flow and there are active proposals for cargo transport operations in at least two other UK harbour locations—the firth of Forth and Falmouth. I believe that the proposal in Falmouth has been quite controversial, but I am not as fully aware of the situation there as that in the firth of Forth.

It should be emphasised that often no independent authorisation or consent is required to set up an oil-handling operation. It depends on local regulations; sometimes local legislation is in place. A wide range of regimes apply in the UK. I see the Under-Secretary of State for Transport, my hon. Friend the Member for Poplar and Canning Town (Jim Fitzpatrick), expressing doubt about that, but varied regimes and regulations apply; they are certainly not entirely consistent across the UK. My Bill aims to ensure consistency.

The primary objective of my Bill is to ensure that the standards that currently apply to ship-to-shore transfers, which are carefully regulated, also apply to ship-to-ship cargo transfers. We should not expect lower standards of environmental protection for transfers that take place at sea than for oil transfers

[Mark Lazarowicz]

from ship to shore. The issue is complex, but my understanding is that transfers at sea are regulated in a fairly piecemeal fashion, and that national rules and guidelines apply only in limited ways; however, I will not go into that in great detail. That is the background to my proposal.

The situation is slightly different in Scotland. Last June, as a result of concern about proposals in the firth of Forth, the Scottish Parliament put forward regulations relating to the habitats directive, with all-party support. The regulations give Scottish Ministers power to intervene to ensure that any transfers agreed by a competent authority are consistent with the EU habitats directive. However, as I understand it, the regulations cannot apply to ship-to-ship transfers outside the control of the competent authorities, and of course as they are made under the habitats directive, they apply only to areas that are designated under the birds and habitats directives. If a transfer is proposed in an area that is not yet classified under the directives, or that is of tourist significance but is not considered as falling within the terms of the birds and habitats directives, the regulations agreed in Scotland do not apply, even in Scotland.

To come to the crux of the matter, my Bill would place a requirement on the Government to introduce regulations under the Merchant Shipping Act 1995 to control ship-to-ship transfers. The Government currently have powers to introduce such regulations, and indeed draft regulations were produced in 1999. There has been discussion about such regulations over the years, but they have not appeared. My Bill would replace the power with a requirement on Government to bring forward regulations. I have set out various criteria that have to be borne in mind, but clearly once regulations are brought forward, there will be a consultation on the details. Basically, I am trying to move the Government forward from simply having a power that they have not yet exercised to bringing forward regulations.

My Bill sets out a number of principles that the Secretary of State will be required to take into account when introducing regulations. I shall mention them briefly; I do not want to take up too much of the House's time, as I know that there are other Bills to be discussed today. My Bill would require the Secretary of State to prohibit cargo transfers of oil and oil products in UK waters, except within statutory harbour authority areas, where the anti-pollution measures should be better than on the open seas. The Secretary of State would be required to consider a transfer, or programme of transfers, to be an "oil handling facility". He would also be required to ensure that such transfers were considered to be a plan or project under the Conservation (Natural Habitats, &tc.) Regulations 1994.

The Bill would also require the Secretary of State to consider various aspects of the environmental impact assessment regulations, and it would exempt emergency transfers from its provisions.

Bill Wiggin (Leominster) (Con): Is the implication that ship-to-ship transfers would have to take place within the harbour area, or would certain areas not be considered environmentally sensitive and are some currently designated for such transfers? I was not clear about that from the drafting.

Mark Lazarowicz: I should be clear. Although the intention is that such transfers would take place within harbour areas, the drafting indicates that they would be "prohibited except within such areas as the Secretary of State shall designate in regulations". That means that transfers could take place outside harbour areas when that would be safe. I am sure that the hon. Gentleman knows that the definition of "harbour area" can be broad and cover parts of the sea, rather than only the area within a couple of piers, for example. My suggestion is that transfers would be allowed in areas where they would be safe—normally harbour areas, but other areas as well.

I turn briefly to the issue of environmental impact assessments, an important dimension of the debate. Within the firth of Forth area, Forth ports have required an environmental impact assessment to be drawn up by the relevant shipping company. I welcome that. I do not want to single out Forth ports for criticism; indeed, they have approached the issue with a fair degree of awareness of public concern and there has been open dialogue about the issue with local communities.

Those ports have done more than the minimum required of them. In many circumstances, those port authorities, or any others, are under no requirement to carry out environmental impact assessments. More importantly, there is no independent oversight of the process to ensure that the assessment is sufficient or that any environmental recommendations arising from such an assessment are appropriate. In many cases, a port operator will have a commercial interest in the activities that need to be regulated. The practical consequences of the lack of any general, formal requirement for cargo transfer proposals to be subject to the environmental impact regulations are that there is no independent, publicly accountable scrutiny of the environmental impacts of cargo transfer proposals except those that relate to European wildlife sites in Scotland, as a result of Scottish Parliament legislation.

In sum, the Bill would remove the provisions that empower the Secretary of State for Transport to regulate cargo transfers, and replace them with a requirement that she regulate them. That would go a long way towards reassuring the concerns of many coastal communities. I emphasise again that the Bill does not seek in any sense to hinder the important marine industry—the ports and shipping industry—in our country. It seeks to set a clearer framework for dealing with ship-to-ship transfers throughout the UK. That issue is important to many communities throughout this country.

I know from my discussions with the Minister that the Government are not unsympathetic to my objectives in the Bill and I look forward to his reply. I emphasise again that I am not against shipping or the marine industry, which are vital for our island nation and its industries and imports. They are vital for jobs in many communities, including my own. Nor am I, per se, against ship-to-ship transfers, which in the right place are a perfectly acceptable activity. However, they must take place only in safe locations and in safe conditions and only use safe procedures. We need to ensure that because we have to protect our coastal environment—one of the most precious natural assets of our islands.

12.29 pm

Mr. Julian Brazier (Canterbury) (Con): I am delighted to speak on this Bill, and I congratulate the hon. Member for Edinburgh, North and Leith (Mark Lazarowicz) on securing this slot and introducing it. The Opposition very much appreciate the intentions behind it and the considerable amount of work that has gone into drafting it. The timing is good, as it gives us an opportunity to consider the effects of man on our marine life and the birds that make Britain's coasts their primary habitat. It also gives us an opportunity to think about the importance of shipping and the fact that it is easily the least carbon-intensive way of moving goods around the world, and to try to think of ways we can make that industry safer for the environment.

The protection of our coastline and the wildlife that lives on it will be a most important concern for the next Conservative Government. We all know the damage that can be wrought when things go wrong at sea. An island, by its very nature, is vulnerable to oil spillages. I remember most acutely the Braer disaster off Shetland and the Sea Empress at Milford Haven, as, I am sure, do other hon. Members. The cost of those has been estimated at $83 million and $62 million respectively, according to figures from the Royal Society for the Protection of Birds. More importantly, they left tens of thousands of birds dying in the slicks and ruined hundreds of miles of coastline for a very long period. Fortunately, oil spills are now very rare. Nevertheless, the hon. Member for Edinburgh, North and Leith made it clear why we are likely to see an increase in oil trade around Scotland and the north of our country, with the shift towards Russia as an increasingly important oil producer and supplier to the UK.

The need to preserve areas of outstanding beauty or environmental significance from the threat of oil pollution is very great. Indeed, the last time I debated oil pollution in this Chamber, I led Opposition demands for the Government to introduce, after a 13-year delay, provisions for marine high-risk areas. I am pleased to say that not long after that the Government did at last use the powers to create such no-go areas for ships on some of the most sensitive parts of our coastline. The Bill is not in quite the same league, because it deals only with transfers of oil, not huge potential oil slicks, but it raises an important issue and the hon. Gentleman is right to have put it on to the House's agenda. As far as I am able to discover, we have never had in the UK a single spillage from a ship-to-ship transfer in our waters, and the level of incidents worldwide is very small. In the past 10 years, the largest single incident of ship-to-ship oil spillage involved only six barrels, although it would not have been nice to be on a nearby section of coastline. Worldwide, the average annual spillage is about eight barrels of oil per annum.

However, even the smallest oil slick can cause significant damage along a sensitive piece of coastline—not only to bird-life but to the coastline itself. It is sensible that, as the Bill proposes, the Secretary of State should have the power to determine where such transfers occur. By limiting these practices to areas where the Secretary of State is certain they will cause limited damage, the Bill would remove much of the concern about such transfers. In calling for ships engaging in transfers of oil to be considered "an oil handling facility", the Bill would in effect demand that shipping companies prepare oil pollution emergency plans. I understand that in practice that usually happens anyway, but when it does not, it should, and it is thoroughly sensible to put that requirement on a statutory footing. Enshrining the circumstances necessary for an environmental impact statement to be required, as laid out in the Marine Works (Environmental Impact Assessment) Regulations 2007, would also provide greater clarity in the law, which should be welcomed in all parts of the House.

However, my hon. Friends and I have serious concerns about one aspect of the Bill. It insists that each ship-to-ship transfer be treated as a "plan or project" under the habitats directive. We believe that that would place a disproportionate burden on the industry. Before explaining why we believe that, I wish to remind the House of the importance of the industry, which the hon. Gentleman mentioned in the context of his constituency. We in this country should be proud of this industry, and the entire House should support it. Measured by weight, 95 per cent. of all goods that come to this country come by sea—from the toy reindeer around the Santa grotto, to the paddling pools in the summer, to the footballs used in the premiership. The industry has an annual turnover of £40 billion if all the ancillary industries are included, and it contributed £11 billion to GDP last year alone.

We should also support the industry because it is by far the greenest form of transport. The figures speak for themselves. Per tonne-kilometre, an articulated lorry emits 130 g of CO_2 whereas a medium-sized cargo vessel on a short sea voyage pumps out less than a quarter of that. There are similar such startling differences in respect of other gases. A truck produces more than 0.8 g of NOx per tonne-kilometre, whereas a ship emits barely half a gram. There is no doubt that the more goods are moved by sea—rather than by lorry and then over a channel crossing or, worse still, by air—the better it is for the environment. That does not mean that the shipping industry does not need to clean up parts of its act; it does, especially with regard to sulphur and nitrogen oxide emissions. What it does mean, however, is that we ought to encourage the use of shipping where it does not directly cause damage to the environment, because shipping is by far the greenest form of transport.

That brings me directly back to the problem we have with the one provision I have mentioned. We and the industry believe that the application of the habitats directive in the way the Bill proposes would result in ship-to-ship transfers being ruled out almost altogether. In supporting the Bill, the RSPB made it clear that that was not its intention, and the hon. Gentleman has also made that clear several times in his speech—at the beginning, the middle and the end—but I want to explain why we think that that would be the effect.

The United Kingdom Major Ports Group conducted a study of the impact of the habitats directive on dredging, which it was concerned about. We must bear in mind the fact that dredging is an activity that usually takes place over weeks, rather than being over in an hour or two. Let me quote from that study:

> "There is a complex regime of controls governing any proposed 'plan or project' which is likely to have a significant effect on the site. There is a requirement for an 'appropriate

[Mr. Julian Brazier]

assessment' and if the assessment indicates that the project will adversely affect the integrity of the site, the project may only go ahead if it is considered to be necessary for 'imperative reasons of overriding public interest' and if there are no alternatives. In such circumstances compensatory measures are required. (Article 6(3) and (4)).''

One can immediately see why that could be a problem for dredging, and particularly maintenance dredging, which some ports regularly require in order to be kept open. If that is a problem for application for each instance of dredging, which takes place over at least days and normally weeks, one can imagine how much of a problem it would be for an activity that happens over a period of a few hours—perhaps over a weekend or during a public holiday. It would virtually prevent it.

We must consider another environmental dimension, which deals with the matter from another angle. Ship-to-ship transfers are sometimes environmentally necessary. The European Union has forbidden the use of so-called dirty oil—oil that has high sulphur emissions—in the English channel and the North sea. Such emissions often also carry particulates, which have genuine implications for public health. Interestingly, that is the case only if the particulates occur within a couple of hundred miles of land; particulates are not a problem out in the middle of our oceans because they do not spread over unlimited distances, unlike greenhouses gases which simply go upwards. Particulates are a problem around coastlines, and the EU has rightly chosen to adopt a higher standard for ships in such areas than the International Maritime Organisation requires of ships on the high seas.

For that reason, many ships need to take on low-sulphur oil when they are approaching UK waters. That requires the use of ship-to-ship oil transfers for solid environmental reasons—I am certain that the hon. Member for Edinburgh, North and Leith, the Government and all other Members of the House fully support that. In the long run, we all hope that the IMO will raise its game to the level of the European Union. Although some of the problems do not arise on the high seas, they certainly apply to such countries as China, from which these vessels are mostly leaving. That is a matter for the long term. In the meantime, there is an immediate requirement for such ships to carry out these transfers as they approach the UK coastline.

I envisage the hon. Gentleman referring in his summing up to the fact that nothing in the Bill will interfere with emergency transfers, so I should make it clear that the transfers I am discussing are not emergency transfers. They are statutorily required transfers, but they are not emergency transfers. They would be covered by this burdensome provision, so the demand that each ship-to-ship transfer be treated as a "plan or project" raises the prospect of an inquiry in respect of every such transfer. If the hon. Gentleman were willing to have discussions with the industry or to receive a Government briefing—although I should not anticipate what the Minister is going to say—I am sure he would subsequently agree that that one provision in the Bill needs serious redrafting or, perhaps, eliminating.

Nevertheless, the Bill as a whole has excellent intentions. It outlines some sensible ideas for tackling a matter that has not yet been a problem, but which, as the hon. Gentleman rightly says, could be one in the future, given the growth in trade from an unfamiliar direction of the sort that has been described. He is right to have brought the Bill before the House. Should it go to Committee, the Opposition will seek to amend the offending provision in the way I have mentioned, if the Government do not table amendments. This is a good Bill that contains some excellent ideas. It addresses a genuine area of public concern, and we support its receiving a Second Reading by the House.

12.43 pm

Mr. Alistair Carmichael (Orkney and Shetland) (LD): I, too, congratulate the hon. Member for Edinburgh, North and Leith (Mark Lazarowicz) on introducing his Bill. I shall indicate, in the same general terms used by the hon. Member for Canterbury (Mr. Brazier), that we too support the Bill. We certainly wish it to receive a Second Reading.

Like all Bills, this one contains issues that we will wish to explore in Committee, should it proceed that far. I am grateful to the hon. Member for Edinburgh, North and Leith for having made it so clear in his speech that it is not his intention to impede or end the practice of ship-to-ship transfers. That was a very important point and I am glad that the hon. Gentleman made it as clearly and frequently as he did. It would be in no one's interest for this House to pass legislation that was then subject to the law of unintended consequences.

At a very low level, this is not a new debate but one that has carried on for some years now. It has acquired a particular political potency since the issue of oil transfers carried out in the firth of Forth became a live one. I like to think that the lack of political heat in this debate is in a small way a tribute to the way in which my constituents have carried out ship-to-ship transfers at Scapa Flow and, to a lesser extent, at Sullom Voe, over the years. At both places, this matter is regarded as very much routine.

Scapa Flow, if I might take that as a working example, is an excellent place where such transfers can be done, if they are done properly. Within Scapa Flow is the Flotta oil terminal, so there is a substantial body of expertise and a substantial resource relating to pollution control that can be called upon should it be necessary. The question of transfers in the firth of Forth has been quite a different one, and we see a tension between what is the most convenient place for ship-to-ship transfers and what is the most suitable one. I do not detract from the concerns of the hon. Member for Edinburgh, North and Leith in any way when I say that for us in the Northern Isles the history of ship-to-ship transfer has been a smooth and uncontentious one.

Scapa Flow is a safe, sheltered, deep-water harbour. Nature has blessed us with that; it does not even require any dredging, such is the depth of the water. That in itself is a commercial asset. To say that it is safe and sheltered is not to say that the whole process of ship-to-ship transfers is somehow straightforward. It is safe because in the Northern Isles we have a substantial body of skilled workmen who have been well managed, and who have the expertise to carry out such tasks. We should not underestimate the importance of the

resources, or the vast range of experience that has been built up for 30 years or more. Even in a place such as Scapa Flow, it is not unknown for there to be strong winds—that might be known even by most Members here—which means that the work force who carry out ship-to-ship transfers are doing so at the very limits of their capability. I pay tribute to the work force in Scapa Flow who operate in such conditions. It may often look routine on a nice summer's day when there is a flat calm, but when the wind is blowing, and there is a commercial imperative that such work is done—and if it can be done—my constituents go out and do it.

The practice is the subject of some local interest at the moment. The Orkney Islands council owns Orkney Towage, which operates the tugs in Scapa Flow that carry out ship-to-ship transfers, and the council is currently proposing to reduce the number of staff employed on the tugs from 36 to 20. That is a significant reduction, and it will bring an entirely different pattern of shift working that has caused concern among the workmen affected. I met about 40 of the men employed by Orkney Towage and the harbours department—there are implications for piloted boats in the plans—and their union representatives on the Saturday just gone. I was very impressed by the case that they presented, which was forthright, clear and unambiguous about their concerns. They were reasoned and mannerly, as one would expect Orcadians to be. I felt that what they wanted was eminently reasonable. They sought merely an independent review of the decision taken by Orkney Towage and the harbours department.

I was disappointed that when we put that case to the council it was dismissed more or less out of hand. I see no reason why any review could not have been conducted by a single man of some skill and expertise, in a short compass that covered interviewing all the parties concerned and giving some assessment of the towage plans. Such a review will be necessary if the work force—and, by implication, the community—in Orkney are to have confidence in the decision that has been taken.

I do not know whether the judgment is right or wrong: I am not qualified to make that judgment. There were men at the meeting on Saturday with more than 30 years' experience of working the tug boats, often in difficult circumstances, and it is apparent that they at least do not have confidence in the decision. If the process has been as robust as Orkney Towage suggests, at the very least it could have been subjected to some external scrutiny. It is a source of considerable disappointment to me that we have not done so. That may yet have further implications for industrial relations in the sector.

I mention that point because it is important to illustrate the way in which commercial concerns can come to bear on operations such as ship-to-ship transfers. It brings into sharp focus the nature of the regulation that will be required. The fashion these days is to speak of light-touch regulation. As a general presumption, that is sensible. However, light-touch regulation still has to be meaningful. Many aspects of shipping and maritime regulation in this country have lost some of their potency and force in recent years. In particular, I am thinking of some of the discussions that I have had with other unions in my constituency about the operation of safe manning documentation and so on. In that case, the touch of the regulatory body, the Maritime and Coastguard Agency, is so light as to be indiscernible.

The regulations must have a purpose. They must seek to protect the safety of the work force who are most directly concerned and who will often work in unpleasant and difficult conditions. Working at sea is never easy. As the hon. Member for Edinburgh, North and Leith mentioned, there is no such thing as a level playing field on the water. Sometimes, the playing field is so unlevel that people wonder whether they will ever get to the sidelines again.

The protection of the coastal environment is of supreme importance to me and my constituents. It is a resource that provides food and employment through the fishing industry and the diving industry, which is a big operator in Scapa Flow. The coastal environment is also an attraction in our ever-growing tourist industry. We consider environmental protection to be very important. It has always been regarded as important by those who have hitherto been responsible for the ship-to-ship transfers in Orkney. That is why we have been able to do it so effectively and safely for so long.

The nature of the regulation must not be so burdensome as to lose the business. That is the balance that the Minister must strike. He must be mindful of the fact that we are dealing not with a UK market but with a northern European market. If we regulate that valuable, important and desirable business out of our waters, it will go elsewhere in northern Europe. That would not benefit anybody. If it were a business that we could not cope with or did not want, we would not want to keep it. However, that is not the case. It is important to my constituents and to other parts of the industry.

Philip Davies: I agree with the hon. Gentleman's sentiments, which appear to follow on from those of my hon. Friend the Member for Canterbury (Mr. Brazier). Will he deal with my hon. Friend's specific point about paragraph (c) in proposed new subsection (4A) in clause 1(2), and the programme of transfers being considered as a plan or project? Does he agree with my hon. Friend that that aspect of the Bill provides for regulations that are too burdensome for the shipping industry, or does he believe that they are necessary from the environmental perspective, which the promoter mentioned?

Mr. Carmichael: I would like that to be explored in Committee. On the face of it, regulating each individual transfer under the habitats directive would be burdensome to the point of threatening the future of an important part of the industry. That is what I meant when I mentioned the law of unintended consequences. It might be more sensible to require, for example, the conduct of ship-to-ship transfers per se—not every individual transfer in an area—to be subject to the habitats directive. That might satisfy both sides and meet their objectives. I await the comments of the Under-Secretary of State for Transport, the hon. Member for Poplar and Canning Town (Jim Fitzpatrick) and the subsequent comments of the promoter with interest, because I know that some discussions have taken place. However, if the Bill gets to Committee, we would like to explore the point there.

Mr. Brazier: I do not believe that there is any difference between the hon. Gentleman and me on the matter. He hinted that a compromise could be reached on the habitats directive, but if it is not to apply to individual transfer, it is difficult to understand what else could constitute the unit. The exercise could be done once for an area, but other aspects of the Bill cover that. If each transfer is not called a plan or project for the purposes of the habitats directive, it is difficult to understand how the directive could be introduced. That is why we have problems with the clause per se.

Mr. Carmichael: I do not wish to pre-empt the Committee discussion. My suggestion was that the Secretary of State would have to consider the operation of the habitats directive before giving his consent in a designated area. All operations in that area would therefore be deemed to be covered. That might be the right compromise, but it might not—if we get to Committee, we will have that discussion. If the Secretary of State introduced regulations under the Merchant Shipping Act 1995—a power that he currently has—it would not be a live issue. Doubtless, that consideration will be in the Under-Secretary's mind when he replies.

Regulation offers opportunities, but it must not be used as a tool to kill a most important part of our oil and shipping industries. With that caveat, which I believe the promoter accepts, I am more than happy for the Bill to be given a Second Reading today.

12.58 pm

Bill Wiggin (Leominster) (Con): I congratulate the hon. Member for Edinburgh, North and Leith (Mark Lazarowicz) on promoting the Bill. I am here because I wish to support it. I also congratulate my hon. Friend the Member for Canterbury (Mr. Brazier) on his excellent speech from the Front Bench. I have learned a great deal more about ship-to-ship transfers than I knew previously.

An important point that I have gleaned from the debate is that there has been no serious accident to date. I was grateful to the promoter for clarifying the points about harbour areas. The Bill covers most eventualities, such as emergency ship-to-ship transfers, but I was worried when I read it that the Secretary of State would be put in a position whereby he determined areas that were closed for ship-to-ship transfer, thus suggesting that there are other areas where a potential accident might be acceptable. Obviously, that is not the case.

Mark Lazarowicz *rose—*

Bill Wiggin: I would be delighted to give way to the hon. Gentleman, but I wanted to make it clear that I know what I have just outlined is not necessarily the choice.

Mark Lazarowicz: On the hon. Gentleman's point about there having been no such incidents so far, I am sure that he would agree that if one did occur it would not be like a car accident, which can sometimes be fairly minor; rather, it could be very serious indeed. The point is that there has been a change in the trading patterns that makes the kind of eventuality about which we are so concerned more possible.

Bill Wiggin: One reason why I wanted to participate in this debate is that I remember as a little boy going fishing off the south coast, and there were no fish and very few crabs because of the clean-up following the Torrey Canyon disaster, and after that we had the Amoco Cadiz. My sympathies are therefore entirely with the hon. Gentleman.

It is not just the Royal Society for the Protection of Birds that wants the Bill on the statute book—I want to take this opportunity to say that it does a tremendous job of drawing people's attention to the importance of the environment and has done particularly good work on the marine environment and the proposed marine Bill, which I shall come to shortly. I am particularly concerned about the pod of dolphins living in the firth of Forth. Dolphins are highly intelligent, and we have an appalling record in the UK of protecting them. Tragically, the Yangtze river dolphin was last year deemed extinct. We should therefore make considerable efforts to improve our track record on cetaceans.

When people are asked what they most want to do in their life, swimming with dolphins is often a top priority, and we have that opportunity off our coast. I remember thinking when I was smaller that Flipper the dolphin could live only in Florida. Actually, Flipper was a bottlenose dolphin, which are native to our seas, too. We therefore need to do a great deal more to raise our game.

I have some statistics for the House, which I am grateful to DEFRA for supplying in written answers. Of the 1,542 dolphins that were examined by the natural history museum and the Institute of Zoology, seven were killed by boat strike and 338 by pollution. The Department could not identify the number killed by pair trawling, which is a major problem for cetaceans. The bottlenose dolphin, the common dolphin and the harbour porpoise all fall victim to the type of netting used to catch bass, where two powerful trawlers pull a huge net between them. I am pleased that the practice has been stopped for British fishermen within our 12-mile limit, but that does not apply to the rest of our European partners. Again, there is a great deal more that we can do to support and protect our dolphin population.

The other creatures of considerable importance in the firth of Forth are the birds. My understanding is that the firth is already a special protection area under the European bird directive, which is very welcome. Apparently, 90,000 birds go to the firth, including red-throated divers, puffins and gannets. Puffins are particularly important, because they live off sand eels. Sand eels are low down in the food chain, but they are an important indicator of the water quality and the quality of the biodiversity in our seas. Factory fishing has wiped out huge quantities of biomass to make fish meal, which leads to a corresponding drop in the number of puffins, which is a great tragedy. Anything that the Bill does to protect the area from oil spillage will therefore have a positive knock-on effect on the wildlife.

My other worry is about the damage caused to the tourist sector when there is an oil spill. I experienced such an effect in my constituency, although not from an oil spill, when our tourism sector was decimated during the first foot and mouth crisis. Oil spills have the same effect on coastal towns, hotels, boarding houses and the

various other parts of the industry that depend on tourists. It is therefore crucial that people do not find either that their feet are covered in spatters of oil when they walk along the beach or that the beach is shut while it is cleaned up.

Who could ever forget the horrible images on our television screens of birds that have been caught in oil slicks trying to preen their feathers and eating some of the oil, from which there is really no saving them? It is the Royal Society for the Protection of Birds and other animal welfare associations such as the Royal Society for the Prevention of Cruelty to Animals that go to the rescue and do their best to wash the birds. Often, the clearing up of an oil spill causes as much environmental damage as the spill itself. Oil breaks down very slowly over many years through bacterial attack, but the detergents that are used to break it down more quickly can be extremely poisonous, especially to birds and fish. Any protection that we can provide through this small but important piece of legislation will be very welcome.

Measures such as these should already have been covered by the marine Bill that the Government have yet to introduce. They first promised us such a Bill properly in 2004. Another was supposed to be in the Queen's Speech in 2007, but was not. However, there was one in the Queen's Speech in 2006, and we all became quite hopeful. My hon. Friend the Member for Uxbridge (Mr. Randall) started it all with his private Member's Bill some years ago, and I am pleased to say that the RSPB was very supportive of it. It is incredibly important that we get this legislation right, and I am sad that the marine Bill has been delayed for so long, largely through the problems of devolution.

Mr. Brazier: My hon. Friend is making a most powerful and in parts – dare I say it – moving speech. Does he agree that one of the oddities of devolution is that, while shipping remains an issue for the UK Government and Parliament, ports have been devolved, resulting in a rather curious hiatus in joined-up government?

Bill Wiggin: That is just one of the many anomalies, and my hon. Friend is absolutely right to draw it to the House's attention. There are many more. However, I do not want to stray from the subject. I am very inclined to do that when the matter of devolution comes up, and I have to be careful not to do so. One of my political Achilles heels is to stray into discussing devolution, but I shall avoid doing so, if my hon. Friend will forgive me. However, I will go as far as to say that the Government have been disappointingly slow to create a joined-up strategy for marine spatial planning and proper marine protection, and to integrate it into European marine policy.

Mr. Nigel Evans (Ribble Valley) (Con): My hon. Friend has been talking about devolution. May I go the other way and talk about the European Union? I expect that we shall hear plenty more on that subject next week. Although I am sympathetic towards the Bill, I am also keen to ensure that the regulatory costs or burdens on British industry will not disproportionately affect our competitiveness with, for example, our closest European Union neighbours. Are the kinds of regulations that we are considering already in place in the other EU countries?

Bill Wiggin: Before I answer my hon. Friend's question, I want to say that, prior to considering the minutiae of the competitive costs we must look at the wider picture and ask what would happen if there were a spillage. The hon. Member for Orkney and Shetland (Mr. Carmichael) made a great case about how well his constituents were already doing the job, and the fact that their track record is pretty good speaks for itself. The key point, however, is that when an oil spillage happens it is no good saying, "Ah well, this is a consequence of being competitive." We have a much greater responsibility, and it is to the whole of our country, and to its biodiversity, its marine life, its tourist industry and its shipping industry – to the bigger picture. Therefore, I will not be drawn into giving my hon. Friend an answer about being cheaper or better or the same price as our French competitors. What really matters is that we do the right thing for the marine environment.

Mr. Evans: My hon. Friend should not forget that we share a channel with the French – if we are going to pick on one particular country – and an oil spill there might impinge on our own waters after a while. That would have an impact, and I wonder whether he knows what consultations have taken place between the British Government and other European Union Governments to ensure that the same strict protection that we are proposing to afford our wildlife will also be afforded to the wildlife in those other countries, particularly if their oil spills could impinge on the wildlife in the United Kingdom?

Bill Wiggin: My hon. Friend raises another important point. I recall a recent spillage in Spain where we saw how much devastation can be caused. I cannot say whether the Minister has or has not spoken to his European counterparts, but I am pretty confident that he will have an opportunity to tell us himself in a very short time – as I do not intend to detain the House for much longer. My hon. Friend makes the point that we cannot put our own industry out of business on the basis of high principles alone, but I would return to my point that we must maintain those high standards. We must have our eye firmly on the environmental ball, as well as respond to the commercial considerations of the shipping sector.

That is why the Bill provides a balance: we must allow the procedures to take place, but only in areas where it is safe to do so. That is why I was grateful for the answer that I received when I intervened to ask which were the best areas. I was told that harbours were obviously the best areas, and I remind the House that Scapa Flow already has a great record. That response solved various issues. As I tried to emphasise, however, my concern is that we end up with proper marine planning, marine spatial understanding and marine protection for biodiversity that we all look for and enjoy in our seas. We will also need to integrate those aspects with what proposals emerge from the European Commission.

I fear, however, that that is not as joined up as the Government promised it would be, so I urge the Minister to take note. He should ensure first that the Government deliver their manifesto promise to produce a marine Bill and, secondly, that they do an effective job of it with no watering down. Thus far, we have seen only the White Paper and it is very—

Madam Deputy Speaker (Sylvia Heal): Order. I hope that the hon. Gentleman will not spend too much time straying on the marine Bill. Instead, he should concentrate his remarks on the Bill before the House this afternoon.

Bill Wiggin: I should be delighted to do so, Madam Deputy Speaker. Of course, I do not have a draft Bill; I have only the Government's White Paper to concentrate on, so I could not go on any longer about the marine Bill, but I am grateful for your guidance.

I close by saying how impressed I was not only with the quality of the briefings produced by the RSPB and other interested parties, but with the quality of today's debate on this interesting subject. We have to get the balance right between the value we place on marine biodiversity and the value we place on people's livelihoods and the jobs that they are carrying out effectively at the moment.

Mr. Brazier: Of course, not just the livelihoods of people in the industry—important though they are—are at stake, as 95 per cent. of British goods come to this country by such a route, so it is also important to get the balance right in the interests of the country as a whole.

Bill Wiggin: My hon. Friend is absolutely right. It is not as complicated as having to deal with all shipping, as the Bill deals with a specific procedure.

To conclude, I hope that if the Bill does not receive its Second Reading or fails to get through Committee the value in it—for marine protection—will transfer to however the Government eventually choose to act on this front. I emphasise that this must not be yet another missed opportunity.

1.13 pm

Philip Davies (Shipley) (Con): We have had a useful and constructive debate, which has also been interesting, if slightly curtailed. First, I congratulate the hon. Member for Edinburgh, North and Leith (Mark Lazarowicz) on introducing the Bill. As we have all acknowledged, it contains very useful provisions and we should all agree with the sentiments behind it. We should all want to protect the coastline and wildlife of the United Kingdom, which helps to make our country such a special place.

We seem to have got ourselves into a division in that the Bill is perceived as providing a choice between either protecting our environment and wildlife or wrecking the shipping industry. There seems to be a danger of understanding the Bill as if it goes down either that line or the other. What has emerged from our debate, however, and particularly from my hon. Friend the Member for Canterbury (Mr. Brazier)—if I may be allowed to sing his praises—is that the Bill is capable of combining the two, so that we can protect our environment and wildlife while also looking after the best interests of our shipping industry. Having heard all the contributions, I believe that we all want to see that.

My former colleague—and political hero—Eric Forth might have started off by saying that, given that we have not had an oil spillage from a ship-to-ship transfer in UK waters, the Bill was a solution looking for a problem, and that we should not regulate when there did not seem to be a problem. Equally it is nice, for a change, for politicians to come forward with proposals to prevent a problem from happening. Far too often in the political process, we wait for some great problem to happen and then rush into a knee-jerk reaction to try to solve it. Usually, that leads to bad law and laws with unintended consequences. It is refreshing that the hon. Gentleman has brought forward a Bill that will address what we can all see is a potential problem before a major problem actually occurs on our coastline.

Mr. Brazier: My hon. Friend is absolutely right, but the context for the problem is the new one of large numbers of transfers in the firth of Forth. When I made the point that there had been no spillages, to which he alluded, it was in a context in which there was less prospect of spillages. That has changed, which is the reason for the Bill.

Philip Davies: My hon. Friend is absolutely right. He makes an important point very well.

As we all know, the Bill is supported by the RSPB, which does a tremendous job protecting the interests of our birds and wildlife. We must be aware that any kind of oil spill would have devastating consequences for seabirds and waterfowl along our coast. It is absolutely right that we look at ways of giving those important parts of our bird population the protection that they deserve.

Mr. John Randall (Uxbridge) (Con): My hon. Friend is absolutely right to highlight the problem of wildlife, but the issue is much bigger: tourism and the livelihoods of those who live along the coast would also be affected. The RSPB actively supports the Bill, and I support the RSPB, but the Bill is not purely about wildlife.

Philip Davies: My hon. Friend is absolutely right. The consequences of any kind of oil spillage would be far-reaching for our country. He is right that particular coastlines, the people who live along them, and any tourist industry that depends on people visiting those places would be adversely affected. The country has a large interest in dealing with this problem.

I do not wish to pre-empt the Minister's comments, but I would be very nervous if he were to start urging the hon. Member for Edinburgh, North and Leith to trust the Government, not to bother with the Bill, which is all very nice, and to leave it to them to come back with something a little better. We have heard all that before. The Government are for ever saying, "Leave it with us; we will come forward with some even better proposals if you will just give us the benefit of the doubt." Time after time, we get such warm words and assurances, and yet nothing seems to come from the Government. I hope that the Minister will not take that line, as he might find that many of us are sceptical about such assurances. If he does, I hope that the Government really intend to bring forward proper proposals, rather than just to get over a particular hurdle on a particular day, and to kick something into the long grass. People's hopes are raised by the promise

of some action and then dashed when it does not happen. That damages not just the Government's reputation but that of all Members.

My hon. Friend the Member for Canterbury was right to emphasise the importance of the shipping industry to the UK economy. I was struck by some of the figures that he quoted: about 95 per cent. of the country's international freight movements by tonnage, and 75 per cent. by value, are moved through our ports each year. That is a considerable part of our economy.

It would be absolute folly to do anything that might damage the industry. As my hon. Friend pointed out forcefully, shipping is very good for the environment. Surely we do not wish to do anything that would make moving goods by ship a less attractive option. Indeed, we should encourage it. I should be very nervous if any aspect of the Bill had the unintended consequence of persuading people to move their goods by plane, for instance, because that would be much worse for the environment.

Mr. Brazier: I have agreed with everything that my hon. Friend has said until now. I did not quite say that shipping was very good for the environment. I said that given that goods are being moved, it was by far the least environmentally damaging method of moving them—much less damaging than, say, bringing them most of the way by lorry and then across the channel, or, much worse, transporting them by air.

Philip Davies: I note the distinction that my hon. Friend makes, but given that we all want goods to be moved—all of us, surely, believe in free trade—shipping, in that context, is good for the environment. It is certainly better than the alternatives, unless we adopt a system whereby we do not bother to move goods around at all. I hope my hon. Friend will understand that I was speaking in that context, but if anyone misunderstood the point that I was making, his clarification will have been helpful.

I do not want a Bill that would damage the shipping industry or create perverse incentives. Nor do I want a Bill that would impose additional costs on the industry, thus raising the prices paid by consumers. While I am entirely committed to the spirit of the Bill—protection for the environment, for wildlife and, as my hon. Friend the Member for Uxbridge (Mr. Randall) pointed out, for the public living on the coast and the tourism industry—we must ensure that it does not have those unintended consequences.

I was struck by what my hon. Friend the Member for Canterbury said about clause 1(2)(c), which provides for a transfer at sea to be considered a "plan or project". He said that it might prove not to be good for the shipping industry, and hence in the long run might not be good for the environment. If, as I hope, the Bill proceeds to a Committee stage, the hon. Member for Edinburgh, North and Leith may wish to consider allowing it to be removed.

As was pointed out earlier, Bills must be meaningful, and I certainly would not wish to fillet this Bill, allowing the sentiment to remain but preventing it from achieving anything. However, if clause 1(2)(c) were removed, the rest of the Bill would ensure that it was still meaningful. I agree with my hon. Friend the Member for Canterbury about the helpful nature of the subsection providing for the designation of places where ship-to-ship transfers could take place. The hon. Member for Edinburgh, North and Leith pointed out that it would also help the shipping industry by providing certainty about how and where transfers could best be carried out. I hope that the Committee will consider removing the paragraph, because removing it would improve the Bill rather than rendering it meaningless.

The best aspect of the Bill is that it highlights an issue that rarely gets highlighted here—the importance of wildlife and our coastlines. I know that the hon. Gentleman has a specific constituency interest in introducing the Bill, but he has done a great service to the whole House and the country by highlighting the issue. Although my constituency is very much inland and has no coastline to be affected by the Bill, many of my constituents are equally concerned about protecting wildlife and the beauty of our coastlines. He should be congratulated wholeheartedly on choosing to introduce a private Member's Bill on this subject.

Mr. Evans: My hon. Friend has just said that his constituency does not have a coastline. Knowing Shipley relatively well, I can endorse that fact. It will take a lot of global warming before he finds a bit of coastline round Shipley. If he does, I have had it. My constituency is the Ribble Valley just the other side from him.

Does my hon. Friend recognise that our coastline is one of the best things about the United Kingdom? We are an island and we have a fantastic coastline. Irrespective of where our constituents happen to be, they almost have a feeling of ownership of our absolutely beautiful coastline.

Philip Davies: My hon. Friend is absolutely right. The coastline is one of the things that makes our country great and unique. In an earlier intervention on my hon. Friend the Member for Leominster (Bill Wiggin), he touched on the subject of how similar legislation might be implemented in other parts of the European Union. Knowing him well, I am sure that his intervention was not calling for more intervention from the EU, but he makes an important point. The United Kingdom is in many respects unique given the coastline and wildlife that we have on this island. Therefore, it is imperative that the protection we have for our coastline and wildlife is greater than might be considered by other European countries if we were to engage in common action. They do not have the same beautiful coastline.

Mr. Randall: My hon. Friend is absolutely right, but there is a problem with such legislation. If we legislate for ships registered in Britain, how can we ensure that ships flying the flags of other countries, including the flags of countries that do not have coastlines, would be as good as our merchant fleet in doing what they should?

Mr. Philip Davies: My hon. Friend is absolutely right, and highlights why we should avoid excessive and burdensome regulation. The point that I would like to make about the Bill is that we can secure protection for our coastlines and wildlife without creating excessive

[Mr. Quentin Davies]

burdens that will make us uncompetitive and put us in a less advantageous position than some of our neighbours. It is important that we strike the right balance, which is why I believe that the Bill is a positive one. However, it is important that we take on board the point made by my hon. Friend the Member for Canterbury and remove the provision in clause 1 that may have unintended consequences.

Mark Lazarowicz: I am grateful to the hon. Gentleman for giving way and for his support. Given his comments about the need for us not to get out of step with our European partners, I trust that that will lead him to give his full support to the Bill on the European treaty when it comes before the House in the next few weeks.

Madam Deputy Speaker: Order. We will concentrate on the Bill before the House today.

Philip Davies: I had slightly anticipated your intervention, Madam Deputy Speaker, but I am disappointed by it. Nothing would give me greater pleasure than to provide a critique of the European treaty.

Mr. Evans: He is warming up.

Philip Davies: Indeed, I am warming up for next week's debate, but I will resist the temptation to go down that line even though it was offered to me. I can only ask the hon. Member for Edinburgh, North and Leith to watch the debate next week; then he will see why I do not support the European treaty. As I do not wish to introduce a discordant note in a debate on a Bill that is, on the whole, very good, I will move on.

To sum up, I congratulate the hon. Gentleman on introducing the Bill, and I congratulate my hon. Friend the Member for Canterbury on making his comments in a constructive way. He supports the spirit and intention of the Bill, but his modest alteration would avoid an unintended consequence. I hope that the Minister will state his support for the principles of the Bill, and I hope that he will not say that he will introduce something better in future, if we will just be patient and bear with him.

The Parliamentary Under-Secretary of State for Transport (Jim Fitzpatrick): Given the number of Conservative Members who are coming into the Chamber to listen to the hon. Gentleman, I get the impression that I might not get the opportunity to express any view on the Bill.

Philip Davies: It is always a pleasure to listen to the Minister. I am so keen to find out what he will say about the Bill, and to make sure that any promises that he makes at the Dispatch Box today are honoured, that I will conclude my remarks, so that he has the maximum amount of time in which to tell us exactly what the Government will do.

1.30 pm

Mr. Nigel Evans (Ribble Valley) (Con): I assure the Minister, who happens to be my Member of Parliament when I am living in London, that I, too, want to listen to what he has to say, but I want to make a short contribution first. I congratulate the hon. Member for Edinburgh, North and Leith (Mark Lazarowicz) on his success in the private Members' Bills ballot. I have introduced a number of private Members' Bills in my time. In my 15 years as an MP, I have been very successful in the ballot, but sadly I have not been as lucky with the national lottery. None the less, I am hopeful about that, too. One of my Bills actually had Government support and was put on the statute book. I hope that he finds himself in a similar position: I hope that the Government want to introduce the measure, and that he will therefore be given all the support that he needs to ensure that the Bill becomes an effective Act.

When my hon. Friend the Member for Shipley (Philip Davies) mentioned not having any coast in his constituency, it reminded me that you, Madam Deputy Speaker, and I were born, or at least spent a considerable time, in Swansea, which has a beautiful coastline in the Gower area. It is a superb part of the United Kingdom. As has been said, the issue is not just shipping and related business in those parts of the UK of which we have fond memories; there is also tourism. An enormous number of tourists are attracted to coastal towns. Sadly, some of our major coastal towns are not faring as well as we might wish. One can only begin to think of what the impact would be on those areas of a massive ship-to-ship oil spill; there would be enormous consequences for wildlife and the beauty of the coastline. It is important that we do what we can to protect it.

As my hon. Friend the Member for Shipley asked, why should we wait until there is a major disaster before introducing regulations that will help to prevent that disaster? When I write to a county council and say that there ought to be traffic lights or a zebra crossing somewhere, it looks at the statistics and says, "Too few people have been killed on that stretch of the road to warrant us taking those measures." I am exasperated by that. Why should we wait for a disaster before something is corrected, if we know that there is a blackspot, or a problem waiting to happen? The same principle applies to the Bill. We recognise that an enormous amount of shipping takes place around, in and out of the United Kingdom, and we hope that it is all done according to best practice, but we do not want to allow the possibility of a spillage, which would have an enormous impact, for want of the Bill and its regulations.

I looked through some statistics before I came to make my speech. The enormous amount of freight carried by ship in UK waters surprised me. Like my hon. Friend the Member for Canterbury (Mr. Brazier), I am delighted that the vast majority of freight is transported that way. We want a healthy and vibrant merchant shipping industry in this country; shipping has stood us in good stead for a considerable number of years. Some 388 million tonnes of international freight moved through UK ports in 1999, the last year for which I have figures; that represents 95 per cent. of the total. Environmentally, shipping is the best way of transporting goods throughout the world.

The sad decline of manufacturing industry in our country means that we are importing more than ever before, from countries in Asia and elsewhere. In China, I have seen docks in which containers have been

stacked up very high and ships have been in their bays ready to come to the United Kingdom. It is right that we recognise the importance of shipping into the UK and that the right regulations should be in place to ensure that oil transfers are done in the best way.

When accidents happen, I have always believed in the "polluter pays" principle. Using current regulations, we might well be able to ensure that those responsible for environmental damage paid for it. However, irrespective of how much money we were talking about, we could not correct the damage done to wildlife. That is immeasurable. We could take action in some respects, but we want to protect our wildlife from such impacts, for which no money could properly compensate.

I am delighted that the RSPB has supported and got behind the Bill. I have received a briefing from the organisation, which has more than 1 million members—about 1,500 per constituency. If we care about wildlife and the preservation of the bird species in the United Kingdom, we have to do something about those very things. If our constituencies do not have coastlines or ports, that matters little: we have a wider responsibility for UK ports and how shipping uses them.

That brings me to the wider argument that I mentioned to my hon. Friend the Member for Leominster (Bill Wiggin). I do not want British shipping to be subject to burdensome extra costs or costs that are not met by shipping in other countries, but I said that I felt a sort of ownership of the coastline around the UK, even though I represent Ribble Valley, which is inland—and long may that remain the case. I also believe that we have some sort of ownership of the wildlife in the whole world. I want to do what I can to ensure that the environment is properly protected.

When we go to schools, we find that youngsters may not be so interested in party politics and that they scratch their heads in working out how they are relevant to them. But my goodness—when we ask our youngsters about the issues they are interested in, they are keen to say that they want the Government to do what they can to protect wildlife.

Mr. Randall: My hon. Friend makes a valid point about the ownership of wildlife, which is not our own at all. In fact, many bird species directly affected by any form of oil spill are among the most migratory. The Arctic tern, for example, migrates from the Arctic virtually to the Antarctic—there cannot be anything much more global than that in the animal world.

Mr. Evans: Indeed. I suspect that it would take a real expert to know which birds migrate from where to where.

Philip Davies: He is a real expert.

Mr. Evans: I have just found out from my hon. Friend that my hon. Friend the Member for Uxbridge (Mr. Randall) is an expert on birds and their migratory patterns.

I hope that the Minister can comment on the international discussions that he has had, not only with our neighbours but more widely. We have seen the effect that such discussions can have on whaling—obviously, that activity does not take place on our shores—in that as soon as the Japanese announced that they were resuming whaling, although under the guise of scientific research, which we all know to be rubbish, there was an outcry. The Minister and his Government have been very proactive in trying to stop the Japanese from doing that. I therefore assume that they have also been proactive on a wider scale about ship-to-ship transfers of oil throughout the world. My hon. Friend the Member for Uxbridge made a valid point about birds, which may well come to our shores from other parts of the world. The fact that something happens in a part of the world that is not our legislative responsibility does not mean that the Minister cannot have in-depth talks with his fellow Ministers about what we can do to raise standards throughout the world.

As I said, 388 million tonnes of freight a year comes into the UK. That is a staggering amount. One can only imagine, therefore, the number of ship-to-ship transfers of oil that are taking place worldwide. I am sorry to say that I was not here for the opening speech by the hon. Member for Edinburgh, North and Leith, but I will read it. He may have said whether his Bill reflects best practice that is already occurring somewhere else or tries to break the mould by introducing legislation that is not in effect in other parts of the world. If it is the latter, I hope that it will be looked at by other countries throughout the world with huge amounts of shipping, such as Asia, particularly Singapore, China, South Africa, South America and the United States.

I agree with my hon. Friend the Member for Leominster that the provisions would have x costs for the industry and that that could make us less competitive with some of our near neighbours. However, we have to put the wildlife first. We must take common-sense measures and then look for the unintended consequences, as my hon. Friend the Member for Shipley said. Having legislated in good faith, we must ensure that we do not put such heavy burdens on our own shipping that it has the unintended consequence of making our merchant shipping uncompetitive with the rest of the EU. France is a near neighbour—we share the channel—and very heavy shipping takes place between the UK and Amsterdam. I hope that the Minister can comment on the discussions that he has had on the costs to industry.

Several Members have mentioned clause 1(2)(c), which could have unintended consequences whereby hardly any transfers can take place at all. The Bill is not intended to stop ship-to-ship transfers of oil but to make them safer. Unintended things may happen in any event, but we must try to make the process safer where we can. Subsection (2)(c) is a problem, whether because of the legalese or because something has not been properly considered. It is important that we get the Bill into Committee so that we can discuss that in detail, sort it out and get the Bill on to the statute book in the most workable shape.

I am delighted to give my support to this necessary Bill and again congratulate the hon. Member for Edinburgh, North and Leith. We have to be lucky to win in a private Member's Bill draw, and then be even luckier, and have the good will of the Government, to get such a Bill on the statute book. I have spoken on a number of Fridays over the past 15 years, and I must say that I miss Eric Forth. He was one of the great Conservative Members of Parliament and a great

[Mr. Evans]

parliamentarian. His frostiness and resistance on a Friday to the vast majority of Private Members' Bills was well known—he was probably singly responsible for stopping most of them—but I hope that even he would have seen the rightness of the measures proposed by the hon. Member for Edinburgh, North and Leith.

1.45 pm

The Parliamentary Under-Secretary of State for Transport (Jim Fitzpatrick): I join the hon. Member for Ribble Valley (Mr. Evans) in congratulating my hon. Friend the Member for Edinburgh, North and Leith (Mark Lazarowicz) on his success in the ballots and on introducing the Bill. I am aware that there is considerable concern among Members about the prospect of large-scale transfers of oil between ships in United Kingdom waters.

I welcome the contributions made in the debate. The hon. Member for Canterbury (Mr. Brazier) spoke in support of the Bill and rightly acknowledged the role that shipping plays in our daily lives and in the economy. The industry rarely gets the acknowledgement it deserves, and I fully agree with his tribute to it. The hon. Member for Orkney and Shetland (Mr. Carmichael) also spoke in support, but from a position of greater authority and with greater knowledge of the procedures involved, given that Scapa Flow is in his constituency. The hon. Member for Leominster (Bill Wiggin) spoke in favour of the Bill, too, and raised environmental concerns that we all share. I am not sure that I fully agree with the hon. Member for Ribble Valley that it was a powerful speech, but it was certainly thoughtful—and geographical.

The hon. Member for Shipley (Philip Davies) demonstrated a degree of scepticism—ordinary UK scepticism, not the other variety for which he has a reputation—about the Government's intentions and only time will tell if he has reason for that. The hon. Member for Ribble Valley, my part-time constituent who hails from the land-locked perch of Ribble Valley, also referred to the significance of shipping but said that we must have due regard for the protection of wildlife as well. I can assure him that we are working internationally on all such issues. We are also very conscious of the impact my hon. Friend's Bill might have on shipping, and Members would not want to do anything to damage that important industry.

The United Kingdom has a highly successful record in maritime safety and the prevention of pollution, and we appreciate the importance of both issues. In particular, we have a highly developed strategic approach to protecting the UK's seas and coasts from ship-source pollution, which involves all of the following steps and measures. We have put in place a network of shore-based stations around the UK coastline to monitor vessel traffic, using automatic identification system technology. We achieve agreement in the forum of the International Maritime Organisation on ships' routing measures which will reduce the risk of groundings or collisions. We ensure that powerful tug boats—commonly referred to as "emergency towing vessels"—are available, so that they can go out and assist ships that lose motive power. We have established arrangements under which a ship that requires assistance, and whose condition needs to be stabilised, can be brought into a place of refuge. We have a highly effective structure for command and control of an incident, in which the Secretary of State's representative for maritime salvage and intervention—SOSREP—plays a major role. We have a fully developed national contingency plan, consistent with the 1990 international convention on oil pollution preparedness, response and co-operation—the OPRC convention. We participate actively in international assistance and co-operation arrangements of a bipartite, multipartite or regional nature—again consistent with the OPRC convention.

Mr. Randall: The Minister mentions the IMO. Have the Government had an opportunity to discuss these matters, and in particular the Bill, with it? If so, what has been the outcome?

Jim Fitzpatrick: I hope to be able to explain to the hon. Gentleman later the extent of the discussions—I shall do so if I have time. They are high on the IMO's agenda, and we are in discussions with all our European and international partners in respect of these important matters.

In addition, the United Kingdom takes specific actions to give effect to the international convention for the prevention of pollution from ships—the MARPOL convention—notably by the following: ensuring that, in UK ports, reception facilities are available for the types of waste that are generated on board ship, thereby leaving no excuse for ships to resort to discharging their waste illegally at sea; carrying out surveillance, either aerial or satellite, to identify ships carrying out acts of pollution; and having an effective enforcement regime in place, so that ships that have been identified carrying out acts of pollution are prosecuted.

Bill Wiggin: Can the Minister tell the House how many such prosecutions there have been?

Jim Fitzpatrick: I am afraid that I am not able to do that at this point in time, but later in my speech those statistics may very well emerge.

The Bill seeks, first, to place an obligation on the Secretary of State for Transport to introduce regulations to control ship-to-ship transfers by the end of 2008. Secondly, it seeks to impose on the Secretary of State certain obligations, although it calls them "principles", to be given effect when regulating ship-to-ship transfers. As my hon. Friend the Member for Edinburgh, North and Leith said, those are: to prohibit ship-to-ship transfer operations in United Kingdom waters except in areas designated by the Secretary of State; and, except in the case of emergency, to treat either any programme of ship-to-ship transfers or each individual ship-to-ship transfer as an "oil handling facility" for the purposes of the Merchant Shipping (Oil Pollution Preparedness, Response and Co-operation Convention) Regulations 1998 and as a "plan or project" for the purposes of the Conservation (Natural Habitats, &c.) Regulations 1994.

Finally, the Bill seeks to allow the Secretary of State to treat either any programme of ship-to-ship transfers or each individual ship-to-ship transfer as a

"surface storage of fossil fuels"

project in terms of the Marine Works (Environmental Impact Assessment) Regulations 2007, but not in the case of emergency.

It is clear that the Bill seeks to protect the marine environment from the possible negative effects of ship-to-ship oil transfers, and the Government fully support that objective. However, with the greatest respect to my hon. Friend, I must say that we oppose the Bill on the basis that it goes about that in the wrong way, and that the desired control over ship-to-ship oil transfers can be achieved without the need for a Bill.

We have been working for some time on producing regulations under section 130 of the Merchant Shipping Act 1995 to control ship-to-ship oil transfers within UK territorial waters and to ensure that any such transfers are subject to appropriate environmental scrutiny. It is our intention to lay such regulations before Parliament this year, so placing an obligation on the Secretary of State to do so would achieve nothing of value. On the contrary, working on this Bill could only delay the introduction of those regulations by diverting the attention of all concerned.

Mr. Brazier: Could the Minister clarify whether he means during the current Session when he says "this year"?

Jim Fitzpatrick: We hope to be able to open a consultation this spring and to lay regulations by the summer. That is our intention. We have every expectation of being able to meet it, but given the matters that have been raised by hon. Members on behalf of the shipping industry, the serious issues involved and the fact that a number of environmental groups are keen to contribute, the process might be slowed up slightly. We are close to completing the regulations, so we hope soon to be able to issue them in draft for consultation.

Mr. Carmichael: The Minister will doubtless have environmental considerations at the forefront of his mind when he is consulting. Will he bear in mind the important personal safety considerations that must also be taken into account? In that regard, will he be having close discussions with the affected unions?

Jim Fitzpatrick: I can give the hon. Gentleman that assurance. The matter occurred to me when he was making his remarks about the tug companies' proposals on staffing levels and so on. They will obviously want to examine the new regulations as part of their review of operations, to ensure that they are not in any way, shape or form being compromised in respect of the proposals that they put to the unions. I expect him to beat a path to our door if either the companies or the unions have strong points of view that they want to put directly, besides putting them through the usual channels of the consultative arrangements.

The Department for Transport and its predecessors have been working with relevant regulations for some time, and they were referred to in Lord Donaldson's landmark report "Safer Ships, Cleaner Seas", which was published in 1994. In 1999, a draft set of regulations and an accompanying draft merchant shipping notice were produced, based on the premise that ship-to-ship oil transfers would be permitted only in two places outside harbour authority areas, these being Lyme bay and Southwold. However, those 1999 regulations were never made or laid before Parliament because of a potential conflict with another recommendation of "Safer Ships, Cleaner Seas": the proposed development of marine environmental high risk areas, or MEHRAs, in locations where there is both high environmental sensitivity and risk from shipping.

We were aware that some of the proposed permitted ship-to-ship transfer areas might also score highly enough to become MEHRAs, and that that would have sent mixed messages on environmental protection. It was anticipated that the process of identifying MEHRAs would be concluded swiftly and therefore the ship-to-ship transfer regulations were put on hold. Nevertheless, in the interim, the 1999 draft regulations and merchant shipping notice have served as the basis for non-statutory arrangements and procedures under which ship owners and operators are expected to notify the Maritime and Coastguard Agency of the intention to carry out a ship-to-ship oil transfer, and to carry out such transfers according to best practice.

Mr. Randall: I thank the Minister; he is being very courteous in allowing these interventions. He mentioned the problem of permitted ship-to-ship transfers taking place in environmental areas. Is there a problem because we are talking about two different Departments? How has the problem been tackled by the Department for Transport and the Department for Environment, Food and Rural Affairs?

Jim Fitzpatrick: Obviously, any regulations that affect different Departments have to be subject to consultation and joint clearance. I can assure the hon. Gentleman that we are almost ready to bring forward the regulations for consultation. We have cleared the hurdles up to the last point, and we do not expect any delays as a result of representations from other Departments. We shall proceed as I have outlined, and I hope that that offers him the reassurance he seeks.

Although there have been many delays in the further development of the regulations, they are now very near completion and I expect a revised set of draft regulations to go out to public consultation this spring. As I have said, the Bill would first place a duty on the Secretary of State to lay regulations before Parliament for approval before the end of 2008. This change to the 1995 Act is unnecessary, as we plan to consult on our regulations much earlier this year and so aim to lay them before Parliament in the summer. Working with my hon. Friend the Member for Edinburgh, North and Leith would only delay this process.

As I have already mentioned, the Bill would place a duty on the Secretary of State to "observe" certain "principles" in regulating ship-to-ship oil transfers, although on closer inspection all but one of these "principles" prove to be a duty to regulate in a particular way. Again, we consider this to be unnecessary and inappropriate, as the legislation referred to in the Bill either already applies and achieves what appear to be my hon. Friend's objectives—as in the case of the habitats regulations—or is not suitable to apply to ship-to-ship transfers, a point raised by several hon.

[Jim Fitzpatrick]

Members. For example, section 130 of the Merchant Shipping Act 1995 already gives the Secretary of State the power to make regulations prohibiting ship-to-ship transfers of oil except in designated areas—paragraph (a) of the proposed new subsection 4A—and to take account of emergencies, which is in proposed new subsection 4A(e).

There is no need to define a ship-to-ship oil transfer as an "oil handling facility" with regard to the Merchant Shipping (Oil Pollution Preparedness, Response and Co-operation Convention) Regulations 1998—as proposed in subsection 4A(b) in my hon. Friend's Bill—as the application of those regulations to such transfers is clear. An oil pollution emergency plan must be in place for every relevant harbour authority area and must be approved by the Maritime and Coastguard Agency as appropriate for dealing with any oil pollution incident that may occur, whether or not it occurs as a result of a ship-to-ship transfer and even if it occurs in an emergency.

Similarly, the application of the Conservation (Natural Habitats, &c.) Regulations 1994, as amended, to plans or projects that might adversely affect nature conservation sites—even in the event of an emergency—is already clear, and so paragraph (c) is also unnecessary.

Finally, paragraph (d) would allow the Secretary of State to classify a ship-to-ship oil transfer or a programme of such transfers as a surface storage of fossil fuels project for the purposes of the Marine Works (Environmental Impact Assessment) Regulations 2007, except in cases of emergency. I respectfully suggest that that is simply not appropriate. The regulations are not designed or drafted in a way that can be applied to operations such as ship-to-ship oil transfers. The regulations require environmental impact assessments to be carried out before consent is granted for certain regulated activities in UK waters and UK-controlled waters in cases where that is required to comply with Council directive 85/337/EC—the environmental impact assessment, or EIA, directive. The types of regulated activities to which the regulations apply are deposits in the sea, works to ensure navigational safety and harbour works.

Of course, we recognise that the framework under which ship-to-ship oil transfers are regulated needs to include appropriate measures to take account of their possible adverse environmental effects. I can also assure the House and my hon. Friend the Member for Edinburgh, North and Leith that we are investigating and will incorporate appropriate provisions on that matter in the draft regulations that we will bring before Parliament shortly.

I hope that I have explained why my hon. Friend's Bill would not achieve his objectives, as well as the fact that some of his objectives are already covered. I assure him that we intend to consult this spring and hope to introduce the new regulations in summer. I therefore hope that he will seek leave to withdraw his Bill.

2.1 pm

Mr. Crispin Blunt (Reigate) (Con): I apologise to the hon. Member for Edinburgh, North and Leith (Mark Lazarowicz) for not being present to hear his opening remarks. I must confess that I was caught out by the speed at which the Bill promoted by my hon. Friend the Member for Sevenoaks (Mr. Fallon) was dispatched. I congratulate the hon. Gentleman on getting a place in the ballot. Having just heard the Minister's rather devastating reply, I hope that I can provide some unexpected comfort to the Government. I am nervous about the philosophy behind the approach. I also want to raise one specific issue. I hope that it will be taken into account when the Minister lays the regulations before Parliament later in the year.

Let me first pick up on the remarks made by my hon. Friend the Member for Ribble Valley (Mr. Evans), who said that Mr. Eric Forth, our much-lamented departed colleague, would have approved of the Bill. I can be reasonably confident that our late colleague would not have approved of the measure in any way, shape or form.

The Minister gave a devastating response, which made it clear that most of the powers proposed by the Bill are already available in one form or another.

Mark Lazarowicz: May I reassure the hon. Gentleman that had he been present for my opening speech—I understand that he was elsewhere—he would have heard that, although I accept the fact that the Government have the powers, I want to place a duty on them? That is what I was trying to do.

Mr. Blunt: I am grateful to the hon. Gentleman for that explanation.

Let me turn to my philosophical objection to the Bill. The evil is the pollution caused by ship-to-ship transfer when oil pours into the sea because the transfer has not been conducted properly. I believe that we should be addressing the evil, not trying to rule out any potential cause of it. In normal circumstances, if ship-to-ship transfers were properly conducted, there would not be pollution. It is only when transfers take place incorrectly, either because they are badly managed by poor operators or because they happen by accident, that pollution occurs. It should be our duty not to rush round trying to find regulations and statutes to prevent people from doing anything that might cause something, but to address the cause of the evil. If there is pollution in British territorial waters caused by poor operations, we should be clear that it will be punished most severely because of all the consequences to birdlife, marine life and our coastlines. I find the Bill's approach concerning.

My specific concern is about the effect of the Bill and the regulations on the Royal Navy and the Royal Fleet Auxiliary Service. I believe that the Royal Navy is exempt from the Merchant Shipping Act 1995, but that the Royal Fleet Auxiliary Service is not. I am sure that hon. Members will correct me if I am wrong. There will be occasions on operations—perhaps when supporting fishery patrol vessels offshore close to British waters and especially when training—when ships of the Royal Navy and the Royal Fleet Auxiliary wish to make ship-to-ship transfers. I hope that when the Under-Secretary lays regulations before the House in the summer he will address that point and ensure that the Royal Navy can conduct operations and training if and wherever it deems it necessary. Training is obviously likely to be in British territorial waters. We should not impose extra burdens on the Royal Navy, because

training is obviously important in sustaining the Navy around the world. We should not impose additional expense on the Ministry of Defence by forcing the Navy to sail even further away from its bases.

Jim Fitzpatrick: In 25 years, there has not been a single spillage during ship-to-ship transfers in Scapa Flow. The Maritime and Coastguard Agency has reviewed the figures for UK waters, and two minor incidents occurred, both before 1976. I do not believe that the danger to which the hon. Gentleman alludes is there, and we believe that the regulations will fulfil the objectives of my hon. Friend the Member for Edinburgh, North and Leith (Mark Lazarowicz) in protecting the environment and—most important—the shipping industry. Delay in introducing the regulations could create additional uncertainty, which I am sure no hon. Member wishes to cause the shipping industry.

Mr. Blunt: I am grateful for that intervention, which suggests that the evil that we are trying to tackle is minor. Based on experience, the risk is minor. I would be horrified if the Royal Navy and the Royal Fleet Auxiliary Service were not good at those operations. The scale, too, of the oil transfer is likely to be much smaller than for commercial operations.

Mr. Carmichael: The hon. Gentleman said that the risk was minor. I do not know whether he intended to say that but it should not be allowed to pass. The risk is substantial, but it can be managed and it has been successfully managed, especially in Scapa Flow, where, as the Under-Secretary said, that has happened for the past 25 years.

Mr. Blunt: The consequences of an accident, especially with serious pollution, would be appalling. However, I understood the Under-Secretary to say that the probability based on experience of its happening was small. The risk is therefore small, although the consequences would be catastrophic.

I agree with the Under-Secretary's concerns about the Bill—I hope that that will not get me into trouble with my colleagues. He has heard my views about making the Royal Navy and the Royal Fleet Auxiliary Service exempt from regulations.

2.8 pm

Angela Watkinson (Upminster) (Con): I apologise to you, Madam Deputy Speaker and to the hon. Member for Edinburgh, North and Leith (Mark Lazarowicz) for not being present at the beginning of the debate.

I want to make two brief points. One arises from a letter from my constituent, Jillian Atkins, who is a regular correspondent on environmental matters. Her letter encapsulates the sentiments that most Members have expressed. We do not wish to prohibit ship-to-ship transfers, but we want to ensure that strict procedures and regulations are in place to prevent the potentially catastrophic impact of an oil spillage on seabird colonies and their habitats, and on coastlines and beaches.

The reference to coastlines and beaches led me to look more closely at proposed new section 130(4A)(c) of the 1995 Act, which is the only paragraph that does not refer to oil or oil products. When the hon. Member for Edinburgh, North and Leith winds up the debate, perhaps he will clarify whether that provision could include the discharging of bilge-water, which might contain non-indigenous or predatory species, which can have a significant effect on the indigenous species in our waters, particularly if bilges are discharged close to our coastline. I noticed that the provision did not refer specifically to oil products, so perhaps it was the hon. Gentleman's intention to include other substances, too. The Minister referred to ship-based pollution, so I wonder whether contaminated bilge-water or bilge-water containing non-indigenous or predatory species could be included in those provisions.

2.11 pm

Mark Lazarowicz: With the leave of the House, this has been a wide-ranging debate. It would not be appropriate in the time available for me to try to respond to all the points that have been made. I heard what the Minister had to say and I take issue with some of his points. If we take the avenue that he suggested or if the Bill proceeds, it would be possible in the consultation process both for me and for all the organisations that are keen to see the legislation taken forward to take up those points.

Mr. Randall: I am grateful to the hon. Gentleman for giving way and will not take up much of his time. Like him, I have been approached by many constituents who are members of the RSPB. I, too, am a member and have been for 45 years. In fact, I have written to myself in no uncertain terms in order that I be here to support the Bill. Is the hon. Gentleman happy and does he think that the RSPB will be happy with the reassurances that the Minister gave?

Mark Lazarowicz: My objective in promoting the Bill was to encourage the Government to bring forward regulations—indeed, the Bill would put an obligation on them to do so. I heard what my hon. Friend the Minister said. I am not interested in getting my name up in lights through a private Member's Bill just for the sake of it; I want to get a result. If the Minister sticks to the time commitments that he has given, as I am sure he will, we could have regulations in place by the summer, which would be earlier than under the Bill. My wish is to bring those regulations forward.

I have spoken to RSPB Scotland, whose support for the Bill has been key. Its view is also that this debate should have a productive outcome, rather than going down in flames just for the sake of making a show. It is in the interests of the organisations that are keen to see the legislation come forward to have an early discussion and an early decision, and I am sure that that is in the interests of the shipping industry, too.

As the hon. Gentleman will therefore realise, although it is tempting to get a third private Member's Bill under my belt—I have been more fortunate than him—and although that would take me some way towards the record of his predecessor, who I think had eight private Members' Bills in his time, I want to get a result. Now that we have had our fun and games this Friday, I hope that hon. Members will appreciate that the important thing is to take the issue forward and to have a constructive debate in the consultative process. The Minister has given an assurance, which I know he

[Mark Lazarowicz]

will seek to fulfil, and Members on both sides of the House will no doubt monitor closely the way in which he does so.

In that spirit, I beg to ask leave to withdraw the motion.

Motion and Bill, by leave, withdrawn.

Mr. Nigel Evans (Ribble Valley) (Con): On a point of order, Madam Deputy Speaker. Following yesterday's mini-reshuffle of the Cabinet and the separation of the posts of Secretary of State for Wales and Secretary of State for Work and Pensions, which I warmly welcome, could you advise the House on whether you have been given any indication that there is likely to be a ministerial statement concerning the logical follow-on to that: the separation of the posts of Secretary of State for Scotland and Secretary of State for Defence?

Madam Deputy Speaker: I have not been made aware that any Minister is about to make a statement today, or, indeed, on Monday.

Disqualification from Parliament (Taxation Status) Bill

Order for Second Reading read. [Queen's Consent, on behalf of the Crown, signified.]

2.16 pm

Mr. Gordon Prentice (Pendle) (Lab): I beg to move, That the Bill be now read a Second time.

I am grateful to Her Majesty. This is a very short Bill, and I am going to make a very short speech, because I would like to hear the Minister's response. The general principle behind the Bill is that those who make our laws should pay our taxes. There should be no representation without taxation, so to speak. People out there would be astonished to learn that there are Members of Parliament, legislating for the rest of us, who do not pay UK taxes. My short Bill would disqualify Members from the House of Commons and the House of Lords if they were not resident in the United Kingdom for tax purposes. Members of the Commons would declare their residency status once in every Parliament, but peers would have to certify annually that they were UK residents.

Mr. John Randall (Uxbridge) (Con): Will the hon. Gentleman give way?

Mr. Prentice: May I just make some progress?

People might ask why this provision is necessary. The House of Lords Appointments Commission identified the problem in its report for 2006-07. It concerns a Conservative peer and donor, Irvine Laidlaw, now Lord Laidlaw. He was ennobled in 2004 after promising to become a UK resident for tax purposes. Unfortunately, he reneged on that promise. This is all documented in the House of Lords Appointments Commission's annual report. He is a tax exile, living in Monaco. Lord Stevenson, the Chair of the Commission, has written to the Prime Minister to flag up his concerns about this matter. In October last year he also told my colleague, the hon. Member for Cannock Chase (Dr. Wright), who chairs the Public Administration Committee, that the commission was no longer prepared to accept assurances from people who do not pay UK taxes but would apparently do so some time in the future. He also said that it would no longer accept non-UK taxpayers as candidates for the peerage. Lord Laidlaw, who lives in Monaco, as I said, has now taken leave of absence from the House of Lords.

So, new rules are clearly needed, and they need to have a statutory basis. The irony is that the House of Lords Appointments Commission is not set up by statute and is, in a sense, making up the rules as it goes along. The House of Lords Appointments Commission decided after the Laidlaw case that it was not going to wave people through to a peerage if they were not UK taxpayers, but there is nothing in statute to address the problem and that applies only to new peers, not to existing ones. Clearly, there is a lacuna in the law.

There is, of course, great speculation about Lord Ashcroft. On his website, he says:

"If home is where the heart is, then Belize is my home".

No one really knows—he has not volunteered the information—whether Lord Ashcroft, a major donor to the Conservative party, is resident for tax purposes in the UK or in Belize. In 2004, in what I believe is called the House of Lords expenses register, he gave his main residence as Belize. He has repeatedly declined to say where he does reside and I do not know—no one here knows—whether he pays UK taxes.

Mr. Nigel Evans (Ribble Valley) (Con): We have had "no taxation without representation" for many years and we now seem to be on "no representation without taxation", which is an interesting change. I am an old seahorse when it comes to private Members' Bills. Will the hon. Gentleman advise us whether in his discussions with the Minister he has been given any indication that his Bill has Government support?

Mr. Prentice: I hope that it has Government support and also that it gains support from all right-thinking people. Is it not amazing that anyone would want to justify membership of Parliament when the individual concerned is not a UK taxpayer? Of course I believe that the Government support my Bill. If it fails to make progress, I hope that the general principle will be gathered up in the omnibus constitutional reform Bill that the Government are bringing forward next month.

Mr. Dominic Grieve (Beaconsfield) (Con): The hon. Gentleman's Bill clearly merits serious consideration. In drafting it, did he consider individuals such as Lord Kinnock or Lord Robertson of Port Ellen who, having been appointed to the House of Lords, moved on to fulfil overseas appointments? I have no direct evidence, but I suspect that that may well have affected their tax status, particularly if they are EU Commissioners. Does the hon. Gentleman intend such individuals to be disqualified and never able to return to this House? There is nothing in his Bill to suggest that by taking leave of absence, for example, it would be possible to escape permanent disqualification.

Mr. Prentice: Those are all important issues, which can be explored in Committee. I am perfectly prepared for my Bill to be amended in Committee to catch those categories of individuals who should not be serving in the legislature.

Let me finish on this point. The House of Lords Appointments Commission has registered its view and the Public Administration Committee, of which I am privileged to be a member, recommends a change along the lines that I have suggested. I would like to know the basis of the undertaking that Michael Ashcroft, now Lord Ashcroft, gave in 2000 before being elevated to the peerage. In March 2000, No. 10 Downing street issued a press release, which included this note to editors:

"In order to meet the requirement for Working Peer, Mr Michael Ashcroft has given his clear and unequivocal assurance that he will take up permanent residence in the United Kingdom again before the end of the calendar year"

in 2000. It continues:

"He would be introduced into the House of Lords only after taking up that residence. These undertakings have been endorsed by the Leader of the Conservative Party and conveyed to the Prime Minister and to the Political Honours Scrutiny Committee."

I want to know the form of the undertaking and to whom that undertaking was given—it is nothing to do with how much tax Lord Ashcroft pays or does not pay—but the Cabinet Secretary has refused my request under the Freedom of Information Act 2000. The matter is now subject to an internal review, but I fully intend to take this matter to the Information Commissioner. I finish by emphasising that it is totally unacceptable for people to make the laws of the United Kingdom when they do not pay their taxes here.

2.24 pm

The Parliamentary Under-Secretary of State for Justice (Bridget Prentice): I congratulate my hon. Friend the Member for Pendle (Mr. Prentice) on securing this debate. He has raised the question of the tax status of Members of the other place previously, including through early-day motions, and I am pleased to give the Government's view on the matter.

The Government agree with the intention underlying the Bill—that Members of this House and the other place should pay taxes in the United Kingdom. That is an important way in which they demonstrate their connection with and commitment to our country. The public would find it odd if their elected representative in this House could, as a tax exile, vote on the provision of income tax but was not subject personally to that regime. I doubt that the electorate would consider that fair.

Mr. Grieve: How might the proposals impact on the Good Friday agreement and the terms of the peace settlement in Northern Ireland, in relation to the ability of citizens of the Irish Republic to stand for the United Kingdom Parliament while remaining resident in the Republic of Ireland? If my recollection is correct, that is specifically provided for and allowed for, and it might make it difficult for the hon. Gentleman to achieve his intention.

Bridget Prentice: The hon. Gentleman makes a good point, to which I was going to refer later in my speech, but I will address it now. He is correct that the Bill as drafted would have an anomaly in that a citizen of the Republic of Ireland could be disqualified from standing for the Northern Ireland Assembly. The same point might apply to Members of the European Parliament. In both those situations, people could be unfairly disqualified from standing. Although we support the idea behind the Bill in principle, I will ask my hon. Friend the Member for Pendle whether he would be open to amendments in Committee—he has indicated that he would—to ensure that such candidates would not be unfairly prevented from standing for Parliament.

Philip Davies (Shipley) (Con): Would the principle that people who do not pay taxes here should not make our laws, prevent the European Commission ever making any laws that affect our country? Were that the basis on which the Bill was being brought forward, I would support it wholeheartedly.

Bridget Prentice: The hon. Gentleman makes an ingenious intervention, and I am sure that he will have the opportunity to raise the issue again in the next

[Bridget Prentice]

dozen or so days when we debate European matters. Ingenious as it is, however, it is not absolutely relevant to the question before us today.

The Bill has some potential technical problems, and the hon. Member for Beaconsfield (Mr. Grieve) has raised one. I want to mention some others. For example, only this week Her Majesty's Revenue and Customs published proposed amendments to the residence and domicile tax rules. Those are still being consulted on, so I would be cautious about cross-referencing the Bill to any of the current tax residency rules, because of possible changes.

Mr. Grieve: To make the position clear, I understand the seriousness of purpose, and the merit, in the matters that the hon. Member for Pendle (Mr. Prentice) wishes to examine. But the issues are more than technical, because if we start providing exceptions as opposed to the blanket approach that he wants, that raises the question of what exceptions. We would then start a process of looking down the list that might lead to the justification of all sorts of exceptions, which might start to undermine his intention.

Bridget Prentice: Again, the hon. Gentleman makes a fair point. However, although the Government make some criticisms of the Bill, in a spirit of helpfulness we support its intention. There are good reasons for introducing legislation along such lines. With assurances from my hon. Friend the Member for Pendle that he would be prepared to accept amendments in Committee, I would be happy to endorse the principle behind the Bill.

2.29 pm

Mr. Grieve: The hon. Member for Pendle has raised an important issue. In the past, we have considered such matters as whether donations can be made to political parties and whether individuals can stand for Parliament in the context of their status. The historic—

It being half-past Two o'clock, the debate stood adjourned.

Debate to be resumed on Friday 14 March.

Luton Town Football Club

Motion made, and Question proposed, That this House do now adjourn.—*[Liz Blackman.]*

2.30 pm

Mrs. Nadine Dorries (Mid-Bedfordshire) (Con): I stand here today not only as Member of Parliament for Mid-Bedfordshire, but as the great-granddaughter of the founder of Everton football club. In those days it was a small community town football club known as St. Domingo's. The principles of small football clubs were much as they are today: it was about community, young boys having a focus and a local club, and all that that entails. My great-grandfather's son went on to play football as a goalkeeper, and his grandson has been a member of the amateur Referees' Association for most of his life.

I am here today to try to protect another club that was started at almost exactly the same time as my great-grandfather started Everton: Luton Town, one of the oldest clubs in English football, founded in 1885. It has been witness to a lively past—unfortunately it has been in administration three times in the last nine years—but my interest today lies with its future more than its past, and with what we can do to ensure that that future remains stable and long-lasting.

The club went into administration in November last year. The financial directors and controllers had realised that its liabilities and costs were becoming greater, and that administration was the only option. As a result, in accordance with Football League rules, the club lost 10 points. Experienced football insolvency expert Brendan Guilfoyle was one of the three administrators appointed. He has a sound track record of helping other clubs in the same position, including Leeds United. His rescue of Leeds from its first insolvency culminated in the club's paying off its creditors. If anyone is to secure the future of Luton Town football club, Brendan Guilfoyle will certainly be one of those who do so, but what we need, and what we have, is the right combination of administrator, loyal and dedicated fan base—some of whom are here today—and, of course, Luton Town itself.

All the ingredients are in place to ensure that a good bid is presented, as indeed it has been, by a consortium known as Luton Town 2020. The name represents the bid's objective, which is to secure the club's long-term future. The consortium is led by a lifelong Luton fan and television presenter, Nick Owen. He has done a fantastic job so far in attracting the investment that the club needs, and we hope that it will be possible to inject £10 million into the rescue operation.

As I have said, the priority is to stabilise the club and ensure that it remains stable in the future, without a repeat of its unfortunate past. As a member of the Football League, the club must abide by the league's rules, which is why 10 points were deducted when it went into administration. It will face more stringent penalties if, during the administration process, it fails to meet other regulations laid down by the league. For example, it must now meet an additional 16-point plan set by the league if it is to emerge from administration. It must establish a company voluntary arrangement, which must be approved by the Football League before any progress can be made. The Football League, in more ways than one, sets the rules of the game and compliance with the CVA is effectively non-negotiable.

For the record, an exceptional circumstance arrangement can be established and sometimes that is permissible, but the cost would mean that the club would lose a further 15 points on top of the 10 points that have already been deducted. That would mean removal from the Football League, which would be a disaster for the club because it would have an impact on gates and the price of players. It would destroy Luton Town football club and must be avoided.

Following discussions I have had recently with the administrators, 2020, supporters groups and others, it appears that we are very close to securing the CVA, which would meet the approval of the Football League. That is extremely encouraging and would give Luton Town the fresh start that it desperately needs. However, the club is facing an extreme dilemma. As Benjamin Franklin famously said:

"But in this world nothing can be said to be certain, except death and taxes."

As the Minister may be aware, the club owes about £2.5 million in unpaid taxes to Her Majesty's Revenue and Customs, which is equivalent to about 80 per cent. of the club's total debt. The magnitude of the debt means that HMRC is likely to object to the CVA and effectively will veto the club's best chance of a sustainable future. That is because, under the CVA, the administrator is allowed to pay football creditors, such as players and other clubs, and they are allowed to receive 100 per cent. of what they are owed. However, other creditors, such as HMRC, are likely to receive nearer to 25 per cent. of what they are due. Ultimately, that will leave the club practically insolvent.

Clearly in an ideal world, in which none of us live, everybody would be paid in full, but 2020, which is the best option for securing the long-term future of the club, does not have access to the funds needed to extend 100 per cent. payment to everybody—to all the creditors. If HMRC continues to insist on such an arrangement, 2020's bid, which is the only feasible one on the table, will fail completely. The irony is that the taxman will receive nothing if the club becomes insolvent rather than the 25 per cent. he would receive if he went into reasonable negotiations with the club. Although I understand the reasons for HMRC's stance, I fear that intransigence and a lack of ability to negotiate on its part could prove a fatal blow to the club.

I want to take the opportunity to urge the Minister to make representations to ensure that HMRC takes a more flexible approach to the club's outstanding payments. It is more than just a club; it is not just a case of negotiation between HMRC and the administrators. It is about the lifeblood of an important part of Luton and Bedfordshire. Many of my constituents support Luton Town football club, and football is a beautiful game. It is not just a beautiful game for Liverpool, Manchester United and the clubs in the big super-leagues; it is a beautiful game for the little boys who go home from school at night, put on their boots, go out into the street and pretend they are scoring a goal for the Hatters. It is a beautiful game for any small town that has its own club, which becomes such a vital part of the community.

Just this week in this Chamber, we had a debate on obesity and the danger it is proving to today's children. The Government have sent out guidelines this week on how we need to encourage our children to move away from their PCs and to get out and engage in more sports. The club is situated in one of the poorest areas of the country and it is vital that a football club should exist in Luton that children can walk to. The club should be there to inspire children and to run youth training schemes and youth leagues so that it is part of the wider Bedfordshire community. I cannot say enough what a loss to Luton and Bedfordshire it would be if HMRC did not negotiate, the bid failed and Luton Town football club ceased to exist tomorrow.

The issue is not just about Luton Town; it is about other clubs. Many clubs across the UK all too often find themselves in a similar position to the one that Luton Town finds itself in today. If we want our kids to get out from in front of their PCs, let us make sure that local football clubs exist. Let us make sure that they are there to be an inspiration and to make sure that football is not just about those who have the big bucks and can afford to go to the big games and travel to the big matches. Football should be accessible to everyone, particularly in a town such as Luton, which is one of the poorest areas of the country.

There is another reason why I support the bid: the 2020 consortium is committed to ensuring that Luton Town football club fits snugly as close to Luton as possible. It recognises the importance of its being accessible to Luton fans. It is considering the feasibility of three options for re-siting the club at junction 10, so that Luton Town football fans could still travel to the club without great cost. It is also considering rebuilding the club in the Kenilworth road area, right in the heart of Luton. As far as I am concerned, that is where the football club should be. I agree that Kenilworth Road stadium should be rebuilt. Its rebuilding, and the resulting influx of capital to the area, would be fantastic for Luton. People in Bedfordshire who have always travelled to Luton town to watch the Hatters will still do so; there would be no great change there.

I am sympathetic to the bid, because those in the consortium take an objective view on what is right for the town, the club and the fans. The bid will not go ahead unless HMRC considers the issues more reasonably. It is not in anyone's interests for the club to fall and to go into insolvency or liquidation. That would not benefit any club in the UK, or the fans or the people of Luton. I hope that the Minister will seriously consider arranging a meeting with HMRC, and bringing the parties together to talk. Perhaps he could arrange and facilitate a meeting between HMRC and the Minister with responsibility for sport, the hon. Member for Bradford, South (Mr. Sutcliffe), so that they can discuss the best way forward and the best way to help the consortium.

If the consortium trying to bring Luton out of administration meets the mandatory Football League obligations by paying all football creditors in full, and other creditors a reasonable percentage of the money owed, why should HMRC object? I would like an answer on that specific point from the Minister, if possible. Why would HMRC object, given that otherwise, the outcome would be a reduction in income for the Treasury?

If the consortium is forced to reduce its offer to football creditors, the Football League will object and refuse to reallocate Luton's membership of the league, meaning that the club will be unable to play league

[Mrs. Nadine Dorries]

football, and could be forced out of business altogether. I would like the Minister to say what the 2020 consortium should do. It is stuck between a rock, or HMRC, and a hard place, or the Football League. What does he think that the consortium should do to get itself out of that position? It is stuck between one set of measures that will take it into liquidation, and which would mean that the club will fall, and another. There seems to be no way for the club to steer itself out of the problem.

Will the Minister answering the debate join forces with the hon. Member for Bradford, South, if he still is Minister with responsibility for sport? On Wednesday, I was told that a Treasury Minister would respond to this debate. On Thursday, it was to be someone who would deal with the business side of the issue. The Minister present today is the Under-Secretary of State for Business, Enterprise and Regulatory Reform. I am not sure who the Minister for sport is at present, but if it still is the hon. Member for Bradford, South—I am not even sure whether he is still a Minister—will the Minister join forces with him and arrange a meeting between the football authorities, the Treasury and the consortium, so that they can reach an understanding that will allow them to deal more sensitively with clubs that find themselves in the same predicament as Luton Town?

Let us set up a framework, so that when another club finds itself in the same position, it knows what to do and where to go. The situation is impossible. Fans want to save the club, and administrators and local people want to do the best for it, but it seems as though everybody else is against the club surviving. Will the Minister facilitate such a framework? We need to know where clubs in such a position can go. The same thing has happened in Leeds. I have also been contacted by Labour Members whose local football clubs have been in the same situation. We need a framework within which small clubs can operate. Football is not just about the championship, or the premiership. It is not just about the super-clubs with the big money; it is about the small clubs, too. That is where the passion for football starts.

The 2020 consortium has established a reasonable and fair offer for the Treasury—the best offer on the table. The consortium would pay off many of the club's debts and has pledged to prioritise financial stability. I wish that other such organisations considered long-term stability when companies went into administration. Luton Town football club is bringing forward the best deal that anybody could hope for; that is why it seems all the more ironic that HMRC is refusing to negotiate—"refusing" may be too strong, but it certainly seems intransigent about negotiating at the moment. The offer is the best on the table to pay off debts and pledge financial stability so that the club can survive. Stability will ensure that the Treasury sees an ongoing income. If the club fails, the Treasury will get no money at all, or just 25 per cent., but a successful club will bring ongoing income to the Treasury. That makes it all the more ironic and ridiculous that the club should face closure—if it closes, it will provide no income at all to the Treasury.

Will the Minister answer this specific question? Will he make representations to HMRC to ensure that the 2020 offer is accepted and the club can survive? Surely he agrees that the club's long-term survival is paramount to all. Football is fundamentally a grass-roots sport; it is about little boys playing in the street who believe in their minds that they are playing for the Hatters when they get home from school. It is about people who walk to the match on a Saturday afternoon and about local communities and towns. Luton is one of the poorest towns in the country and it is important that Luton people have access to their football club.

The Hatters are a great team with a great past. After I attend constituency engagements on Saturdays, I frequently switch on the radio to find out what happened to the Hatters in the afternoon. Bedfordshire people either support the Hatters or their super-club and the Hatters as well. The club has a great past; will the Minister try to ensure that it has a great future as well?

2.46 pm

The Parliamentary Under-Secretary of State for Business, Enterprise and Regulatory Reform (Mr. Gareth Thomas): I congratulate the hon. Member for Mid-Bedfordshire (Mrs. Dorries) on securing this debate and on the way she has reflected the no doubt considerable passions in her constituency about the subject. I recognise that other Members with significant numbers of Luton Town supporters in their constituencies will share some of her concerns. There are two small football clubs in my constituency—the excellent Harrow Borough and Wealdstone football clubs—so I recognise that Luton Town's origins and the excellent work that it does in its community, which the hon. Lady has described, have helped to generate considerable enthusiasm for the Hatters and considerable concern about the club's current circumstances.

For the hon. Lady's benefit, and that of the House more generally, I should say a little about the law on administration and the legal environment in which Her Majesty's Revenue and Customs and other creditors are engaging at the moment. The availability of managed exit routes from the market for companies in financial trouble is an essential aspect of any mature economy. In this country, we have an insolvency regime that balances the needs of creditors with those of the insolvent company or individual. Underpinning that regime is a targeted enforcement process, which ensures that those who have been reckless or dishonest are dealt with appropriately and that their ability to damage the interests of creditors is restricted.

The new administration regime, introduced by the Government in the Enterprise Act 2002, puts the survival of a company or its business at the centre of the procedure. Companies may encounter serious financial difficulties for a number of reasons, but their underlying businesses may be sound. Administration can be used so that those businesses, and the jobs of those whom they employ, can be saved. As part of their statutory role, administrators must try to achieve the purpose of administration—to try to rescue the company as a going concern. If that is not possible, they must seek to achieve a better result for the company's creditors as a whole than would be likely if the company went into liquidation straight away. If neither of those outcomes is possible, the administrator may realise the company's assets and pay one or more of the company's secured or preferential creditors. That

hierarchy of objectives ensures that the administrator's first thought is the survival of the business—in this case, the football club.

Perhaps I can give some comfort to the hon. Lady and to those in Luton who are following this debate when I say that the majority of football clubs that have become insolvent in the past 16 years have gone into administration and survived, and occasionally thrived. No Football League club has gone out of business since the liquidation of Aldershot back in 1992.

Mrs. Dorries: I fully appreciate what the Minister says, but the nub of the issue is this: the football players and other clubs are to be paid 100p in the pound as the first line of creditors and, as normally happens in these situations, other creditors are to be paid 25p in the pound, which seems to be what HMRC is objecting to. If it is intransigent and definite in its objection, there is no way forward. I understand what the Minister says about other football clubs not having gone bankrupt, but that is a real possibility facing Luton Town if HMRC will not negotiate.

Mr. Thomas: The hon. Lady describes the situation correctly.

I acknowledge that, as the hon. Lady said, football clubs play an important role, at all levels, in the social fabric of the nation. I hope she will acknowledge, however, that the rules that govern corporate life, including those on insolvency, cannot be selectively applied depending on the industry, business or activity in which a particular company is involved. In an administration, the survival of the company or business should always be balanced against the interests of the creditors.

Administrators usually have up to eight weeks from their appointment to send the creditors a statement of proposals for achieving the purpose of administration, although the legislation allows for that period to be extended. In the case of Luton Town, the joint administrators have made use of those provisions and obtained permission to extend this period by some eight weeks, and 2020 has been granted a period of exclusivity by the administrators in which to make a bid for the club in return for its agreeing to contribute towards the funding of the administration during that period, which ends, as I suspect that the hon. Lady is aware, at the end of February. The administrators' proposals will be issued after the expiration of that period.

The administrators have stated that the proposal will be, as the hon. Lady described, to exit administration via a company voluntary agreement. The proposals then have to be agreed by the creditors, and the administrators will arrange a meeting for that purpose, which is due to be held on 13 March. If a majority of the creditors vote in favour of the proposals, they will be approved and the administrators will then work to achieve the agreed outcome. The creditors are able to modify the proposals, although if the administrators do not agree with the changes made by the creditors, they would have to go to court to determine how they should proceed with the administration.

Mrs. Dorries: If all the creditors respond favourably except HMRC, what position does that put the football club in?

Mr. Thomas: It would put the football club in a very difficult position, as the hon. Lady is aware.

Let me outline one of the particular difficulties to do with insolvency and football clubs. There have been more than 40 football insolvencies in the past 15 years, with some clubs having entered administration on more than one occasion. With players' salaries one of the largest expenses facing football cubs, even away from the heights of the premier league, the debt owed to Revenue and Customs in these insolvencies is often considerable.

Luton Town football club is a member of the Football League, which is essentially a private club with rules that its members must follow if they wish to remain a part of that club. Among these rules is the league's own insolvency policy that members must adhere to should they enter an insolvency procedure—as the hon. Lady knows, that is one of the complicating factors in this situation. Failure to keep to this policy will, other than in exceptional circumstances, result in the loss of the member club's share in the league. Without that share, the club cannot take part in league matches and will effectively cease to trade. In the case of a football club in administration, the loss of this share will almost inevitably result in liquidation. Players' contracts would be void and they would receive what are known as free transfers, and the football club would, in effect, be dead.

The underlying principle of the Football League's insolvency policy is that it is untenable for a league club to continue as a member of the league if football creditors are not paid in full. Football creditors are those organisations within the football family that are owed money by the insolvent club. I will not list all the potential creditors but it could be considerable, and it would include amounts owed to the football staff of the club, including players, and amounts owed to the league, the Football Association and to other clubs.

The league has stated that the conditions it places on insolvent clubs are tailored to conform to three key priorities: the continuation of the football club, if at all possible; full payment of all football creditors; and the best possible return for all other creditors. The insolvency policy goes on to specify that a club must exit administration via a company voluntary arrangement—a CVA—under the Companies Act 1985. For a CVA to succeed, at least 75 per cent. of unsecured creditors must vote in favour of the proposal.

Administrators are regulated professionals and are obliged by law to perform their functions in the interests of the company's creditors as a whole. The administrators are not bound by the league's rules on football creditors; they are required by law to treat all unsecured creditors equally.

It is clearly in the interests of a potential purchaser to abide by the league's rules and ensure that football creditors are paid in full. If that stipulation is not met, there is a significant risk that the league will not allow the club to compete in its competition and the purchaser would own a worthless football club. Any proposal in the administration or CVA that is not approved by the creditors, or does not provide for the payment in full of football creditors, is likely to result in the end of the club.

[Mr. Thomas]

I hope I have made it clear that I sympathise with Luton Town's many loyal supporters and with the hon. Lady's case, but football clubs are companies like any other and they must abide by the laws that govern companies. HMRC has a statutory duty to collect all tax and duty that is legally due. It has a responsibility to the vast majority of taxpayers who pay their tax on time to ensure that all tax debts are collected promptly and that taxpayers are treated fairly. HMRC must manage its relationship with football clubs as it would with any other individual or company.

The comfort I can, perhaps, give the hon. Lady and Luton's supporters is that HMRC supports voluntary arrangements that meet its published criteria and where all the unsecured creditors are bound by the terms to receive the same treatment. It applies the same criteria to all businesses, and football is no exception.

Mrs. Dorries: The hon. Gentleman has just explained that if the club did that—if everybody had to be paid at the same rate—it would not be able to pay out and meet the Football League's criteria, which would mean it would lose its golden share, so how on earth does he expect the football club to be able to do this?

Mr. Thomas: Well, I was going to go on to say, by way of conclusion, that there is still time before the expiry of the period for further conversations to take place between the consortium and HMRC, and I hope that the consortium will be willing to have those conversations.

It is clear that the club was insolvent and that led to the directors' decision to put the club into administration. I hope that a solution can be found to ensure Luton's continued membership of the Football League, but that decision can be made only by the creditors of the club on the proposals put before them. We need to ensure that all creditors—not just those within the football family—are treated appropriately. Hence the concerns of HMRC.

The hon. Lady has asked me to bring the debate and the points made in it to the attention of other Ministers, and I shall do that.

Question put and agreed to.

Adjourned accordingly at Three o'clock.

Westminster Hall

Tuesday 8 January 2008

[SIR NICHOLAS WINTERTON *in the Chair*]

Fuel Poverty

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mr. Blizzard.]*

9.30 am

Sir Nicholas Winterton (in the Chair): May I welcome all Members to this first sitting in Westminster Hall following the all too short Christmas recess?

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): May I return the compliments of the season to you, Sir Nicholas, and, indeed, to fellow Members?

The debate that I have been fortunate enough to secure is topical in many ways, not only because of the recent snow and cold spells that at least some of us have experienced, which reminded us that we still have winter in the UK, but because of the announcement by some energy suppliers of sharp increases in prices for gas and electricity. Those announcements have made the debate one of even greater urgency.

Although the media spotlight inevitably falls on these questions at this time of the year, it is not an issue that has just appeared on the political radar in Parliament. The all-party group on debt and personal finance, which I chair, had a joint meeting with the all-party group on poverty at which parliamentarians met grass-roots representatives, experts from the voluntary sector, fuel companies and industry regulators to discuss fuel poverty. We published a joint report following that seminar, and much of my speech will draw on its recommendations. The report is available on my website, for those who wish to pursue it in more detail.

No one can be certain exactly where energy prices will go in the future. There have been falls as well as increases in recent years, and there are questions about how far recent increases are due genuinely to world energy prices, or to opportunism by some energy suppliers. Some colleagues might wish to expand on that subject later in the debate. It is, however, pretty clear that whatever else happens, the long-run trend in energy prices will be upward due to market trends, growing demand, some diminishing energy sources and Government policies that are designed to reduce energy use and develop certain energy sources. For many householders, rising energy prices will inevitably lead to more fuel poverty, and if price increases on the scale of those that have been announced recently are repeated generally, as looks likely, many more thousands will surely be dragged into fuel poverty unless something is done about it.

I shall outline some areas in which the Government, the regulator and energy companies can do more to deal with the problem of fuel poverty, but I shall also give the Government credit for what they have done to tackle the problem so far. Indeed, the UK was the first country in the world to recognise that fuel poverty was a specific issue, and measures such as the winter fuel payment, central heating programmes and the energy efficiency commitment have all played an important role in tackling fuel poverty. Some 4 million people have been taken out of fuel poverty since 1996, but the reduction has slowed since 2004, when energy price increases started to hit. They have begun to undo much previous good work, and the recent increases will throw many more into fuel poverty if action is not taken.

David Taylor (North-West Leicestershire) (Lab/Co-op): I congratulate my hon. Friend on securing this important debate at this time, following the announcement by npower, one of the most voracious suppliers. The number of people in fuel poverty has more than stopped going down—it has doubled since 2003, despite the Government's best and heroic endeavours, to which we pay tribute. Does my hon. Friend agree that Ofgem—he referred to it by implication a moment ago—should be given reserve powers to evaluate the so-called social tariffs, which many suppliers offer, to ensure a decent minimum standard and not just a voluntary, penny-pinching level? I put that point to the Minister just before the recess at Business, Enterprise and Regulatory Reform questions. Does my hon. Friend agree that that is an option for Ofgem's terms of reference?

Mark Lazarowicz: I certainly agree with my hon. Friend that Ofgem, and indeed the Government, must do more to make social tariffs a wider reality. If I have the opportunity, I shall refer to that subject in more detail in a few minutes.

My hon. Friend points out that the trend for the number of people in fuel poverty, having been on the downward slope for several years, is going up again quite rapidly. That is why we need new measures to launch a new attack on fuel poverty. I shall suggest some ways in which we can do so, and I shall draw on the recommendations of a report to which I referred. I thank all those who contributed to the ideas that I shall outline.

Bob Spink (Castle Point) (Con): The hon. Gentleman has secured a very important and timely debate, but the question is not only about introducing more measures. Does he agree that the measures that have already been introduced, such as the excellent Warm Front, need fine tuning? The Warm Front measure is dysfunctional in one particular way. Sometimes, when a boiler needs changing, a Warm Front endorsed contractor must be sent to my constituency from London, of all places, and the work can cost £2,500 to £2,700. That requires a top-up from the individual, but they cannot afford the top-up, so they do not get the work done. However, a good, local contractor could do the work for £1,200 or £1,500. Does the hon. Gentleman think that there should be more flexibility to select good, local contractors who can do such work?

Mark Lazarowicz: I do not know the details of the situation in the hon. Gentleman's constituency, but Warm Front and parallel schemes in Scotland and Northern Ireland have been extremely important. They need to develop and evolve, however, and they need to be funded to reflect changes in the market and local conditions. Without committing myself on the hon. Gentleman's specific point, I think that he makes a

[Mark Lazarowicz]

good comment about the need to make the most of those schemes and to make them as effective as possible.

John Barrett (Edinburgh, West) (LD): I congratulate the hon. Gentleman on securing the debate. He is a fellow Edinburgh MP, and we are both well aware of such measures in a city that can sometimes be very nippy. Does he agree that one group that is often badly hit by fuel poverty is the disabled? Will he pay particular attention to pressing the Minister on what can be done to help that group?

Mark Lazarowicz: If the hon. Gentleman will wait a minute or so, he might hear my answer to his question.

I shall turn to the recommendations that I want to put to the Minister and hon. Members. The winter fuel payment has been extremely important in helping many millions of pensioners to meet the cost of fuel bills over the winter months, but we must do more to examine ways of ensuring that payment increases take account of the increases in energy costs, because it will be important for many pensioners. In addition, there is a strong case for extending payments to other key vulnerable groups living on very low incomes. That might include households in which there are people with disabilities. People with long-term sickness who are on lower incomes should also be considered for winter fuel payments. There are cost restrictions, and the line must be drawn somewhere, but in many cases those groups are arguably in a worse situation than that of many pensioners. Those groups certainly deserve at least the same winter fuel payment, and I urge the Minister to consider that possibility.

Stewart Hosie (Dundee, East) (SNP): I congratulate the hon. Gentleman on securing the debate. He makes the point that there are cost implications. Does he think that when prices spike and increase dramatically, the Government should consider using at least the VAT windfall to resource the measures that he would like, whether that means additional winter fuel payments, or more help with the insulation of existing and old properties?

Mark Lazarowicz: That is obviously a possibility. The hon. Gentleman has also pre-empted a point on which I shall expand later.

The resource implications of a general increase in the winter fuel payment must be considered, but I strongly believe that there ought to be such an increase. Because it is a universal payment, an increase in line with those in energy costs would have substantial implications for the Government. In addition, the nature of energy prices is that they go down sometimes instead of up, and there could be all sorts of difficulties if winter fuel payments went up one year and down another.

One suggestion that we floated in our report, and that I suggest the Department should investigate, is an additional substantial winter fuel payment to go specifically towards fuel costs. It would effectively be a fuel voucher, paid in addition to the winter fuel payment to defined vulnerable groups—perhaps to all pensioners on pension credit or to other vulnerable households. It would rise in line with energy prices, if they rose beyond certain thresholds, and could be funded by a levy on energy suppliers or payments from them. When prices go up, energy suppliers tend to make more profit, so it seems fair that they should contribute to meeting the energy costs of those who are the most vulnerable. Such a scheme would not produce an extra cost to the Government, but would ensure a direct additional payment to those in particularly vulnerable situations that would be related directly to energy cost increases imposed by suppliers.

Mr. Russell Brown (Dumfries and Galloway) (Lab): I, too, congratulate my hon. Friend on securing the debate. I am listening to what he is saying and I understand where he is coming from. I applaud the concept of additional financial support being given in some manner to vulnerable groups, but I am conscious that that might be seen by some power companies as an opportunity to push prices up and generate further profit off the backs of taxpayers and vulnerable groups.

Mark Lazarowicz: I have written in my notes that there could be some drawbacks to such a scheme. I recognise that, but it would certainly be worth while to carry out research into the feasibility of a link between price increases and payments being made by the energy companies bringing them about.

The second matter on which I wish to make some suggestions is payment methods for domestic energy consumers. It is often said that the energy market in the UK is among the most competitive in the world, which is almost certainly the case. Unfortunately, those on low incomes often do not seem to receive many benefits from such competition. In fact, many low-income customers pay more for their energy supplies than other consumers. That can arise because they do not have access or the ability to commit themselves to direct debit payments, or because they prefer, or are forced, to use prepayment meters.

The gap between the energy prices paid by direct debit customers and those paying by prepayment methods, cash or cheque, has increased significantly in the past few years. Energywatch released figures last month showing that prepayment meter customers were paying an average of £195 a year more than customers who could access cheaper online tariffs. In the most extreme cases, consumers found themselves paying as much as £304 extra each year. Prepayment meter users are also three times more likely to be fuel poor, and last year alone 366,000 prepayment meters were installed by companies to recover energy debt, thus effectively barring consumers from switching to cheaper suppliers and payment methods.

It is vital that Ofgem and the Government address the gap between the prices paid by direct debit customers and those paid by customers using prepayment methods. It is not enough for the regulator to suggest that a solution for prepayment meter users is to switch supplier to take advantage of cheaper deals, because many are prevented from doing so as they are locked into a debt to their supplier. We must move away from the situation that the poorer someone is, the more they pay for their energy.

Dr. Alan Whitehead (Southampton, Test) (Lab): Does my hon. Friend accept that not all energy companies operate an enormous tariff difference?

Some—unfortunately a minority—have equalised the tariffs for prepayment meters and direct debits. Does he agree that all companies could do that if they wished? As he says, the question is how those companies can be regulated so that they do so and follow the example of the companies that already have.

Mark Lazarowicz: Indeed, and I put on record my recognition that some companies have done that, which shows that others could and should do the same.

I turn to a third matter: the social tariffs that my hon. Friend the Member for North-West Leicestershire (David Taylor) mentioned. An important feature of the energy market for domestic consumers is that a range of social tariffs is available to vulnerable customers, offering different benefits to various groups of consumers who might have difficulty in paying their energy bills. Such tariffs could play an important role in ensuring that there is a much more focused attack on fuel poverty, but I suggest that social tariffs are currently of only limited benefit and that much more use could be made of them.

The Government have previously indicated—in the energy White Paper, I believe—that they were considering taking powers in the forthcoming energy Bill to introduce mandatory minimum standards for social tariffs. I ask them to follow up that commitment by including such a measure in the Bill. They instructed Ofgem to examine suppliers' packages of support for low-income consumers and report back. Ofgem's report stated that the suppliers were making efforts to provide support to their fuel-poor customers, but it did not rank those measures or consider their effectiveness. That missed the point. There is no framework of standards for what constitutes a social tariff, which has resulted in a confusing situation for customers and those who advise people in vulnerable positions. That has allowed suppliers to attach the term "social tariff" to any product from rebates to existing tariffs, and in some cases the social tariff is more expensive than the normal tariff, which clearly should not be the case.

Dr. Ian Gibson (Norwich, North) (Lab): Are not the real politics of the situation shown in the fact that a statistic called "excess winter death figures" is being counted? I do not believe many statistics, but that one I do. Is it not a scandal that, in this day and age, people are dying of cold-related illnesses? Would any of the measures that my hon. Friend suggests make any difference?

Mark Lazarowicz: My hon. Friend makes an important point that goes to the heart of the debate and shows why we need a package of measures that will make a difference now, this winter, not just in years to come. It also shows why we need to ensure that social tariffs perform the job that they are meant to do. In my view and that of many people involved in the debate, particularly in the advice sector, and others working on behalf of consumers, there needs to be a minimum standard and a mandatory basic framework for social tariffs to ensure that all suppliers offer social tariffs in such a way that consumers can make use of them to a much greater extent than has so far been the case. I hope that the Government will address the matter of ensuring a wider take-up of social tariffs in the energy Bill.

Mr. Roger Williams (Brecon and Radnorshire) (LD): One group of customers who tend to be fuel poor is those who do not have the facility of mains gas and depend on liquefied petroleum gas and heating oil, which tend to be more expensive, calorie for calorie, than mains gas. Some communities, particularly ex-mining villages in my constituency, find that they cannot secure mains gas. Would not one way in which the Government could act to eliminate fuel poverty be to encourage companies to supply mains gas to more communities?

Mark Lazarowicz: I am not in a position to comment on the hon. Gentleman's constituency, but there is clearly a problem in rural constituencies that needs to be addressed. There is also a problem in very urban areas with particular types of housing in which it is difficult to provide adequate heating.

Mr. David Drew (Stroud) (Lab/Co-op): The figure offered to communities for joining up is so ridiculously high that it is a great disincentive. Does my hon. Friend agree that the Government could do something to help with that problem?

Mark Lazarowicz: As I do not have a particularly rural constituency, I cannot comment on my hon. Friend's suggestion. No doubt the Minister will wish to comment on that either now or in the future.

I return to energy efficiency. As well as taking measures to help people meet the rising costs of energy, long-term measures to improve energy efficiency and warm up the homes of the oldest and most vulnerable are crucial to solving this problem and will help to ensure that people can live in decent conditions. The creation of energy-efficient homes is important for domestic consumers and can also play a role in tackling the growing problem of climate change. The continuation and extension of grant schemes to assist with the cost of creating energy-efficient homes is crucial, but much more could be done. I do not have time to develop all those ideas now, but energy companies and regulators need to work harder to provide information about the benefits and grant schemes available to customers. That information should be presented in a simple and understandable format. Much is being done, but much more could be done by some energy suppliers in particular. There are specific problems in rural areas and certain types of urban housing that need particular attention and a focused approach.

Susan Kramer (Richmond Park) (LD): The hon. Gentleman mentioned the elderly and most vulnerable, but should not families with young children also be high on the priority list for home efficiency schemes? At least 750,000 children live in fuel-poor households.

Mark Lazarowicz: There is certainly a strong case for that. In my comments, I used the term "the oldest and most vulnerable". There is a case for such an extension, but I also accept that a line has to be drawn somewhere. People with young children can be in a very difficult situation if they live in housing that is not properly heated or is energy-inefficient.

More could be done, using the energy efficiency commitment and its successor, to ensure that schemes are operated in an integrated manner to provide energy

[Mark Lazarowicz]

advice locally. Scottish and Southern Energy, and other companies, have made an interesting proposal to develop a single fuel poverty scheme, bringing together both the central heating programmes and the social aspects of energy efficiency commitments. Such proposals are worth investigating.

Finally, on energy conservation, a major effort must be made to improve the take-up of such schemes among private landlords to benefit their tenants. The full opportunity of taking up such energy efficiency and conservation measures has not yet been developed in that area in the way that it has for people living in various types of social housing.

I could say much more, but I want to allow my colleagues to contribute to the debate. Although I have taken quite a few interventions, I do not want to take up any more time on this important subject today. I conclude by noting that fuel poverty is not just about budgets and incomes. As my hon. Friend the Member for Norwich, North (Dr. Gibson) pointed out, it is a matter of life and death for the many people who are forced to live in cold and damp conditions in their homes. Hundreds of thousands more will suffer as a result of recent increases in gas and electricity prices unless something is done about this issue now. The Government set themselves an ambitious target to eradicate fuel poverty by 2010, and I know that my hon. Friend the Minister has been closely associated with that noble vision, both as a Member of Parliament and before he was elected. The difficulties being encountered in reaching that target should not lead us to lower our ambitions. Instead, we should redouble our efforts to ensure that we reach it and that that noble vision becomes a reality.

Several hon. Members *rose—*

Sir Nicholas Winterton (in the Chair): Order. Before I call the next speaker, I make a plea. Clearly, many Members want to contribute to this important debate, but I want the Minister to have adequate time to reply, as it is important that the Government put their position on this subject clearly and fully.

9.55 am

Mr. Don Touhig (Islwyn) (Lab/Co-op): I congratulate my hon. Friend the Member for Edinburgh, North and Leith (Mark Lazarowicz) on securing the debate. Fuel poverty is linked to deprivation: unaffordable fuel prices combined with poor housing stock, often characterised by inadequate insulation and inefficient heating systems, make life a misery for millions of people in our country. The latest figures show that more than 4 million households across Britain cannot afford to keep warm at a reasonable cost. I am proud that the Government have made great strides in tackling this problem with measures such as the winter fuel payment, but that is becoming increasingly futile, given that the energy companies seem intent on record-breaking price increases.

It is deplorable that, as we greeted the new year, npower, which makes billions of pounds in profit, announced another increase in customer bills. That move, so soon after Christmas, will cause only heartache and misery for millions of people, and I thought it rather cynical to slip out that announcement when most of the country was on holiday, celebrating Christmas and the new year. The average npower customer will now pay more than £1,000 a year for their energy, but many who use prepayment meters will pay even more, as my hon. Friend noted in his opening remarks. I join those who roundly condemn that move, and I am glad that my right hon. Friend the Chancellor has decided to take up this issue and meet the energy regulator. I hope that he will do his absolute best to ensure that the regulator finds ways to intervene in this matter, so that we can have the excessive fuel price increases dramatically reduced.

The impact of such price rises on fuel-poor consumers, many of whom are in low-income households, will be devastating and are likely to push thousands more people, including many pensioners, into fuel poverty. Many people who are fuel poor do not necessarily know that they are. That may seem an extraordinary statement, but many simply accept the difficulties that they are living in. I can illustrate that point rather markedly. Ahead of this debate, I contacted the secretary of the National Old Age Pensioners Association of Wales—I happen to be the association's president—to ask for examples of how the new fuel prices will impact on pensioners. He did not have any examples, but thought that the majority of his members simply accept that rising fuel prices are a fact of life and said that, when they get cold, they will slip on an extra pullover or heat only one room. That should not be happening in Britain in this century.

Many pensioners in Wales have illnesses such as heart disease and diabetes, and many who are ex-miners have lung diseases. They often have high fuel bills because of their health problems and need to keep their homes at much higher temperatures than other people. That problem is even worse in older and poorly insulated houses. In Wales, older people bear the brunt of increases in fuel prices. Some 50 per cent. of the population there are pensioners, 20 per cent. of the population do not have access to mains gas and 250,000 households live in fuel poverty. Some 43 per cent. of fuel-poor households in Wales are pensioner households and almost 31 per cent. of those pensioners are single—often widows and widowers—and desperately trying to make ends meet. Those pensioners face a double whammy, because electricity prices in Wales are 10 per cent. higher than in England.

A report produced by Help the Aged in 2005 found that 1.5 million inadequately insulated homes across Britain are occupied by someone over 65 who cannot afford the heating costs.

Ms Katy Clark (North Ayrshire and Arran) (Lab): My right hon. Friend spoke about his constituents in Wales. Is he aware of the geographical differences in fuel costs that are caused not just by the prices that the fuel companies charge, but by the cost of heating a home? It is said that it costs 68 per cent. more to heat a home in the north of Scotland than in the south of England, because of climate differences. Does he believe that that must be taken into account?

Mr. Touhig: My hon. Friend makes an important point. There are such differences across the United Kingdom, and we must address them. The quality of life of so many people is affected by the difficulties that she mentions.

The Help the Aged report found that 22 per cent. of households with someone over 75 had no central heating at all. We take central heating for granted. When we get up in the morning, the heating is on and the house is comfortable, but many people do not have what we consider to be normal. That cannot be acceptable today.

The worst thing is that help is available. There is the Warm Front scheme in England and, in Wales, the new home energy efficiency scheme offers grants to older home owners and those living in rented accommodation and in receipt of benefits. Because of the previous Labour Administration, Scotland has done even better: it has a scheme that provides pensioners with new heating and insulation facilities regardless of whether they claim benefits. That is good, and perhaps the energy companies, which are making billions of pounds, might consider using some of their profits to help roll out such a scheme across the United Kingdom.

Help the Aged estimates that £800 million will be spent on Warm Front and home energy projects up to this year. However, it maintains that that is still not enough and that we must consider the whole of Britain if we are to make real progress.

Dr. Brian Iddon (Bolton, South-East) (Lab): Is not one of the most important things about schemes such as Warm Front the fact that we can link benefit entitlement checks to them? My right hon. Friend may like to know that, in my constituency, where nearly £6 million pounds has been invested by the Warm Front scheme, the average weekly income of the clients who have benefited has increased by £13 a week, which is fairly significant.

Mr. Touhig: My hon. Friend makes an important point. We can see the benefits of actively intervening to tackle such problems.

Of course, it is all very well to have schemes—I commend the work that the Government are doing—but if people do not know about or participate in them, they are very much a waste of time. We must get the message across.

One important way to combat fuel poverty is to increase the income of many of those who are at risk of falling into the fuel poverty trap. My hon. Friend the Member for Edinburgh, North and Leith spoke about social tariffs. Like him, I hope that the energy Bill will include some positive proposals that will result in greater benefit to those who are in danger of falling into the fuel poverty trap.

I have no doubt that the winter fuel payment has had a significant impact on fuel poverty, but the decision taken in the 2005 pre-Budget report to keep fuel payments at the present level for the duration of this Parliament needs to be revisited if the regulator does not have sufficient powers to intervene to prevent the massive increases that the fuel companies are demanding. It is clear that the winter fuel payment has not gone up in line with rising fuel prices. Indeed, figures show that, between 2005 and 2007, the percentage of total fuel bills met by winter fuel payment fell from 36 to 34 per cent. The Government must address that issue.

We should consider ways of increasing winter fuel payments and, as other Members suggested, perhaps even widening the access to other vulnerable groups such as the disabled and, possibly, the terminally ill. With energy companies seemingly increasing their prices at will, we are faced with the difficulty that people will fall into fuel poverty as soon as energy prices rise. The great socialist James Maxton said that poverty is man-made and therefore open to change. Fuel poverty is man-made. It is up to us to do something about the situation and change it.

10.5 am

Mr. Tom Clarke (Coatbridge, Chryston and Bellshill) (Lab): A happy new year to you, Sir Nicholas. It is a pleasure to follow my right hon. Friend the Member for Islwyn (Mr. Touhig). Many of the things that he said and that my hon. Friend the Member for Edinburgh, North and Leith (Mark Lazarowicz) said in his excellent speech are accepted overwhelmingly in the House.

I congratulate my hon. Friend on introducing the debate, which could not be more timely. I am sure that he will not mind if I recall that just about a year ago, on 23 January last year, I initiated a similar debate in which several points that have been made today were made, and rightly so. The difference was the atmosphere in which the debate took place, which was not like the one today. At that time, wholesale prices had gone down but the energy companies simply refused to pass the decreases on to consumers. Today, at the first hint of an increase in wholesale prices—and the message is there—the prices charged by some companies have gone up, and there is no evidence to suggest that other companies will not follow exactly that line. The House is entitled to be impatient.

I wish to thank the various consumer groups, including Energywatch, which campaigned strongly on the issue. Last year, in due course, we did secure a reduction. It did not really reflect the reduction on wholesale prices, but it was a reduction. We had high hopes that all our worries about the impact on constituents who are elderly, on low pay or in ill health would be addressed. My hon. Friend rightly referred to the Government's admirable policies. We welcome not just tax credits, pension credits and other benefits but the specific payments for heating, which I understand amounted to some £2 billion last winter. We encourage the Government to recognise their social responsibilities, and I believe that they are doing so. However, there is another point that ought to be made.

Bob Spink: Will the right hon. Gentleman give way?

Mr. Clarke: Yes, but as many people wish to speak, may I ask the House to allow me to accept just one intervention?

Bob Spink: I am grateful, and I shall be very quick. Before the right hon. Gentleman moves away from the issue of honest pricing by energy companies, is he aware that many of those companies forward-buy their energy at fixed costs? Therefore, perhaps it is time to extend Ofgem's remit so that it can ensure that there is no improper profiteering.

Mr. Clarke: I am grateful to the hon. Gentleman. If time allows, I intend to discuss Ofgem's remit, which is of crucial importance.

[Mr. Tom Clarke]

The fact is that the recent price increases impact strongly not just on the quality of life of most of our constituents—certainly some of the most vulnerable in my constituency—but on other things as well. They undermine social obligations to consumers, and they noticeably undermine the Government's income and inflation policies—I am pleased that the Chancellor has been active on that matter. The increases do not demonstrate a commitment to the most vulnerable individuals. When we raised this issue last year, the chief executive of one of the most prosperous energy companies wrote to Members of Parliament, including myself, and said, notwithstanding his company's huge profits—the company was later sold to the Spaniards—that we had a responsibility to ensure that all the benefits were taken up and that we should have a better programme for house building.

We genuinely accept our responsibilities, but that does not mean that any Government should be seen to subsidise energy companies. The companies seem to take the view that fluctuations in energy prices should be dealt with purely by consumers, and that shareholders and profits have no role at all. I am not prepared to accept that concept, and believe that we are entitled to express our views because of the impact on our constituents. I want to raise the very important issue of disabled children and their families, which was mentioned by the hon. Member for Edinburgh, West (John Barrett). I am grateful to the Every Disabled Child Matters consortium for providing information on disabled children, which it obtained from a survey conducted by Contact a Family. It concluded that two thirds of families with disabled children struggle to pay their fuel bills each winter. One family of every 10 families with disabled children has had its gas and electricity supply cut off. Just imagine what that means. In addition to the problem of having disabled children, families have to sit in the dark and the cold—that is not acceptable in the new millennium. There is not a single Member of Parliament who would accept that and not say that the companies have a responsibility. They would say so, too, to the regulators.

In the debate that I mentioned earlier, we spent some time considering the issues and the role of the Office of Gas and Electricity Markets. I have had a meeting with the regulator and also exchanged correspondence with him. Ofgem has considerable powers which, for whatever reason, it has not yet chosen to exercise. I urge it to do so now. What is being done to make the energy market more competitive, and to introduce longer contracts? Just look at what is happening in Europe. Ten years ago, a family in Glasgow or in my constituency enjoyed reasonably low energy prices. People in Berlin paid somewhat more. However, because of the long-term contracts that have been introduced elsewhere in Europe, there has not been much difference in the long-term prices in Berlin. Our constituents, on the other hand, have had to deal with the problem of fluctuating prices being passed on to them, and they are uncertain about how to budget for the forthcoming year.

Last year, we had very high hopes of the European Commissioner for Competition, who said that she would not accept the absence of competition elsewhere in Europe. Markets appear to be closed to us. Competitors can invade our markets when prices happen to be low. The result is that there is not an even playing field in Europe. Europe should be more involved in such issues, and I say so with the respect that the Minister knows that I have for him. I am disappointed that Ofgem is not to the fore, using its powers and working with the institutions that exist, both to show that there is genuine competition and accountability and to produce a transparency that does not seem to exist in the energy industry.

As regards the increase in wholesale prices, which we are told is at the heart of our problems, how much of that increase impacts on the prices that have been imposed? I have it on good authority that some people believe that about 40 per cent. of energy company costs apply to fuel prices. If that is the case, I cannot see why there is an average 17 per cent. increase. There are regional variations that are very worrying. In addition to the point made about the north of Scotland by my hon. Friend the Member for North Ayrshire and Arran (Ms Clark), I gather that the increase in London and the east Midlands is about 24 per cent. It is very difficult for the Government to argue—I understand where they are coming from—in favour of an anti-inflation policy, when public sector workers who have been asked to accept limited wage increases face rising prices, particularly for energy.

I want to conclude by indicating the strength of feeling in constituencies such as mine, where people have worked hard in the mines, the steel industry, and engineering. As my right hon. Friend the Member for Islwyn suggested, when we look at the impact on people's health, particularly elderly people, the need for heat, warm water, and proper supplies of well-cooked food is something that we as hon. Members and the Government must support. It is fine if companies introduce social tariffs, but what is profoundly unacceptable is that, despite the Government's support, which I welcome, the energy companies think that the obligation to prevent fuel poverty rests with the Government alone. I do not accept that. I hope that when it comes to issues such as social tariffs, the companies will accept that they have a responsibility. The idea that in Britain, with the prosperity that we have otherwise enjoyed, there are people who have to choose between heating and eating is profoundly repugnant, and we believe that something should be done.

10.17 am

Dr. Alan Whitehead (Southampton, Test) (Lab): I congratulate my hon. Friend the Member for Edinburgh, North and Leith (Mark Lazarowicz) on obtaining this debate. It is not only important, but topical given the recent announcements on fuel price increases, which are, to say the least, swingeing. It is extremely likely that the announcements by npower will be followed by rises from all the other utilities and that they will herald long-term high energy costs.

Against such a background, this Government's very good progress on reducing fuel poverty has effectively been reversed, at least in terms of the number of people who are in fuel poverty, using the definition of 10 per cent. of household income spent on fuel. Some 6.5 million people suffered fuel poverty in 1996. That figure was reduced to 2 million by 2004, partly because of lower fuel costs over that period. However, since 2004, that trend has been reversed by rising fuel prices.

Even before the most recent announcements, the number of people in fuel poverty had risen in England by about 1.6 million, in addition to those who were in fuel poverty in 2004, simply because of the rise in fuel prices. That figure has fallen following changes to Government policy on benefits and entitlements, which have led to income improvements, and 300,000 people have been taken out of fuel poverty. However, only 100,000 people have been taken out of fuel poverty as a result of energy efficiency improvements, and the recent substantial fuel price increases will stretch the figures much further.

The current estimate is that about 40,000 more people will fall into fuel poverty for each 1 per cent. increase in the price of fuel. Heroic though our efforts have been, we will, in many instances, almost inevitably be fighting a losing battle if we attempt to combat fuel poverty largely by giving those in fuel poverty additional resources to pay the bills that the energy companies put through their letter boxes; this is a sort of caucus race, in which everyone goes round and round, and some get small prizes, but there are no winners in the end.

As hon. Members have said, it is important that benefits and winter fuel payments rise in line with additional fuel costs, but it is almost impossible for the Government to align increases in benefits and other arrangements in that way, given the variability of proposed fuel increases. Therefore, as hon. Members have suggested, other methods will be necessary in the next phase of the battle on fuel poverty to ensure that we take people out of fuel poverty and meet the ambitious targets that have been set. That raises the issue of what happens with winter fuel payments, as well as the central question of how we can give people the wherewithal to fight fuel poverty by making their houses energy efficient, which will make their bills lower and ensure that their houses are proofed against future price increases.

The recently announced carbon emissions reduction target programme, which will oblige energy suppliers to make provision for carbon reduction in households, will perhaps be worth £1.5 billion over the next three years, and the recently announced uprating in pension credit will also make a considerable difference. However, the programme that can and will make the most significant difference is the specifically targeted Warm Front programme, under which grants to undertake energy efficiency measures are made available to households that are overwhelmingly in, or are likely to be in, fuel poverty. However, the problem is that, although the overall amount that will go into energy efficiency over the next few years is increasing, 25 per cent. less will be spent on the Warm Front programme over that period under the comprehensive spending review. That raises the question of whether we have got the right mix of measures to deal with fuel poverty over the next few years.

Mention has been made of people with prepayment meters paying vastly over the odds, and I had the good fortune to obtain an Adjournment debate on that issue, to which the Minister gave a very positive rejoinder. In that respect, it is important for us to consider the issue of how we give people the wherewithal to avoid paying an additional penalty, over and above any other increase in their energy costs, as a result of the choices that they make—or, in some instances, have to make—when choosing their energy supplier.

Another important issue, about which we have perhaps heard less than we should have, is the suggestion that energy companies should be increasingly regulated differently and enjoined to change from providing as much energy as possible—by and large, they make money by supplying households with as much energy as possible and charging for it—to co-operating with households, in particular, to provide as little energy as possible under longer term contracts, which hon. Members have mentioned.

Under such contracts, investments could be made in household energy efficiency and in methods of producing energy, such as microgeneration, which companies could provide as part of the contract, and the savings would be shared between the householder and the energy companies, which would take them in the form of profits. I hope that changing utility companies to energy service companies in that way will feature prominently in the forthcoming energy Bill. In conjunction with other measures, such an initiative could make a great difference to the way in which we target the energy efficiency of buildings and people's ability to become players in the market and to pay the energy bills that companies lay on them.

On the Warm Front programme, it would be possible to make up the shortfall in financing over the next few years simply be considering whether the winter fuel payment should be paid universally or whether it might be targeted, for example, away from the highest level of taxpayers, who, as a general rule, are less in need of the winter fuel payment than many others across the spectrum.

The issue, therefore, is not necessarily whether the resources are available, but whether we have struck the right balance between paying people to compete in the market and ensuring that homes are genuinely warmly insulated and that people are genuinely able to resist price increases because of the circumstances in their homes.

Sir Nicholas Winterton (in the Chair): Before I call the last speaker before the winding-up speeches, may I ask the Opposition spokesmen to keep their remarks as brief as possible to allow the Minister a full 12 or 13 minutes to reply to the debate?

10.28 am

Mr. John Grogan (Selby) (Lab): What better way to start the new year and blow away the cobwebs than to take part in an Adjournment debate under your chairmanship, Sir Nicholas. It is also a great pleasure to follow four such thoughtful and, at times, passionate contributions.

The Government have massively ambitious targets on fuel poverty. The former Prime Minister said that we are

"best when we are boldest",

and we aim to abolish fuel poverty by 2016. Nothing is more miserable for an MP than meeting elderly people who cannot get out of bed because of the fear of getting cold during the day, and nothing is more depressing than meeting young people who cannot find a quiet, warm room in which to do their homework.

I am lucky enough to have half a degree in economics—I should stress that I have a full degree in total, but the other half is in history—and I can recognise an oligopoly

[Mr. John Grogan]

when I see one. Some of my colleagues have, if anything, been too kind to Ofgem, because what we are talking about here is an oligopoly. Ofgem has considerable powers, but all the economic studies over the past year have clearly shown that prices have been very sticky indeed, with retail prices not following wholesale prices. However, Ofgem has not done its job. Thank God for Energywatch; it will meet its demise this year, and we will miss it, because it has kept the spotlight on fuel poverty and campaigned on social tariffs.

In the brief time available, I want to support my colleagues. We need cheering up on the Labour Back Benches as we go into the new year; I do not think that that is a secret. The Minister is the man to do that, by committing himself today to a minimum scheme for social tariffs in the energy Bill. That is, incidentally, also in the best traditions of one-nation Toryism, so I hope that it will receive Opposition support.

Let us name and shame, even if Ofgem will not. Let us praise British Gas and EDF Energy for their social tariff schemes, and let us shame npower. No one has said exactly how much it has increased gas prices—it has done so by 17.2 per cent. The increase in electricity prices is 12 per cent.

"How can Npower bosses sleep at night knowing poor people will die?"

said a letter in *The Sun*. *The Sun* got it right on that occasion. David Threlfall, the npower retail chief executive, should really take a look at himself. Surely he does not want to be the coming year's Scrooge of the energy industry, as he was for the previous year. It is not good enough for npower to sponsor cricket and supply green energy to Wembley stadium and to say that it is exercising corporate social responsibility. It must follow the other responsible energy companies that have introduced social tariffs. I hope that the Minister can give us assurances about that.

10.31 am

Steve Webb (Northavon) (LD): I join other hon. Members in congratulating the hon. Member for Edinburgh, North and Leith (Mark Lazarowicz) not only on securing the debate and making a thoughtful contribution, but on his track record on the issues in question. We have heard some very well-informed and thoughtful contributions. I could not help thinking that, in the sequence of points made by the hon. Member for Edinburgh, North and Leith, he saved the most important until last, in that energy efficiency must, as the hon. Member for Southampton, Test (Dr. Whitehead) said, lie at the heart of the matter. I speak as the newly appointed Liberal Democrat spokesman on environment and energy. The interests of both the planet and individuals point in the same direction: we must tackle energy efficiency, rather than simply pay more money to people to pay more money to fuel companies, so that they can create hot air that will go through badly insulated lofts, walls, windows and doors. If we can make long-term changes to the housing stock, so that not just this winter, but every winter, people pay less because their houses are properly insulated, that will be the infamous win-win situation for the elderly, the vulnerable and the planet.

I was interested to hear the hon. Member for Southampton, Test say that only a tiny amount of the action on fuel poverty has been about energy efficiency, and I was disturbed to hear his figures about the Warm Front scheme, with lower amounts to be spent in real terms than are spent under the current programme. The Minister has been described as heroic—and I have great admiration and respect for him—but heroic Government efforts would mean that they would hit their target of abolishing fuel poverty by 2016 and abolish it for the vulnerable by 2010, rather than missing it by a million, with a doubling of fuel poverty in the past few years.

Labour Members are understandably cautious—there has been much coded criticism of the Government, but no explicit criticism. I think that they are struggling, because many of them would like a world in which the utility companies are publicly owned, and in which the objectives that we have discussed could be achieved directly by Government. We moved to a situation in which the utility companies were publicly regulated, and now we have, essentially, a free market. Many of the contributions to the debate reflect the frustrations that we all feel when something with a clear social cost and implications is left to the free market. The problem with fuel poverty is what happens when Governments do not do enough to intervene in the free market. Who sets the rules for Ofgem?

Dr. Iddon Will the hon. Gentleman give way?

Steve Webb: I have only a few minutes, so I hope that the hon. Gentleman will forgive me if I do not do so. Ofgem's rules are set by the Government. If it is not doing enough, why do the Government not make it do more, as that is where the buck stops? How do we ensure that more effective help is given to vulnerable groups? The Minister's experience goes back a long way, especially in matters of social policy, and he will remember that at the start of the 1980s there was something called certificated housing benefit. In other words, people on income support, or supplementary benefit, as it then was, received a certificate that entitled them to have their rent and rates paid in full. The problem in the fuel market is that the utility companies often do not know who are the right people to allow on to the social tariffs. British Gas, in its briefing to hon. Members, talked about

"the huge wasted effort...from searching for eligible customers".

However, the Government know who those people are, so why do not they ensure that individuals whom they believe to be vulnerable to fuel poverty have a certificate or an equivalent document, whether they are vulnerable pensioners, severely disabled people, or, as mentioned by my hon. Friend the Member for Richmond Park (Susan Kramer), families with young children? Why do the Government not ensure that those people have a voucher or certificate to give them the power to choose the best provider of insulation, home efficiency or whatever is relevant, rather than expecting the private companies, which have been deregulated and sold, to go round Britain trying to find out which of their customers are eligible? It is nonsense. The Government have the information, and they should use it to the benefit of those individuals.

The root problem—and I think that the hon. Member for Southampton, Test hinted at this—is that the business of energy companies is to sell as much as they possibly

can. We should oblige them to adopt a goal of selling less energy. Their goals and incentives, over time, should be the emission of less carbon, the selling of less energy and the wasting of less fuel. However, at the moment, if I buy a new flat screen multi-whatever digital high definition telly, and use lots more energy, that is great news for the electricity company, because my electricity bill shoots up. The incentives are all wrong. We will get action only when the incentives for the private companies that have rightly been criticised by the right hon. Members for Islwyn (Mr. Touhig) and for Coatbridge, Chryston and Bellshill (Mr. Clarke)—the wrong incentives of selling us more and more to make more and more money—become instead the incentives of delivering energy more and more efficiently. A cap is needed—there has been talk about capping emissions—and if there were a cap on the emissions that energy companies could generate, they would have a strong incentive when selling to customers to ensure that those customers used energy more and more efficiently. Until we turn things around, and adopt a new way of thinking about energy supply, we shall not get the right incentive structure.

We have heard that the npower increase averages 15 per cent. or so across gas and electricity, and if it is mirrored by other suppliers it will add 500,000 to the fuel poverty figures. We have heard that the number of households in fuel poverty go beyond the figure of 4 million a year or two ago. It is not just a question of our missing the target: we are going in completely the wrong direction, and the scale and scope of the Government response is wholly inadequate. The new energy Bill must include firm action on social tariffs, and it is worrying that the Government have gone rather quiet on that. Leaving the matter to the companies and expecting poor and vulnerable households to shop around and choose between all the different social tariffs is not good enough. As an ordinary hon. Member trying to deal with constituents, I am baffled by the range of tariffs, schemes, grants and initiatives run by the Government, let alone those run by the companies. National Energy Action has said that although some social tariffs are genuinely advantageous,

"this constitutes a form of 'postcode lottery'"

because of course different suppliers operate predominantly in different areas

"that is restricted and inappropriate as a means of resolving a major social problem".

I agree that that is the case.

The strength of feeling in the debate, particularly in the brief but excellent speech of the hon. Member for Selby (Mr. Grogan), is right. The situation is scandalous. Leaving things to the market is not good enough. Leaving things to different initiatives by individual companies is not good enough. The Government have the levers of power in the market, and they should use them.

10.38 am

Charles Hendry (Wealden) (Con): I, too, want to begin by congratulating the hon. Member for Edinburgh, North and Leith (Mark Lazarowicz) on securing the debate, and by paying tribute to him for the huge amount of work that he has done in this context over many years. Linked to that, I add my tribute to those that Energywatch has received this morning for its work. I also congratulate the hon. Member for Northavon (Steve Webb) on securing his position and on the way in which he has mastered his brief.

We have had a very good debate, but it is clear that we are heading in the wrong direction, as the hon. Member for Northavon said. The problem is getting worse. There were 1 million households in fuel poverty in 2003 and now, according to Ofgem, there are about 4 million. The Government have been strangely quiet about that. When the figures were falling they trumpeted them, but the last Government figures that we had related to 2005. We cannot obtain from the Government, in spite of parliamentary questions, more up-to-date information about the number of households that are affected. We must go to other organisations, such as Ofgem, and we end up with an absurd situation of shifting targets, which become meaningless.

The Government's original commitment was to eliminate fuel poverty in every vulnerable home by 2010, but now the policy is simply to ameliorate the situation. There is an absurd commitment in the recently published fifth annual report on the fuel poverty strategy to eliminate fuel poverty in England and Scotland by November 2016. It is absurd, because the report gives a date of 22 November 2016. That is almost nine years away; perhaps the Minister can tell us whether it will be in the morning or the afternoon. Why do not we shift away from meaningless targets towards more concrete action?

What we have seen—and this is the real reason for change—an increase in fuel prices. When fuel prices fall, more people are taken out of fuel poverty; when they rise, inevitably more people are drawn into fuel poverty. Labour Members cannot have it both ways. When the numbers fall, they claim that it is a massive credit and triumph for Government policies but then, when wholesale fuel prices rise, they say that it is the fault of the energy companies. The right hon. Member for Coatbridge, Chryston and Bellshill (Mr. Clarke) said that at the first hint of an increase in wholesale prices, the companies put consumer prices up. I wonder what newspapers he has been reading. He talked about the "first hint", but oil prices have reached $100 a barrel as a result of a gradual increase over a long period. The price of coal has doubled in the past year from $60 to $120 a tonne, and gas prices have gone up by 60 per cent. Those are real increases and they are reflected elsewhere. The right hon. Gentleman asked us to look at what is happening in Europe, but if he did so, he would see that in Germany, Spain and France, there have been applications, some of which have been approved, for fuel price increases of 10 per cent. We are talking about a global phenomenon, and the right hon. Gentleman does not strengthen his argument by misinterpreting the facts.

Government policies have made the situation worse. We heard that the Warm Front budget has been cut from £350 million a year to £300 million. That was done deliberately to attract as little notice as possible in the run-up to Christmas. We heard that the overall budget over three years has been cut from a little more than £1 billion to £810 million. In addition, as we heard, the Warm Front scheme has failed many people because of the way in which it was set up. My hon. Friend the Member for Castle Point (Bob Spink) rightly highlighted the fact that a scheme in which only approved contractors can be used ends up with a grant being given, but

[Charles Hendry]

because the approved contractor quotes much more than the grant is worth, the individual concerned must either must top it up or go without it, whereas a local contractor could do the job at a much lower price. Those are practical problems that I hope the Minister will address.

The Government have changed other policies and made the situation worse. Fuel companies used to visit vulnerable customers accompanied by an official from the Department for Work and Pensions. The company could tell people how they could improve their fuel efficiency and reduce their tariff. The DWP official could tell them which additional benefits they might be entitled to. The DWP stopped that scheme without explanation—indeed, it will not give an explanation—so will the Minister tell us why it did so? The change means that people who are entitled to additional benefits are missing out because that useful and valuable approach was dropped.

Will the Minister tell us, too, what is the total contribution to fuel price increases resulting from Government measures to tackle climate change and increase energy efficiency? Will he confirm that renewable obligation certificates, carbon emissions reduction targets, and the EU emissions trading scheme have added about £70 per £1,000 of fuel bills to customers? We are all keen to see efforts made in that direction, but is it not the case that some households have been pushed into fuel poverty as a direct result of those additional costs on their fuel bills?

In the course of the debate, we have focused a great deal on Ofgem's role and the work it does to tackle fuel poverty. We should recognise, that in its current duties, tackling fuel poverty is a secondary duty, not a primary duty. I hope that the energy Bill will lead to a review of Ofgem's duties so that we can decide whether tackling fuel poverty should be a primary duty. We should recognise, too, that Ofgem has taken important steps, in particular through its work with citizens advice bureaux, to help to tackle fuel poverty. It sends out 100,000 letters a year to vulnerable customers to tell them what are the cheapest tariffs offered by energy suppliers in their area. Ofgem has managed to secure the power companies' agreement that they will not disconnect vulnerable customers. An enormous amount of work has been done, but I share the concerns expressed, in particular by the hon. Member for Southampton, Test (Dr. Whitehead), who speaks with expertise on these subjects, about prepayment meters. Much more needs to be done. Some companies have addressed the issue, but others, including companies such as npower, have failed to do so, and should be called to account.

Will the Minister tell us the outcome of the discussions between the Chancellor of the Exchequer and Alistair Buchanan of Ofgem following yesterday's press announcement that he was to be summoned to a meeting? I imagine that that meeting has taken place, or at least that a date has been set. Perhaps it has not—I hope that it was not simply a media stunt that the Government could use to get themselves off the hook. What is the outcome and, specifically, what will the Chancellor ask Ofgem to do to address the problems?

The solution to the problems is clear. First, we need to make sure that more is done to encourage customers to swap providers. The price increases in the past couple of weeks are very concerning. However, they have been made by a few companies, not by the majority, so the reality is that changing supplier remains the best defence against increasing prices. Secondly—this point was made by the hon. Members for Northavon and for Southampton, Test—on energy efficiency, only 40 per cent. of houses in this country are properly insulated. Many of the worst insulated houses are occupied by people most trapped in fuel poverty. Unless we do more to address those issues, we will not address the whole problem. The Government have done some things, such as introduce winter fuel payments, but they have also introduced measures in the past year or so that have exacerbated the problems of fuel poverty. Hon. Members have highlighted those issues in the debate, and I hope that the Minister will assure us that the Government will take action to address those matters.

10.46 am

The Minister for Energy (Malcolm Wicks): It is a pleasure to serve under your chairmanship, Sir Nicholas, and to have listened to the debate. The debate is not only important, but topical for our constituents. I congratulate my hon. Friend the Member for Edinburgh, North and Leith (Mark Lazarowicz) on the way in which he introduced it—not only for form's sake, but sincerely. We heard important contributions from my right hon. Friends the Members for Islwyn (Mr. Touhig) and for Coatbridge, Chryston and Bellshill (Mr. Clarke)—the latter takes a strong interest in such social matters—and from my hon. Friends the Members for Southampton, Test (Dr. Whitehead) and for Selby (Mr. Grogan), who demonstrated a great deal of expertise.

I welcome the hon. Member for Northavon (Steve Webb) to his role of Liberal environment and energy spokesperson. He is a colleague who has a great deal of expertise. We worked together on pensions some two and a half years ago—I rather hoped that I had shaken him off but that turns out not to be the case. We also heard an interesting speech from the Conservative spokesman, the hon. Member for Wealden (Charles Hendry). It was interesting, of course, because of the history of the matter—I do not have half a degree in history, so I do not bring the 50 per cent. of expertise that my hon. Friend the Member for Selby brought. The Government inherited from the Conservative party a massive amount of fuel poverty, which the hon. Member for Wealden did not acknowledge. Of course, we inherited a social security system whereby, following those years of a Conservative Government, it was felt proper that elderly women living alone could live on as small an amount as £69 a week under the income support system. Given that record, I listened to the hon. Gentleman with interest but also, if I may say so, a certain amount of cynicism.

Tackling what we now call fuel poverty involves a range of issues. We are talking about the impact of poverty and low incomes, energy-inefficient housing, cold housing and, especially at the moment, rising energy costs. Tackling those problems is a significant priority of the Government. We have set challenging targets and we remain committed to maintaining and strengthening the framework to help us to reach our 2010 target in England and, beyond that, to reach our ultimate goal of eradicating fuel poverty altogether in the whole of the United Kingdom by 2016 to 2018.

I shall say something about what the Government have achieved, which was acknowledged by colleagues, how the issue stands at present, and what we need to do in future. Since 1996, more than 4 million households in the UK have been removed from fuel poverty. Some £20 billion has been spent on fuel poverty benefits and related programmes. The Government introduced the winter fuel payment, which has helped some 11.7 million people, the importance of which was acknowledged by hon. Members. I am always struck when I talk to older people by the comfort that that £200 or £300 brings just before Christmas to many who are worrying about fuel bills and costs at that time of year. If counted against fuel bills, the winter fuel payment is estimated to have removed a further 1 million households from fuel poverty in the UK.

In addition, we have assisted more than 2 million households in the UK through energy efficiency measures of different types. I certainly agree with colleagues when they stress the importance of energy efficiency measures in housing—in both new build and the existing stock. I think that that is the key to tackling this issue, and doing so in a way that is in full accord with our climate change objectives.

The hon. Member for Wealden is right. I have to say to him that even in opposition one cannot have it both ways. Of course programmes such as the renewables obligation increase costs. That is inevitable and it puts pressure on the fuel poverty issue, but we need some consistency here. Surely such climate change measures are important.

Let us recognise that millions of homes have been lifted out of fuel poverty, but now, because fuel bills are increasing—much of the debate has focused on that increase—the number of people in fuel poverty is also increasing. It is important to recognise the context, although, to be fair, the hon. Gentleman did so. Wholesale energy costs are rising across the world because of global demand. A great global grab for energy is going on, not least in emerging economies such as China and India. Since January 2007, crude oil prices have increased by some 80 per cent. Gas forward prices have increased by 50 per cent. and, in north-west Europe, coal prices have increased by 85 per cent. There can be no getting away from the fact that those increases are bound to have an impact on domestic prices. However, it is important that we ensure that the supply companies are playing fair by customers, particularly the most vulnerable ones.

It is therefore altogether appropriate that my right hon. Friend the Chancellor of the Exchequer has written to the regulator, Sir John Mogg, the chairman of Ofgem, to ask for his assessment of the association at present between wholesale and domestic prices. I think that that is an important initiative because I am aware of the allegations—I think that they remain only allegations—that supply companies are not playing fair. We need to assess that very carefully. Colleagues have made points today that are very important to our constituents.

The recent announcement on the next comprehensive spending review period of 2008 to 2011 showed the Government's continued commitment in the area of fuel poverty. Warm Front is the Government's main scheme to tackle fuel poverty in England—there are related schemes in the other nations of the UK—providing grants for energy efficiency and heating measures to some of our most vulnerable households, not just the elderly. Funding for Warm Front will be just over £800 million for the period between 2008 and 2011. That is significant further investment in addition to some £1.6 billion that the Government have committed to date. Warm Front now offers a benefit entitlement check to all eligible households, increasing income on average by £26 a week and £1,300 annually.

We have been examining very carefully what data we can share with supply companies to maximise take-up—that is a familiar theme for some of us. Because of data protection issues, we have decided that we cannot legislate in this area. We will discuss the issue when we consider the energy Bill, particularly in Committee, but the Department for Work and Pensions is keen to help us on this matter so that we can reach the most vulnerable. That will be a feature of the discussion on the energy Bill.

In addition, new proposals laid before Parliament at the end of last year in the form of a carbon emissions reduction target—the successor to the energy efficiency commitment—mean that the major energy suppliers will be obliged to meet carbon reduction targets that will lead to investment of about £1.5 billion over the next three years to install better insulation and improve heating systems. A wide range of other measures will improve efficiency and increase comfort for many of our constituents. The measures will have a particular focus on priority groups such as older people, people on low incomes and those with disabilities. That will double what energy suppliers currently have to do to improve the energy efficiency of their customers' homes, and much of that effort will help people who are most at risk of fuel poverty. That means that the total help available for energy efficiency for the priority group will rise by £680 million, compared with the previous spending period, to about £2.3 billion.

I take on board—of course I do; it was our proposal—the need to move to the concept of the energy services company that helps all households, whether better-off or worse-off, to reduce their energy demand. That is the revolution that we need to bring about in the future and I am very committed to that.

David Taylor: Will the Minister give way?

Malcolm Wicks: I should not, but I will, as it is my hon. Friend.

David Taylor: I am grateful. The Minister acknowledges the importance of providing ways in which low-income households can reduce their energy commitment. Is not one way of doing that to accelerate the implementation of smart metering? That gives real-time information and is the subject of the look smart campaign, which is supported by the Energy Retail Association, Energywatch and *Utility Week* magazine. I know that he is aware of that.

Malcolm Wicks: I certainly recognise that my hon. Friend is, as usual, three or four pages ahead of me. I want to mention the issue to which he refers. The development of smart metering is very important, allied to other measures to put an emphasis on educating all of us, as householders, about the importance of these things.

Understandably, much has been made of payment differentials and the problem for prepayment customers.

[Malcolm Wicks]

That is a more complex area than it appears at first sight, because when we examine the data and the empirical evidence, we see that most poor people—easily the most—are not on prepayment meters. My brief tells me that only 5 per cent. of elderly people are on prepayment meters, so let us not be simplistic about the issue, because if we exert pressure to help the prepayment meter customer, that will be, in part, at the expense of other customers, many of whom are on low incomes.

That said, I share the concern that the differential is now far too great. I have myself put pressure on the company chairmen to examine the issue—I have written to them. I am pleased that EDF and Scottish and Southern have equalised their standard credit and prepayment prices for electricity, while Scottish Power offers prepayment customers a lower price for both fuels than that paid by standard credit customers. We are seeing movement in what I judge to be the right direction, but this is a debate that I am very much engaged in now with the supply companies.

We will continue to work with Ofgem to make it easier for customers to switch suppliers. A great deal of switching is going on. If people are concerned that they are being charged too much, considering switching is very important, but I think that I know enough about this subject to recognise that switching is easier said than done for some of the most vulnerable people, particularly if there is a record of debt payments. I want to discuss that matter further.

I have met the chief executives of all the supply companies to talk about social tariffs. As a result of those discussions, energy suppliers have come forward with significant new investment of about £16 million, and I hope that that will be only the start of the story.

We have had an important debate about this matter of great concern. I am proud of our record in government, but I am very concerned now about the impact of price increases on some of the most vulnerable, and I am absolutely determined that we make progress as soon as possible on this important issue on our social policy and energy policy agenda.

Sir Nicholas Winterton (in the Chair): The House thanks the Minister for his reply, and I congratulate hon. Members on the excellent debate that we have had on this important issue.

Nitrate Vulnerable Zones

11 am

Mr. Philip Dunne (Ludlow) (Con): It is a great pleasure, as always, to serve under your chairmanship, Sir Nicholas. I am grateful for the opportunity to raise this issue, which relates to amendments that the Government will introduce shortly to the regulations governing nitrate vulnerable zones. Those amendments could cause significant harm to this country's agricultural economy, particularly in certain sectors that are least well equipped to cope with the increased regulatory burden proposed by the Department for Environment, Food and Rural Affairs. I should remind you, Sir Nicholas, and the House of my entry in the Register of Members' Interests.

The Government's proposals for those sectors affected are potentially extremely significant, particularly for the long-suffering dairy sector. It is good to see the chairman of the all-party group on dairy farmers, my hon. Friend the Member for Shrewsbury and Atcham (Daniel Kawczynski), in the Chamber today; I hope that he will have an opportunity to catch your eye, Sir Nicholas, as the debate progresses. However, the proposals have much wider ramifications for farming practice and enterprise viability across much of the livestock and arable sectors in England. Indeed, the Minister for the Environment has indicated in a parliamentary answer that, if the 70 per cent. NVZ proposal is implemented, approximately 139,500 farmers will be affected and, if the action programme covers the whole of England, approximately 195,500 farmers will be affected, as could each of the 272 Members of Parliament with a farm in their constituency.

Before commenting on the proposal in detail, I should like to dwell for a moment on the objectives and evolution of nitrate vulnerable zones. According to DEFRA, nitrogen discharge from agriculture accounts for 60 per cent. of diffuse nitrate pollution of the aquatic environment. In layman's terms, nitrogen pollution leaching into the watercourses stimulates algae growth, which damages water quality, in respect of both human activity—from the quality of drinking water to swimming in the sea—and biodiversity within our rivers and oceans. I accept that nitrogen can contribute to water pollution, but we have to ask ourselves whether draconian, new and costly regulations are the right answer to a problem that seems already on the way to being solved without them.

David Taylor (North-West Leicestershire) (Lab/Co-op): I am a member of the Select Committee on Environment, Food and Rural Affairs. It is true that farming has reduced its nitrate footprint over the past 10 years or so by about 25 per cent. The hon. Gentleman mentioned aquatic levels. The River Trent forms part of my constituency boundary, and there has been a significant reduction in nitrate levels over the past 15 years—approaching a quarter—so there is substantial progress. I hope that the Minister will take that progress into account when looking at the costs and impact of the suggestions that we are discussing at the moment.

Mr. Dunne: I am grateful to the hon. Gentleman for his intervention. Indeed, I was going to mention the great progress that has been made in respect of the River Trent in his constituency.

How did we get to where we are today? The current proposals for extending and revising NVZs do not result from any new European Union directive; rather, they stem from DEFRA's need to abide by commitments originally entered into under the 1991 nitrates directive, which was agreed as part of the EU Environment Council in June 1991 and adopted in December that year.

Mr. Tim Boswell (Daventry) (Con): Will my hon. Friend give way?

Mr. Dunne: I give way to my hon. Friend, who was probably there are the time.

Mr. Boswell: I am not quite sure that I can claim that, but perhaps I could remind my hon. Friend that I had ministerial responsibility in the mid-1990s. Will he accept my assurance that at all times Ministers then, regardless of their party colour, were anxious to ensure that the European regulations were operated in a way that had minimal impact on United Kingdom agriculture?

Mr. Dunne: Indeed. My hon. Friend pre-empts precisely what I was going to say. From my research through the history books into the development of NVZs, it is clear that the original intent was to maintain regulation at the bare minimum. The 1991 directive required member states to designate areas as NVZs where nitrate levels in water were at risk of exceeding 50 mg per litre and where the water was or might become eutrophic. I am sure that I do not need to tell you, Sir Nicholas, that the word "eutrophic" describes water that is rich in dissolved nutrients, photosynthetically productive and often low in oxygen during warm weather. Member states could implement an action programme either for an entire territory or within discrete NVZs.

The Conservative Environment Minister at the time accepted that the aim of the 1991 directive was to improve water quality by reducing nitrate pollution from agricultural practice. He thought that the zone could cover up to 2 million hectares, but crucially said that the precise area would be based on necessary monitoring and other studies by the Government and the then National Rivers Authority. Any additional measures were envisaged to take into account their cost and effectiveness. Those two critical tests of cost and effectiveness should be the guiding principles applied by the Government today in responding to the consultation and bringing forward their final proposals.

It took until 1996 before the initial 66 NVZs were designated, covering a mere 600,000 hectares—just 8 per cent. of England—and focusing on protecting drinking water sources. In 2000, the European Court of Justice found that the UK had failed to protect surface and ground waters and was relying only on protecting drinking water. So DEFRA consulted in 2002 on two options for full implementation in England and received some 13,000 responses. The Government on that occasion wisely decided to take the least regulatory approach to comply with the Court and, in October 2002, designated 55 per cent. of England as an NVZ, including the original 8 per cent. Much of that territory was in the west midlands.

Those designations must be reviewed every four years, unless the action programme applies to the whole country. Having completed their four-yearly review, the Government concluded that there had been some increase in nitrate pollution in certain areas of England and that the current action programme had not had a significant impact on nitrate pollution. Those findings have not been universally acknowledged, as I shall mention in a few minutes.

In August 2007, the Government published a further consultation paper inviting comments by 13 December, so that they could be in a position to respond shortly, with the stated intention of laying a statutory instrument before the House to come into force from 6 April 2008. I should be grateful if the Minister in summing up confirmed whether he is still working to that timetable.

So what is proposed and what are the implications for English farmers and the environment? The measures currently proposed fall under seven main headings: controlling where, when and how much nitrogen is applied, how manure is stored, requiring cover crops in place of bare stubble and requiring detailed records of manure storage and nitrogen applications to be retained for five years. I should like to describe those measures briefly.

DEFRA proposes to control where nitrogen is applied by increasing the designation of either a further 15 per cent. of farmland to take the NVZs up to 70 per cent. of England's farmland or incorporating the whole of England in an action programme, as Ireland did in 2003, joining Austria, Denmark, Finland, Germany, Luxembourg and the Netherlands.

Interested observers, such as the National Farmers Union, do not feel that such a major increase in designation is justified. The NFU claims to have provided evidence repeatedly to DEFRA over the past two years analysing Environment Agency data that has shown nitrate levels reducing in many rivers, including in the River Trent in the constituency of the hon. Member for North-West Leicestershire (David Taylor). But we do not have to take the NFU's word for it, since DEFRA itself admits in its NVZ consultation that

> "Analysis of surface water concentrations for the years 1999 to 2004 shows that 77 per cent. of sites had a declining trend".

First, DEFRA may consider an analysis over only five years too short to be reliable, but why does it refuse to recognise the validity of the Environment Agency's calculations of nitrate levels in several rivers, which show that they have been declining steadily for 15 years since 1990? In addition to the River Trent, which we have talked about, other rivers have had a 10 per cent. to 20 per cent. decline in nitrates, including the River Nene at Peterborough, the River Thames at Goring Weir, the River Aire at Sneath—I could go on—where Environment Agency monitoring of nitrate as nitrogen is used.

As recently as 17 December 2007, in answer to a parliamentary question from my hon. Friend the Member for Tewkesbury (Mr. Robertson), the Minister himself said:

> "My Department worked closely with the Environment Agency during the recent review of Nitrate Vulnerable Zones in England. The EA regularly monitors nitrate concentrations in waters and this monitoring data played a fundamental role in informing the recent review." [*Official Report*, 17 December 2007; Vol. 469, c. 1010W.]

[Mr. Dunne]

Could he explain, then, why the evidence should not be used to allow a more refined designation, so that areas that have improved to an acceptable level can be de-designated? According to the refined method used to define NVZ designations in 2007, some 6 per cent. of England within the existing NVZ should qualify for de-designation. Areas that qualify should at the very least not be required to implement the new, more stringent action programme. That would save farmers a significant and wholly unnecessary capital investment.

A 100 per cent. designation would also exacerbate existing boundary anomalies on the edge of NVZs—for example, along the Welsh border, where NVZs are proposed to increase to only 3 per cent. of Welsh farmland, and in Scotland, where it is planned to increase them to only 14 per cent.

Mr. Roger Williams (Brecon and Radnorshire) (LD): I congratulate the hon. Member for Ludlow (Mr. Dunne) on securing this debate. His constituency neighbours mine, and we share the River Teme as a constituency boundary. It seems strange, if the designation depends on science, to take different approaches in Wales and England.

Mr. Dunne: I am particularly grateful to my constituency neighbour, the hon. Gentleman. I was not going to personalise my contribution by getting into the minutiae of water systems in my constituency, but it is true that a river such as the Teme could be subject to an NVZ in England but not in Wales. Similarly, my farm is divided by a watercourse. The water flowing into the River Lugg will be subject to the regulations, but the water flowing into the Teme will not. That seems peculiar, and it will have some impact on how we conduct our farm and business.

Mr. Boswell: I am most grateful to my hon. Friend; I appreciate that he has already given way once. I wish simply to put on record an administrative principle that I hope he accepts. If Ministers are considering expanding the zones, they must not, under administrative law, close their minds to the possibility of reducing a zone if the objective indications argue for that decision.

Mr. Dunne: I am grateful to my hon. Friend; I hope that the Minister will take note of his intervention. The increased costs on those within the zone, to which I shall come shortly, put them at a considerable competitive disadvantage compared with those engaged in similar enterprises in neighbouring areas outside the zone.

The proposal's second impact concerns when nitrogen applications can take place. DEFRA plans to ban spreading slurry and poultry manure for up to five months during autumn and winter. It will extend the current ban of two to three months, which applies only to that 10 to 20 per cent. of NVZ land with sandy and shallow soil, to a ban for all land within the NVZ of between three and five months, depending on average rainfall, soil type and whether the slurry is being applied to arable or grassland. That is likely to have the perverse effect, even according to DEFRA's own figures, of increasing the ammonia emissions from manure spreading by up to 9 per cent. Ammonia is a potent pollutant that other EU directives are targeted to reduce. It is a further irony of the proposal that, according to the NFU, the environmental damage caused by the extra emissions will cost up to £300 million.

The proposal will encourage farmers to empty their slurry stores on the first fine day after the winter spreading bans end, almost certainly in unison. That has been the experience in other countries with similar regulations, such as the Netherlands, where regulations apply to pig and dairy cattle slurry. Instead of spreading slurry little and often when soil and weather conditions align to make it suitable, farmers throughout the area will all rush to empty their stores at the same time, increasing the environmental risks of smell in dry weather and leachate in wet.

Thirdly, the proposals on how manure should be spread amount to a ban on high-trajectory, high-pressure slurry spreaders. That would slow down the process, increase the cost and require additional investment in further machinery.

Fourthly, the proposals prescribe limits on how much nitrogen can be applied to each type of crop, which will effectively limit the potential yield from any specific crop. Over the years, plant breeders have developed higher-yielding varieties of all types of crops. The measure flies in the face of the attempt to encourage a competitive, dynamic agricultural sector. Perhaps it is an example of the Prime Minister's vision—from his bunker, he commands a new five-year plan for agriculture. The command economy will be alive and well on English farms.

Farmers can work within a farm-wide limit, so they should be free to apply fertiliser within that limit as they see fit to maximise crop potential. DEFRA recently conceded that it is willing to seek a grassland derogation from the general whole-farm limit of 170 kg of nitrogen per hectare. The derogation is essential, and I urge the Minister to confirm today whether he is seeking a grassland derogation of 250 kg per hectare, as is granted to other member states.

The proposal's fifth and single biggest impact for farmers in affected sectors relates to the control of how slurry is stored. DEFRA proposes a minimum of six months' storage for poultry and pig manure and five months for cattle slurry within two years of the regulations' coming into force. That would impose a massive cost increase on hard-pressed dairy, pig and poultry farmers, many of whom would need to more than double their storage capacity, at a time when two dairy farmers a week have been leaving the industry due to the inability to make a living, poultry farmers have faced two avian flu scares in successive years and sharply volatile prices and livestock farmers, especially pig and poultry farmers, face a near-doubling of feed costs following last year's grain price rises.

The capital cost of constructing suitable storage pits is estimated to be between £240 million and £400 million. DEFRA's estimate seems completely out of touch with the reality of farming in Britain today. DEFRA assumes that farmers will have no difficulty in borrowing the capital cost and repaying it over 25 years, but banks—particularly in their current nervous and fragile state—might take a more jaundiced view about lending money to finance a sunk capital spend with no prospect of any return on investment. According to Promar International for Dairy UK, the capital cost for the average dairy

farm will be £55,000. For the average pig farm, it will be £30,000, according to the British Pig Executive. For tenant farmers, such a commitment is likely to be particularly hard to fund. In an economic environment where dairy and pig farming has recently become a marginal activity for many, a bank prepared to lend might not take a 25-year view on repayment. Ten years seems more realistic, which would double DEFRA's estimate of the annual cost of investment.

Mr. William Cash (Stone) (Con): Does my hon. Friend appreciate that my constituents in Staffordshire will be among those most heavily affected by the proposals? Indeed, some years ago, one of the original NVZ pilot areas was located bang in the middle of my constituency. The provision is not only virtually unchallengeable as far as the European Union is concerned, as it will lay down the requirements very stringently, but my constituents tell me that it will be one of the worst things to affect the farming industry in my constituency, particularly dairy farming, since I became a Member of Parliament in 1984. It is that serious.

Mr. Dunne: I am grateful to my hon. Friend, neighbour and indeed constituent for making that point so graphically. I hope that the Minister will take it on board. The purpose of this debate is to emphasise the level of feeling out there among the farmers, particularly dairy farmers, who will be affected by the regulations.

Andrew George (St. Ives) (LD): The hon. Gentleman makes a strong point. Will he comment on the commercial inconsistency of the Government's position? They are heaping costs on to farmers through such measures, yet they do not acknowledge that, at the farm gate, farmers are under the cosh from supermarkets, which can dictate market conditions and state the terms and conditions under which farmers trade. Does the hon. Gentleman agree that the Government should not heap such costs on to farmers, while turning a blind eye to the way in which farmers are treated in the food supply chain?

Mr. Dunne: That was another useful contribution. I was about to tell the House of measures that the Government could take to alleviate farmers' problems, particularly those taken by the devolved Governments in Wales and Scotland. They are providing some relief there, but apparently not in England.

Mr. James Paice (South-East Cambridgeshire) (Con): My hon. Friend spoke of the costs to farmers and the investment required for the necessary storage, and so on. Does he agree that the problem is seriously exacerbated by the Government's decision to abolish the agricultural buildings allowance, a small but nevertheless beneficial way to help farmers to recoup the costs of that investment?

Mr. Dunne: It is almost uncanny that every intervention raises a point that I would have mentioned later. My hon. Friend is absolutely right. Indeed, one measure that the Government might consider is to reinstate some relief for that investment through the tax code.

There are other costs in addition to the capital costs—for instance, the additional running costs of the proposed storage arrangements will lead to extra costs when dispersing slurry. Given the shorter time frame and the reduced volumes that can be spread at the same time, it will take longer, so there will probably be greater transport costs. I believe that those factors were not properly taken into account in DEFRA's calculations.

Sixthly, the most significant aspect on farms other than dairy farms is the proposal to plant cover crops on ground harvested before 1 September that would normally be left as bare stubble over the winter. DEFRA argues that a cover crop would reduce nitrate leaching; it might do so, but I suspect only by a tiny amount. Will the Minister tell us where the idea came from and on what scientific basis it was made?

Mark Simmonds (Boston and Skegness) (Con): That change would have a significant impact in my constituency in Lincolnshire. Is my hon. Friend aware that that proposal forms no part of the directive, which has been gold-plated by DEFRA?

Mr. Dunne: My hon. Friend is clearly another clairvoyant.

The proposal bears all the hallmarks of Labour's ill thought out, opportunistic and yet all too characteristic gold-plating—piggy-backing on an EU directive, so that the Government can blame someone else for the idea. There is no requirement for such a measure in the nitrates directive.

The Minister for the Environment (Mr. Phil Woolas) *indicated dissent.*

Mr. Paice: The Minister suggests from a sedentary position that my hon. Friend is wrong. It would improve the quality of debate if the Minister were to intervene and explain to us why the assertion that the directive is gold-plated was incorrect.

Sir Nicholas Winterton (in the Chair): Order. If the Minister wishes to intervene, I am sure that he will do so. However, he will have adequate time at the end of the debate to comment on what has been said during it.

Mr. Dunne: The Minister declines your offer, Sir Nicholas, but he indicates that he will answer the point later, for which I am grateful. The change shows yet again a complete lack of understanding of practical farming and horticultural practice.

Mr. Roger Williams: The hon. Gentleman is extremely generous in giving way again. A number of conservation schemes pay premiums to allow over-winter stubble, to protect farm birds. It seems that one arm of Government is working against the same arm.

Mr. Dunne: Again, I was briefly going to touch on that issue, but the point is well made.

A requirement to plant a cover crop and then to plough it in before sowing a spring-planted crop would lead to additional costs in mechanical operations and labour, and it could increase soil damage through the possible the use of additional herbicides and the additional spring work necessary to establish seed beds. However,

[Mr. Dunne]

it would also be a direct encouragement to farmers to manage the land in such a way as to avoid the regulations—for instance, by harvesting after 1 September.

Mr. Richard Benyon (Newbury) (Con): Or by doing more autumn-sown planting.

Mr. Dunne: Indeed, and such planting might adversely affect the optimum rotation for the farm.

The loss of over-wintering stubble would lead to a significant loss of habitat for farmland birds, just as set-aside is coming to an end. The environmental damage from such a proposal—as my hon. Friend the Member for Stone said, it is in other respects encouraged by DEFRA—would far outweigh the tiny reduction in nitrate. The proposal should be dropped, and I very much hope that the Minister will indicate that he is minded to do so.

Finally, the imposition of a new record-keeping regime provides a further major set of proposals for farmers to contend with. It takes red tape to new dimensions, even for this Government. Those of a sensitive disposition may need to hold their noses when working through the excruciating details of the records required to be kept to comply with the provisions set out in the statutory instrument. I read them with mounting alarm.

Such records include not just what manure is stored, but what is spread and where. They must all be kept for five years. Maps hatched in specified colours must be prepared and risk assessments undertaken, including a physical inspection, which must be recorded before spreading takes place in accordance with the map. Calculations for storage must be made in accordance with the schedule, which sets out how much manure each size, type and age of animal or bird excretes—a word that I had not intended to use in the Chamber until today. Did you know, Sir Nicholas, that a laying hen excretes 120 g a day and that a duck excretes 400 g? However, a large suckler cow excretes an average of 45 kg a day, each and every day; over 11 days, that is equivalent to its body weight. That is according to DEFRA.

Failure to comply is an offence, with penalties of up to two years in prison. That is taking micro-management to a ludicrous level. Farmers, particularly livestock farmers, have a better understanding of how their animals behave, including how they defecate, than bureaucrats in Whitehall. Farmers should be trusted with a system of spot checking to ensure compliance, not compelled to spend endless spare time—time that they do not have—tied up in keeping essentially pointless records. Please rethink that, too, Minister.

Another consequence of the proposal is the impact on the production of home-grown milling wheat of bread-making quality. I have some personal knowledge of that, having grown milling in preference to feed varieties of wheat on my farm for 20 years. UK flour millers require wheat with bread-making characteristics, which include a high level of good quality protein. The varieties of milling wheat now available mean that, to achieve the required protein level, more than a third of UK crops will need more than 280 kg per hectare of nitrogen and 25 per cent. will require more than 300 kg per hectare.

Milling wheat achieves a premium price for farmers, which can be achieved only if it meets the millers' high standards. Last year, wheat was grown on some 1.826 million hectares in the United Kingdom, of which approximately 35 per cent. had bread-making potential. Those farmers whose soils or land quality require higher than the proposed maximum 260 kg per hectare of nitrogen inputs to achieve those standards will be encouraged to grow more feed wheat varieties, thus lowering their returns and reducing the supply of home-grown quality wheat for the mills. That will increase our imports of such wheat from France, Germany, Canada and other countries.

British farmers have supplied an increasing proportion of domestic demand, which was estimated by the milling industry at 85 per cent. last year, with imports declining over the years from 70 per cent. to 15 per cent. Did the Minister's environmental impact assessment consider the cost of the increased food miles and the associated carbon footprint increase that will result from reversing that trend, possibly to the point where the majority of the flour needed to make bread or cakes to feed the British public must be imported? Does the Minister remember what happened to Marie Antoinette when she was held responsible for rising bread prices?

Mr. Woolas *indicated assent.*

Mr. Dunne: It does not have to be like that. There is already significant evidence of reducing nitrate fertiliser use on cereal crops, by 25 per cent. over the past 10 years, while yields have continued to grow. Specialist farmers who produce bread-making wheat are skilled in applying nitrogen to maximise uptake by the plant, while minimising losses and wastage through run-off. That requires a flexible approach by individual farmers, applying manure and chemical fertilisers when it is right for the crop and in weather conditions suitable to maximise take-up and minimise leachate, not when they are told to do so by Whitehall.

Are more stringent requirements really necessary? I am not a scientist, but that decision should be based on scientific evidence rather than on bureaucratic convenience. As I have just said, nitrogen fertiliser use has declined by 40 per cent. in less than 20 years and by 25 per cent. in the past 10 years. That has come about for several reasons, including a decline in the numbers of livestock after the animal health diseases of recent years, which means that less manure is generated. Furthermore, crop efficiency in absorbing nitrogen has risen substantially, so less nitrate is being leached through the soil. Nitrate trends are static or falling for 77 per cent. of river monitoring sites, and for 25 per cent. of groundwater. DEFRA's plans seem based partly on meeting the aims of other directives or other Government objectives.

The Government have pledged to avoid all gold-plating of EU legislation, but their implementation and enforcement of these proposals fly in the face of that pledge. These measures are very costly, but not very effective. DEFRA itself has calculated a reduction in nitrates of only 1 per cent. by extending the closed period, which is responsible for the main cost of increased storage. These measures might not be regarded as cost-effective if they were introduced under the water framework directive and could be disproportionate, but mysteriously, those tests do not apply under the nitrates directive.

I shall make an observation on grants and helping farmers. When the initial NVZ scheme was introduced in 1996, the then Government recognised the significant cost to farmers of meeting the manure handling and storage requirements under the action programme. They therefore established the farm waste grants scheme, which the current Government expanded, in 2002, when they substantially increased the designated area and then extended, in 2003, for a further two years. The scheme ended on 31 March 2006. Will DEFRA reinstate that or equivalent schemes to provide relief to farmers in England, who see their neighbours in Wales and Scotland being offered grants of between 40 and 60 per cent. of the capital cost of providing the storage facilities?

I appreciate that I have extended the length of my speech, but I have taken a number of interventions from colleagues unable to make their own contributions. However, finally, I have some specific suggestions for the Minister about what is needed to make the regulations workable. First, no more land should be designated as an NVZ than is justified by science monitoring—less than 70 per cent. Secondly, in areas where designation is questioned, there should be no additional storage requirement, plus the retention of existing closed periods and ideally other aspects too, while DEFRA undertakes more intensive monitoring.

Thirdly, capital grants comparable to the 40 to 60 per cent. grants available in Wales and Scotland should be introduced to assist with increased storage requirements, as well as tax deductible depreciation charges, following the loss of the agricultural buildings allowance. Fourthly, a longer period, such as four rather than two years, should be introduced, to allow the implementation of storage requirements, given the time needed to secure planning permissions, arrange funding and build. Ministers are keen to encourage anaerobic digestion facilities on farms, which will take even longer to plan and install than conventional storage, and they should be covered by these measures.

Fifthly, Ministers should press to secure a whole farm manure loading grassland derogation of 230 kg per hectare. Sixthly, rather than imposing a blanket obligation from Whitehall, slurry volume storage requirements should be arranged locally to match more closely the conditions on the farm, including soil type, rainfall and land use. The six-month storage requirement for pig and poultry should be reduced to five months, because there seems no justification for additional storage; it is a buffer zone put in place by bureaucrats. Finally, the record-keeping system should be simplified to allow a spot-check monitoring system, rather than a prescribed one.

Sir Nicholas Winterton (in the Chair): We have about 25 minutes for Back-Bench contributions before the winding-up speeches, unless the Front-Bench Opposition spokesmen are prepared to shorten their contributions, because I want the Minister to have at least 10 minutes in which to reply to the many points raised.

11.35 am

Mr. David Kidney (Stafford) (Lab): Happy new year to you, Sir Nicholas, and your colleagues on the Chairmen's Panel. I congratulate the hon. Member for Ludlow (Mr. Dunne) on securing the debate and on his speech, which was a veritable tour de force in its comprehensive approach to the subject before us. As he said, it took up quite a lot of the time for our debate, regrettably, so I shall try to be as brief as I can.

Since the 1980s, Governments of both major parties have tried to work harder to recognise the effect on British businesses and competitiveness of over-regulation, and Governments now try to rationalise existing regulation, to weed out regulations that are no longer necessary and, when new regulations are proposed, to ensure that they are justified by the science and that they are proportionate in addressing the problem with which they seek to deal. The Minister ought to say today that the Government are mindful of that approach when considering proposals for the further implementation of the nitrates directive.

If it is a yellow card for the Minister to regulate when he ought not to, it is certainly a red card for him to come before this Chamber with a proposal to gold-plate a European Union directive—to use regulations implementing a directive to bring into force further proposals that he and his civil servants think are a good idea. I hope that the Minister will tell us that there is no such proposal to gold-plate this EU directive.

I shall explain why my involvement in this subject is so strong. A number of farmers and other land managers in my constituency of Stafford have approached me with concerns about the Government's proposals in their consultation. Michael Madders, who is president of the Staffordshire branch of the National Farmers Union and a constituent of mine from Coppenhall, came to see me with the Staffordshire NFU's view of these proposals. The Minister knows those views because he has seen the relevant letter making four very sensible points and constructive suggestions. However, many of those points were covered by the hon. Member for Ludlow, so I shall not repeat them, as I would have done had I more time.

I shall mention another person who manages land in my constituency: Andrew Blenkiron, who manages the Chillington estates. I put it that way because most of the land is in the constituency of my parliamentary neighbour, the long-standing and hon. Member for South Staffordshire (Sir Patrick Cormack). However, Andrew Blenkiron also manages land in my constituency and thus wrote to me. I passed on the letter to the Minister and he replied, for which I thank him. I want to bring to the attention of the Chamber the strength of feeling among those who are very experienced in managing land locally. Andrew Blenkiron spoke about the "substantial and disproportionate impacts" of the proposed changes on businesses such as the one that he manages. He wrote:

> "I am particularly concerned about the costs associated with the maximum manure application rates, extended closed periods for manure application and the requirement for growing cover crops over winter."

The hon. Member for Ludlow covered all of those points.

It might help if I draw to hon. Members' attention another quote that demonstrates Mr. Blenkiron's strength of feeling:

> "Perhaps the most insulting part of the consultation is Defra's own estimate of the Nitrate reduction that will be achieved by the extended closed period and whole farm limit, a mere 0.5 to 1.0 per cent. change. As a livestock farmer I recognise the important role that I play in looking after the environment."

[Mr. David Kidney]

He rightly goes on to mention, as hon. Members have done in this debate, the way in which farmers are responsible for the management of land and the way in which the Government reward them for sensible management through many stewardship schemes.

I have also hosted a west midlands meeting of Members of Parliament, the National Farmers Union and individual farmers. The hon. Member for Ludlow was one of the prominent Members of Parliament who took part in the discussion that day. Nationally, I have dealt with the National Farmers Union and the Country Land and Business Association. I have read the CLA's briefing on the subject.

On behalf of all those who have made representations to me, I would like to point out to the Minister that land managers and farmers already have a good story to tell in relation to carbon dioxide reductions—a subject dear to the Department's heart—and their record on nitrate reductions. The CLA briefing mentions a 30 per cent. decrease in fertiliser use during the past 20 years. When we discuss further restrictions, more stringent record-keeping requirements, and imposing burdens that most people think will have huge price tags, we, as Members of Parliament, are entitled to ask whether such measures are really justified. The hon. Member for Ludlow said that we should have regard to the evidence. I agree, as does the CLA in its briefing, which states:

"According to the Environment Agency figures 75 per cent. of rivers have downward trends over 5 years"

in terms of nitrates—

"but we are told by DEFRA that they are not statistically significant. We therefore call on DEFRA to obtain statistically significant data to clarify whether they are downward trends."

The challenge goes back to the Department to justify making changes when the current trends appear to be downwards and therefore requiring less action.

I have talked about the representations that I have received. How many responses has the Minister received to his consultation, and will he tell us whether he is already getting the sense that those responses overwhelmingly reflect the views that he has heard in this debate? I hope that the Department for Environment, Food and Rural Affairs has understood those messages and what matters crucially to farmers and land managers. Many of those issues were pointed out by the hon. Member for Ludlow, but I would like to emphasise some of them again. Many people are saying that nitrate vulnerable zone designation should be at no more than the level justified by science monitoring. The other side to that coin is that in areas where there is no longer a need for zones to be designated, there should be a procedure to stop or take away the designation.

Before Christmas, I asked the Minister for the Environment about that in a written question, which he answered on 17 December. I asked whether it was possible for the River Trent catchment area to be removed from the nitrate vulnerable zone designation because of the long-term downward trend in nitrate content in that river—again, the hon. Member for Ludlow referred to that in his speech. The Minister answered:

"My Department is considering under what circumstances removal of land from within a nitrate vulnerable zone may be possible in the future."—[*Official Report*, 17 December 2007; Vol. 469, c. 1005W.]

The representation that I wish to make is that there might be a good side to the regulations if they allow for an area to be de-designated where the evidence shows that that should happen.

As far as I am aware, everyone wants the Department to make the maximum use of derogation. The hon. Member for Ludlow mentioned one proposal relating to derogation that the Department itself has introduced. Everyone says that the proposals are too inflexible on the lengths of slurry storage requirements, and many people point to the actual cost of that requirement. The president of the Staffordshire NFU estimated there would be a £50,000 additional cost for a dairy farm with a herd of 120 cows. That helps to show that, proportionately, we are talking about large amounts for people whose businesses can ill afford it. Help should be provided with those costs if the Government's own regulations impose the requirement for investment.

Many, including the NFU and the CLA, say that the requirements for winter cover crops should be scrapped. In this debate, hon. Members have referred to some of the beneficial effects of leaving cereal stubbles in over winter. We should at least draw the definition of what is required sufficiently widely to cover good environmental practice. That is my representation to the Minister on that subject, but I would like to point out that on his website, to which he refers from time to time as a place where we will find information about his Department's policies, there recently appeared an announcement of a new consultation on helping businesses to cut carbon dioxide emissions. The website refers to the Department helping to

"cut duplication and unduly complex bureaucracy"

for farmers and other land managers who want to reduce carbon dioxide emissions. I hope that the Minister keeps the same attitude of helping to cut duplication and unduly complex bureaucracy at the forefront of his mind when he responds to this debate and deals with the issue of nitrates.

11.45 am

Daniel Kawczynski (Shrewsbury and Atcham) (Con): I congratulate my neighbour my hon. Friend the Member for Ludlow (Mr. Dunne) on securing the debate. I will significantly curtail my speech because I want to ensure that other hon. Members are called.

By way of introduction, I would like to point out that there is a terrible crisis in the dairy industry, as hon. Members are already aware. The price paid for milk to farmers by the supermarkets has until recently been absolutely disgraceful. On top of that, there is a terrible crisis of bovine TB throughout the country. In 1998 in Shropshire, 45 animals were slaughtered under bovine TB control measures, and in 2006, the figure was 915. There has been a massive increase in the number of animals slaughtered as a result of bovine TB. The recent foot and mouth outbreak also cost farmers throughout the country more than £100 million. So far the Government have offered only £10 million in compensation, which is wholly inadequate, and there is not much hope that the NFU will pursue the Government through the courts to give appropriate compensation to our farmers.

Nevertheless, we are making progress. We now have an all-party group on dairy farmers. I am chairman of the group and 189 Members of Parliament are members

of it, many of whom are from the Labour party. I pay tribute to you, Sir Nicholas, as you are one of the most active members of the group and thank you for all that you contribute. I will, of course, send a copy of what the Minister says in this debate to all 189 members because I am sure that they will all be interested to hear the comments made today.

One of the most encouraging things that has happened is that the Office of Fair Trading has finally decided to fine the supermarkets for the way in which they have behaved. The all-party group met the OFT on many occasions and repeatedly pressed it on this issue. I am pleased that it will be fining supermarkets, but the group now wants to convince the OFT that fines should go not directly to Government coffers, but to farmers.

The nitrates directive will be hugely damaging to the dairy industry. It will result in a substantial increase in costs for dairy farmers. From the various studies that I have read, I calculate that it will add an extra £15,806 a year to the costs of the average dairy farm in Shropshire. That equates to a cost of compliance to the farmer of 1.34p a litre. Many dairy farmers will simply not have the capital available to cope with the NVZ proposals, if they are implemented. The 2008 forward planning booklet of the Hong Kong and Shanghai Banking Corporation estimates the average cost of production at more than 25p per litre, and that is before family labour is taken into account. Even with the improved prices, many farmers will not receive a milk price in excess of that amount.

The Environment Agency has shown that there have been falling trends in nitrates in 75 per cent. of rivers in the past 15 years due to decreased fertiliser applications. Why must we add additional measures when we are already achieving the objective? In existing NVZs, when a long-term nitrate decline is evident, new action programme proposals should be waived. That point was made by other hon. Members, and I hope that the Minister takes it on board.

I shall put three points to the Minister in my remaining few minutes—[HON. MEMBERS: "Seconds."] In that case, as I am generous to my hon. Friends, I shall conclude with one point.

My hon. Friend the Member for Ludlow mentioned anaerobic digestion, which is one of the most important points. I hope that the Minister will tell us that he has been to Germany or Sweden to see it in action because the Germans and the Swedes are advancing tremendously with anaerobic digestion. They are using farm waste to ensure that energy is produced, and ultimately the result is that far more animal waste is spread on farm land. I look forward to the Minister telling us what plans the Government have to support our farmers in order to ensure that they can enter the field of energy production, which ultimately will help everybody.

11.50 am

Mark Simmonds (Boston and Skegness) (Con): May I begin, Sir Nicholas, by saying how pleased I am to see you in the Chair this morning? I congratulate my hon. Friend the Member for Ludlow (Mr. Dunne) not only on securing the debate, but on the articulate and comprehensive way in which he introduced it. His speech was a tour de force on the subject of nitrate vulnerable zones.

My hon. Friend made three key points. I do not want to repeat what has already been said, but I shall highlight the three key areas, about which my hon. Friend was absolutely right. Given the scale of the proposed change and the negative impact on farmers, he was right to highlight costs and effectiveness as key determinants in the directive, and the necessity for a far more refined and focused designation of NVZs. I do not want to repeat the context, but it is important to re-emphasise the fact that farming has recently reduced its nitrate footprint dramatically, which is the point of the directive. Nitrate fertiliser use has fallen by 25 per cent. in 10 years, manure applications have been reduced, nitrate levels in rivers have fallen significantly, and as my hon. Friend rightly said, DEFRA's own NVZ consultation showed that 77 per cent. of sites show a declining trend.

I shall make a few key points about Lincolnshire-specific issues, particularly on the gold-plating that DEFRA proposes regarding cover crops. I hope that the Minister will confirm that the Department will not gold-plate on cover crops or, indeed, that it will drop the whole proposal. There is significant concern among farmers and producers in Lincolnshire about the additional cost of the proposal and the damage that it may do. DEFRA proposes that cover crops be planted on land ploughed in autumn in preparation for the spring crop. In my constituency, many peas and brassicas are grown that are particularly sensitive to soil conditions, and cover crops will have a negative impact on those conditions, because the sowing and subsequent destruction of the cover crop will increase field operations and carbon emissions in direct contradiction of other DEFRA policies. It will prove harder to establish good seed beds in the fields for the next crops, which will inevitably lead to the greater use of herbicides and pesticides—again in direct contradiction of other DEFRA policies.

The proposal is agronomically unsound, because it defeats the object of autumn ploughing, which is to allow winter frosts to weather the soil, using nature rather than diesel to create a seed bed. Without the benefit of frost action, extra cultivations, herbicides and pesticides will be needed, planting will be delayed and the carbon footprint will increase. The crops that will be affected in my constituency in Lincolnshire—and elsewhere in England I suspect—are sugar beet, peas, brassicas and other vegetables.

Finally, as we heard, farmers may try to avoid the requirement by switching to autumn-sown crops or by harvesting later. That would result in fewer winter stubbles, upon which farm birds rely, and which form a vital part of another DEFRA policy—the entry-level scheme that encourages environmental protection among farmers. I urge the Minister to listen to what has been said in the debate and to the representations that he has received not only from Members, but from farmers and producers throughout the country. In an already difficult and challenging economic and agricultural environment, DEFRA should certainly not examine ways of gold-plating European Union directives by creating additional burdens and regulatory costs that will challenge farmers' success. That is unhelpful, uneconomic and unwarranted.

Several hon. Members *rose*—

Sir Nicholas Winterton (in the Chair): Order. I want to allow two extra Members to speak, but if their remarks are not succinct, I shall not be able to do so.

11.55 am

Mr. William Cash (Stone) (Con): I endorse the excellent speeches that my own MP, my hon. Friend the Member for Ludlow (Mr. Dunne), and others have made. It is interesting that so many of us have the same concerns, which have been expressed very well.

The proposals will have a devastating effect on many farmers in my constituency. The nitrate vulnerable zone pilot scheme was based in the centre of my constituency many years ago, and I have been following the issue for the past 15 or 20 years. The root of the problem is not gold-plating, although it contributes to the problem and it ought to be taken away. For practical purposes, the problem's centre of gravity is the prescribed level of 50 mg a litre under the nitrates directive itself. As the National Farmers Union says, the level

"presents no human health impact but could trigger ecosystem changes in certain estuaries."

I am deeply concerned, too, about the derogations made available to Denmark, the Netherlands, Germany, Austria and Ireland. Belgium and Northern Ireland have made applications, in particular for specialist dairy farms. The costs that my constituents will incur will be horrendous, and they are deeply worried about the issue. I find it extremely distasteful that differential grants in Scotland and Wales, which effectively mean that we pay a much higher rate in England, are paid for by our taxpayers. We subsidise what happens in Scotland and Wales, which is extraordinarily difficult to understand. I should like the Minister to address that point.

There are ways of dealing with the issue. The problem's centre of gravity is the European directive, and ultimately, if a solution is not found by negotiation, under the supremacy of Parliament provisions that I have recommended in the past, we should take action to ensure that our farmers are not treated in a way that is detrimental to our own vital national interests.

11.57 am

Mr. Christopher Fraser (South-West Norfolk) (Con): I compliment my hon. Friend the Member for Ludlow (Mr. Dunne) on securing the debate. He may know that before Christmas, I called on the Leader of the House to find time for a debate in Government time about this very important subject. It is a sad indictment of the Government's attitude to the countryside that we must hold the debate in Westminster Hall, not in the House itself.

I shall describe the plight of farmers in Norfolk in light of the disastrous effect of nitrate vulnerable zones. Although farmers in my constituency accept that the environmental impact of agricultural practices must be addressed, they are worried about the proposals. In Norfolk, farmers share concerns about the seemingly rushed timetable for implementing the new NVZ regulations, and about the costs that they will incur. However, they are particularly dismayed about the autumn cover-crop proposals and the closed period for spreading manure. Cover crops will prove costly in money and in time, as has already been said.

Spring crops, such as sugar beet on which the Norfolk economy relies, are dependent on autumn ploughing, and cover crops will seriously handicap farmers' land preparation for spring. Cover crops could also devastate farmers' yields. The National Farmers Union has gone so far as to say that cover crops might make it "impossible" for farmers to grow vining peas, potatoes and sugar beet, which would be a disaster for the Norfolk economy. If cover crops are mandatory, farmers may be forced to use more chemicals to produce a good seed bed, which is expensive and bad for farming practice.

Will the Minister respond to farmers in my constituency who believe that they will suffer from a lack of resources to try to meet DEFRA's requirements while maintaining their usual farming practices? A constituent has told me that cover crop requirements will mean an end to winter stubble, which will have an adverse impact on birds and animals that use that stubble as an important food source. The sting in the tail is that the EU nitrates directive does not require cover crops to be included in member states' action plans. How does the Minister justify the gold-plating of the directive, and does he accept that Europe has a lot to answer for in the directives by which British farmers have to abide, and which have not been thought through?

I have received a great deal of correspondence from farmers about new regulations on slurry and manure. As my hon. Friends have said, the increase both in storage requirements for slurry, and in restrictions on spreading manure will be extremely expensive. Can the Minister guarantee capital grants for farmers if the slurry storage proposals go ahead as planned? Why is DEFRA considering regulations that would further penalise farmers who are already struggling because of animal disease, extreme weather conditions and bureaucracy?

12 noon

Mr. Richard Benyon (Newbury) (Con): I remind the House of my entry in the Register of Members' Interests—that has probably used up most of my time.

I ask the Minister to help me see into the mind of the official who thought up the terms of compliance with the regulations. Oh, to have been on the Environment, Food and Rural Affairs Committee when he or she, and the Minister responsible for signing off the terms, appeared before it to answer questions on just how draconian, detailed and bureaucratic the regulations were and how much red tape was involved.

Will the Minister consider how the regulation conflicts so dramatically with what his Department is doing both on the countryside stewardship scheme, which has been successful in west Berkshire, and on other methods of increasing biodiversity? If he wants to see the future of stock farming in areas such as the constituency of my hon. Friend the Member for Ludlow (Mr. Dunne), he should come to the Berkshire downs, where it has all but disappeared, and see the impact that that has had on biodiversity and the excellent things that the Government want to achieve. The regulation will only add to that problem. Dairy farmers will continue to go out of business as the infrastructure that supports them disappears. I urge the Minister to have a rethink.

12.2 pm

Tim Farron (Westmorland and Lonsdale) (LD): I welcome you to the Chair to oversee this welcome debate, Mr. Hancock, and I congratulate the hon. Member for Ludlow (Mr. Dunne) on securing it. It is incredibly important, and it ought to have taken place elsewhere, as has been said.

I notice that the Minister looks relatively relaxed; perhaps his football team, like mine—Burnley and Blackburn Rovers are normally hostile rivals—has benefited from the stress-free existence of willingly having gone out of the FA cup at the weekend, and is now settling down to a mid-table position. That is a contrived link—I hope that the Minister is not relaxed about the serious implications of the NVZ proposals for British farming, the tourism industry and the environment. People outside Parliament might consider that this is not the first time that Members of Parliament have talked poop, but it is right that we should do so on this occasion.

The Government's proposals for the implementation of the NVZ directive are outrageously disproportionate. They will place a huge cost on the industry, yet DEFRA admits that the resulting reduction in nitrate leaching will be less than 1 per cent. They come at an incredibly difficult time, as we have heard, with foot and mouth disease placing a cost of at least £200 million on the farming industry. I imagine that we are having a slight respite from the impact of bluetongue and other damaging attacks on the industry, both natural and unnatural, but to add at least a £250 million price tag to increase storage capacity is unbearable considering the pitifully low compensation that the Government have provided to farming for foot and mouth. Almost none of that compensation has gone to lowland farms, yet the cost will have the greatest impact on them.

I was talking to a farmer who lives just up the road from me, Gordon Capstick of Heversham. He reckons that it will cost him, a relatively small dairy farmer, about £30,000 to improve his storage facilities. At a time when we are contemplating our navels about what we get paid, we are discussing a directive that, if imposed as planned, will create enormous cost increases for people, some of whom subsist on incomes below the national minimum wage.

Despite all that, the Government appear not to have planned any grant support to enable farmers to improve storage facilities. I hope that the Minister will tell us otherwise. Elsewhere in the UK, for example in Northern Ireland, farmers are given up to 60 per cent. grant aid, and elsewhere in the EU, close at hand in the Republic of Ireland, young farmers receive up to 80 per cent. grant aid in certain cases. We must also bear in mind the economic impact, given that storage requirements will undoubtedly reduce livestock numbers, as there will be pressure to maintain a lid on the amount of muck in tanks. Costs go up, and income goes down, so the measure is not wise, given the current situation in farming.

The impact on the countryside will be huge. Not only will there be a significant cost to farming, but there will be a massive impact on tourism. As we have heard, there will be a day, probably in March when, to coin a phrase, there will be a big stink. The tanks will be emptied on the first dry day, at just about the time when the tourists arrive in our part of the world. That will be terribly helpful! Hon. Members may know that we occasionally get a bit of rain in Cumbria, and there is every chance that the day following the first dry day will not be dry, and that it will chuck it down. Not only will the result be antisocial and unpleasant, there will be massive leaching into water courses.

Ironically, the measure threatens to be ecologically counter-productive. Members will have seen DEFRA's own figures showing that it is likely to cause an increase of in the region of 9 per cent. in emissions of ammonia, which is a serious pollutant in its own right. I wonder whether the Government have considered the impact of the regulation in breaching other EU directives, particularly fresh water directives. The proposals appear to have been ill thought out, with precious little preparation time built in. As we have heard, the imposed building of new tanks will not happen overnight. They will be costly, and raising the finance will not be as straightforward as the Government think. In addition, planning permission will not be secured overnight, particularly in areas such as the Yorkshire dales and Lake District national parks, part of which I represent. Will there be a guarantee that farmers who cannot complete the installation of the new tanks in time, through no fault of their own, will be exempt from penalties?

There are clear examples of gold-plating in the NVZ proposals. We have heard two such examples: the first is the requirement for land that does not carry crops in the winter to be sown with cover crops. We have heard about the impact that that will have on farmland birds and, ecologically, on soil quality. It will be a massive drain on farm resources and extremely damaging to wildlife.

Mr. David Drew (Stroud) (Lab/Co-op): Does the hon. Gentleman accept that something that has not been mentioned—I apologise if I missed it earlier in his excellent speech—is the impact on the Environment Agency? In these days of flood prioritisation, I worry that the key monitoring agency might not be able to monitor nitrates properly and could be seriously under-resourced.

Tim Farron: I am grateful to the hon. Gentleman for making that intervention, and I shall mention in a moment the impact of the regulation on monitoring bodies and the administrative framework.

I may have missed it, but I do not think that anybody has mentioned the second piece of gold-plating: the fact that DEFRA has decided to differentiate manures from different animals. The European Union makes no such requirement, as far as I can see, but still DEFRA seeks to enforce different minimum storage periods for cattle slurry and for pig and poultry slurry. That is an unnecessary complication that the Government have chosen to add to an already complex situation, which brings me to ask whether DEFRA is ready or, dare I say, even competent to deal with yet another complicated administrative system, which will be required to enforce and monitor all of this. The Minister must admit that DEFRA's track record is not glittering in that regard. Does he really want to carry the can in a few months' time when the administrative infrastructure that has to be constructed inevitably starts to implode?

The directive contains serious flaws, which prompts me to ask how we got here. Given that nitrate fertiliser use has fallen by 25 per cent. in the past 10 years, despite rising yields, that manure applications continue to decline, and that 77 per cent. of riversides show a declining nitrate trend, why has Britain been labelled a nitrate offender? Those charged with fighting our case in Europe have let farming down badly and I sincerely hope that it is not too late to tackle this issue. Will the Minister seek grassland derogation to 250 kg per hectare, as his Department has promised, which would at least provide some mitigation? Will he provide grants to support new storage or relax restrictions on slurry

[Tim Farron]

spreading? What about other mitigations? More generally, given the enormous cost to farming and the farming industry, and the ecological damage that the proposals will bring—in exchange for a tiny gain—will the Minister agree to return to Brussels to mitigate the impact of this directive? Will he also undo the restrictions that the Government have imposed over and above the requirements of the EU directive?

12.11 pm

Mr. James Paice (South-East Cambridgeshire) (Con): I remind hon. Members of my entry in the Register of Members' Interests. As others have rightly done, I congratulate my hon. Friend the Member for Ludlow (Mr. Dunne) both on securing the debate and on the exceptionally comprehensive and reasonable way in which he presented all the issues. In many ways, he made other contributions superfluous, because he covered every aspect. However, I do not intend to follow his reasonable approach entirely. The most important thing to state is that the debate is not about the rights and wrongs of reducing nitrate pollution, so I hope that the Minister will not detain us on that issue. There is universal agreement across the House that we all want to do that, so we do not need to hear a lot of verbiage about why we need to do it. The issue is entirely about how we should do it.

The proposal is totally disproportionate and pays no heed to the realities of farming practice. It has clearly been drafted by people who have no idea about farming practice on the ground. It has been put to the House by Ministers who also have no understanding of farming practice and are therefore not in a position to challenge what is put before them. It goes far beyond what any reasonable interpretation of the directive would require, or what is necessary to comply with the directive. I agree with the hon. Member for Westmorland and Lonsdale (Tim Farron) that part of the problem is the directive. I hope that it can be renegotiated because it is far too detailed.

Several hon. Members have mentioned individual cases. Just this morning, I received a letter from a constituent of my hon. Friend the Member for Scarborough and Whitby (Mr. Goodwill). Mr. Cussons has a relatively small family farm of 63 hectares with 130 dairy cows. He estimates—he provides figures in the letter—that if he had to reduce the herd to cut manure production, it would cost £58,000 in reduced income. Increasing slurry capacity, as well as other factors, would bring the total to £148,000. On his 63-hectare farm, that is a cost to the business of more than £2,000 per hectare.

I accept that the 50 mg per litre requirement is laid down in the directive and that we have to work with it. My hon. Friend the Member for Stone (Mr. Cash) is right to say that there is some science to challenge that figure, but for the purposes of the debate, we have to accept it. However, the action plan is entirely disproportionate, especially at a time when even No. 10 Downing street is beginning to acknowledge the importance of having an element of domestic production and food security. As several hon. Members have said, the plan goes way beyond the directive and represents gold-plating. The Minister appeared to suggest that the measures on cover crops, which my hon. Friend the Member for Ludlow discussed, are not gold-plating, and I look forward to hearing his explanations on that point.

The whole issue of cover crops goes completely against traditional agricultural practice and the interests of the environment. They will cost some farmers their entry-level scheme. If they are getting points for winter stubble in an entry-level scheme to which they have signed up for five or seven years and if they now lose that, one must question how they can possibly achieve both objectives. The measures on cover crops will require much more energy use. I grew up farming in Essex, on heavy clay, where the frost for tilth was essential to get any sort of spring seed bed because otherwise we had to engage in what was called clod bashing to break up the soil, which used a lot of energy. Having tried to deal with the Labour Government for the past 10 years, I sometimes feel as though I am back clod bashing.

There has been a massive 25 per cent. reduction in the use of nitrogen, yet paragraph 5.12 of the document contains the insulting—there is no other way to describe it—statement that the programme could

"lead to cost-savings that will act to mitigate the costs".

The document goes on to say:

"it is expected that the efficiency of nitrogen utilisation on farms will improve, thereby enabling farmers to reduce their input costs (e.g. manufactured fertiliser)."

If someone is paying £300 a tonne for their nitrogen, as opposed to £120 a tonne two years ago, they are already damn well looking at mitigating their costs. They do not need some pipsqueak writing it into a DEFRA document—it is already part of business practice.

Other important issues are the development of technology and fertiliser placement. Farmers are doing all that they can to reduce their nitrogen inputs because that makes sense. We have also had the issue of closed periods. With the exception of two rainfall categories, there is no differentiation, so the situation in Cornwall is the same as that in Cumbria—and in Cambridgeshire, although we have a lower rainfall. There is no reference to topography, so the same set of rules applies whether land is level or on a slope, or north or south-facing, and whatever the soil type. That is bonkers, and no respectable Minister with any understanding of, or sympathy for, this industry would put such measures before the House.

The hon. Member for Stafford (Mr. Kidney) rightly referred to the very small percentage reduction in leaching that can be achieved for what the NFU estimates is a £250 million investment in storage. Wherever one looks, there are serious problems, and I could go on. Paragraphs in section 4 of the document lay down unbelievably ridiculous detail about what farmers should do. The whole farm limit excludes woodland and roads, but makes no reference to the mix of crops. Slurry and manure cannot be spread on every crop—only on certain types of land. For example, they cannot be spread before potatoes. They can be spread only on crops for which the land is there and can be travelled on at that time of year. All sorts of husbandry constraints make the proposal nonsense.

The document promises us a "new decision support tool". I look forward to a new decision support tool—

Daniel Kawczynski: A general election.

Mr. Paice: Yes, hopefully it will be a general election.

The Minister must also address the issue of the time scale. Paragraph 5.17 of the document says that "We will explore"—wow!

"the possibility of simplifying the process for obtaining planning permission for the construction of new manure storage facilities"

with regard to anaerobic digestion. The measures come in in three months' time. Yes, there is a two-year process, but the Minister knows damn well—he has been a local government Minister—that if all he is doing is exploring the issue, there is no way that in two years and three months, every farmer will have manure storage up and running so that they meet the necessary obligations.

The proposals are typical of DEFRA's approach over the past few years. There is an obsession with process rather than outcome. We are trying to achieve a reduction in nitrates in the water, but we have been given a huge list of prescriptions and a tick-box system. There is no room for discretion by farmers and no recognition that farmers can be trusted to know their local situation. There is no thought about the true cost to the industry. It really is now time for a whole new approach to how we deal with regulations. It is time to say to our farmers and other businesses, "We trust you. This is what we are trying to achieve. We will not tell you how to do it, but we will trust you to achieve it. If you do not, we will come down on you like a ton of bricks, but you know your farm, your soil, your finances, your rainfall and so on."

I urge the Minister, even at this late stage, to reconsider the regulations and, for goodness' sake, heed the universal appeal. Even Labour Members have been sensitively critical. They have all made the same point. I urge him to come back with something that achieves the objectives, but is reasonable for the industry.

Mr. Mike Hancock (in the Chair): I have asked the Minister not to reply to the criticisms about his antecedents as a farming expert. I now invite him to reply to this very interesting debate.

12.20 pm

The Minister for the Environment (Mr. Phil Woolas): Thank you, Mr. Hancock. The debate has indeed been interesting and important. I understand its importance to Members of Parliament and their constituents in farming and related sectors. If I were not aware of its importance from the debate, I would be from the correspondence that I have received from hon. Members of all parties. I can tell hon. Members that I am receiving more letters on this issue than any other in my portfolio, including international climate change. That gives us an appreciation of its importance. In particular, the letters from individual farmers have been intelligent and well argued, and the parliamentary questions that have been tabled have also been well informed. Not all Members who have tabled questions are here.

I met representatives of the National Farmers Union only this morning, before this debate—it was a happy coincidence—to discuss these issues. I wish to answer the questions as best I can and to set out the Government's approach.

The hon. Member for South-East Cambridgeshire (Mr. Paice) said that we agreed on the need to reduce nitrates and to address the problem. I emphasise that, but let me dwell on two points. The cost of treating water to meet drinking water requirements in respect of nitrates between 2005 and 2010 is estimated to be some £288 million in capital expenditure and £6 million in operating expenditure. The nitrate problem results in a cost on the other side of the equation as well. The cost of environmental damage to river and wetland ecosystems and to natural habitats is estimated to be some £716 million to £1.3 billion per year, so there are important issues in the balance. It is true that agriculture contributes approximately 60 per cent. of the nitrogen entering rivers in England.

The issue, of course, is the European directive. The hon. Member for Stone (Mr. Cash) provided one solution to the problem: attempt to get Parliament out of the directive. The hon. Member for Shrewsbury and Atcham (Daniel Kawczynski) provided another: anaerobic digestion. He said that that solution was for the long term and would not answer the immediate problems, and I concur with him. It is an important opportunity that the Government will be pursuing in any event, but it is not an answer to the immediate question.

The fact is that the UK negotiated and agreed the directive in 1991. It might be old, and some would argue that its prescriptive approach is outdated—it is a prescriptive approach—but its environmental objectives are still relevant. So far, our efforts to implement the directive have been considered insufficient by the European Commission, and an infraction case has been opened against us. In our discussions with the Commission, we have expressed the firm view that the measures that we apply should be based on robust evidence and the status of our water bodies, and should go no further than our evidence shows to be necessary. However, the UK continues to have one of the highest levels of nitrate pollution in the European Union, and while monitoring data suggest that the nitrate levels in many surface waters are on a downward trend, we have no basis for concluding that the trend is significant or sustained. On the contrary, concentrations remain high and are increasing in some areas, particularly in groundwater.

So, what action are the Government planning to take? Our proposals for making additional designations of nitrate vulnerable zones and introducing a reinforced action programme were set out in a consultation document that was published in August last year. In developing the proposals, we took on board the views of people with a direct and indirect interest in the sector. Those views were gained through a series of workshops with farmers and meetings with their representatives and others. I can assure hon. Members that we have also had, and are having, extended discussions with the European Commission as part of the ongoing infraction proceedings.

Mr. Cash: How does the Minister answer the NFU's claim that the nitrate level risk that is prescribed by the directive represents no human health impact? Surely that is at the heart of the issue.

Mr. Woolas: As ever in these important debates, the Minister finds himself in a position of being unable to answer all hon. Members' questions, however reasonable, because of the time limit. While I am in that position now, I can say that the consultation has taken place. It resulted in some 700 responses, which reinforces the seriousness of the matter. I will try to respond to the points that have been made, and I have an open mind on how we implement the directive.

Daniel Kawczynski: Will the Minister give way?

Mr. Woolas: Hon. Gentlemen are pressing me. If I give way, I will not be able to answer all questions that have been asked. I hope that that is understood.

Let me briefly finish this point and see where we are. The proposed revisions would bring us more in line with the action being taken in other member states, although I have to say that requirements are even more stringent in other countries. For example, in Finland, 12 months' slurry storage is required. In other countries, satellites are used to check compliance. In Denmark, applications of fertiliser are restricted below the economic optimum.

The formal consultation ended on 13 December 2007. As I said, we had 700 responses to it, and I am in the process of considering them.

Mr. Benyon: Will the Minister respond to the points made about the gold-plating of the regulations, particularly in respect of autumn cover crops?

Mr. Woolas: What I have in mind on that is the importance of storage. I understand the point about cover crops, which the NFU made in the formal consultation and many hon. Members made in their letters. I have an open mind about it. There is no intentional desire to gold-plate the directive, which, as I have already said, some would argue is outdated. It is a prescriptive directive, and I have to bear that in mind. I reassure hon. Members that I have an open-minded attitude to the point about cover crops and the importance of stubble.

The hon. Member for Ludlow (Mr. Dunne), who initiated the debate, asked about the timetable. I am not committed to 6 April. It is important that I consider the responses. Areas to be improved can be de-designated and reduced—there is some flexibility. I am aware of the point about ammonia, which was raised by him and by the hon. Member for Cotswold (Mr. Clifton-Brown) and others in written questions. The hon. Member for Ludlow mentioned the level of feeling about cover crops. We are seeking a derogation from the measure on 170 kg of nitrogen per hectare per year. I shall consider his suggestion to go further, but I am presently in discussions on the 170 kg, and I have to balance European Commission requirements against the points that have been made by hon. Members.

A happy new year to you, Mr. Hancock, and to the other Chairmen. I am sorry that I have not been able to answer the questions in detail. I shall, of course, undertake to answer hon. Members who raised pressing points that have not been answered today or covered by responses to parliamentary questions and letters. I have no doubt that I will be in other debates as we move towards decisions on this important directive.

Mr. Mike Hancock (in the Chair): I thank the Minister and hon. Members for their co-operation. I hope that Members who are leaving will do so quietly as we move on to the next debate.

Local Area Agreement (Nottingham)

12.30 pm

Mr. Graham Allen (Nottingham, North) (Lab): The title of this debate could hardly be drier, despite your eloquence in reading it out, Mr. Hancock, yet it is about the key social policy for the future of our society. In plain English, we are using early intervention policies to break the intergenerational nature of the cycle of underachievement in the UK, which will liberate the talents and potential of all our children rather than dooming them to repeat the failures of the past.

Every area must have a plan. The Minister for the Environment, who replied to the previous debate, knows very well that the local area agreement constitutes that plan. Nottingham, with its local and national partners, will use the LAA to pioneer a unique long-term strategy centred on a package of early intervention policies, starting at the prenatal stage, continuing through pre-school and school years, and completing the circle with parenting and relationship skills for teenagers that will enable the next generation of newborns to get the best start in life; a virtuous circle that replaces a vicious circle.

I pay tribute to all those involved in the policy, including our local strategic partnership, One Nottingham. Being recognised by central Government as a city that can demonstrate early intervention to others is an accolade indeed, especially as our partnership work was officially dubbed "failing" just two years ago. It marks the end of our first phase of development—the recovery of the local strategic partnership—and demonstrates the clarity that we all now share locally about our mission to tackle deprivation in a unique way. We have a 20-year programme of early intervention to pre-empt rather than to manage the consequences of personal and social failure.

Of course we must continue to swat the mosquitoes of antisocial behaviour, poor educational outcomes and worklessness. We must create the intellectual and professional space to drain the swamp of poor parenting and emotional and social dysfunction, too. The programme signals the beginning of the LAA as a vehicle for policy sharing. That in turn will herald effective and agreed budget sharing with all local partners. One Nottingham will seek to guide and evolve the policy over the next 12 to 24 months. It is a job that we will do with relish and imagination now that our local and national long-term goals can converge in the LAA. That is more productive and motivating than placating some irrelevant and burdensome central-targeting machinery that seems to have a life and an agenda of its own, separate from the task of improving the life chances of the people of Nottingham. Singing from the same LAA hymn sheet will end such discordance.

Hitherto, we had felt alone and exposed in introducing a serious long-term plan to alter radically the life chances of the people of Nottingham. However, the psychological impact of being asked to demonstrate the use of our LAA on early intervention is to give partners official recognition and permission to go ahead and tackle local challenges. The impact of those permissions in turning back 30 years of top-down conditioning of local officials cannot be underestimated. We thank the Government for their foresight in providing them.

We have overcome massive local challenges and have many more ahead. Our designation means that our key partners in national Government now understand what we are trying to do, and have confidence in us. We will seek to deepen our local and national engagement as we strengthen the social foundations of our city, and hopefully others will find that instructive. There are a number of areas in which national and local activities converge. On finance, we welcome the flexibility of the three-year funding set out in the comprehensive spending review, which will allow us to develop a local medium-term strategy with partners and end the destructive annual cycle, especially as it affects the voluntary sector, which the Minister and I discussed in our last Adjournment debate together. We will use the first three-year period to develop pooled budgeting and, much more ambitiously, seek to create—with support from the Department for Communities and Local Government, the Treasury and the Cabinet Office—the financial instruments necessary to recycle future savings from early intervention into the very investment necessary to initiate it. Although we do not seek Government funds, we need Government expertise. We have received extremely good assistance so far, not least from the Treasury and the Cabinet Office, as we tentatively explored the most effective financial instruments. The LAA gives us a three-year plan, which we can use to drive forward the necessary local cultural changes. That is a tremendous help. Short-term annual box ticking is the antithesis of effective planning. The Government have taken a brave step forward in recognising that and, despite some obvious resistance in parts of Whitehall—welcome to partnership working—we are moving towards a lower and more meaningful number of targets.

That process must continue and accelerate, because early intervention is about setting long-term intergenerational targets. To deliver lasting change and reduce the level of public resources required to mitigate the symptoms of multiple deprivation, we need targets and budget planning on a local and national level that recognise long-term ambition, which is neither risk nor, on occasion, imagination-averse. A good start has been made, but there is still some way to go.

In Nottingham, we will use the evolution of the local strategic partnership and the LAA to create space to allow a culture of joined-up planning, delivery and local budget setting. We have started to deliver an early intervention programme by co-ordinating a multitude of different services to improve the life chances of families in Nottingham. Government must be joined up to work in the same way. We hope that the creation of One Nottingham's local and national partners' forum, which has already had its first meeting in Whitehall, can evolve to show how that can be done. We welcome the concept of a cross-departmental agreement, or similar, that seeks to achieve that. We intend to put our sponsoring Minister to work to that end and to work on a number of other issues. We hope that our sponsoring Minister will not just be decoration, but a voice for us, moving us forward constructively within the Whitehall machinery.

We have received excellent support, too, from our Government regional office, field forces and other agencies. They need to come with us on to a higher level to incorporate that long-term approach much more intimately in their own work. The LAA focus on early intervention will show how we must work together with our local and national partners. Much of that is about process, but we must always remember why we are doing this. Early intervention is not an add-on. It is a prerequisite for transforming the lives of many of the citizens of Nottingham by breaking intergenerational cycles of underachievement, deprivation and social exclusion. If we can do that in Nottingham, there is no reason why we cannot do it elsewhere in the UK. Nottingham is a hard case, not least with its Victorian boundary, which includes former council estates in the inner and outer city but little else. Life expectancy in my city is four years lower than the national average, and varies within the city by 10 years between the most and least deprived areas.

There are high levels of child poverty in the city, and nearly two out of three children and young people live in workless or low-income households. Furthermore, despite a strong economy, almost half of Nottingham's population—124,000 people—live in the 10 per cent. most deprived areas in England. My constituency also sends the fewest young people to university of any constituency in the United Kingdom. Finally, some 58 per cent. of births are out of wedlock—I make no moral judgment about that, but we must bear that factor in mind as we make progress on a number of problems in our city.

Partners have already tackled such problems across the board. There has been a 25 per cent. reduction in crime in the past three years, we have broken through the 50 per cent. five A to C GCSEs barrier this year, and there are many other examples from areas such as health and employment. However, heroic efforts by committed public servants in the here and now must be supported by a long-term strategy if they are to be sustained and built on. Early intervention is not a catchphrase, but a robust definition underpinning a specific package of measures. If it does not help to break the intergenerational cycle of disadvantage and deprivation, it is not early intervention.

Although we are already putting parts of our package in place, the most significant changes will not happen in the short term. We will be successful only if we remain patient locally and, above all, nationally as we build our policy interventions and change our culture. Our new local area agreement will be used as a tool to enable all partners to drive forward improvements and reshape services, with the early identification of issues and early intervention becoming standard practice—the modus operandi—for all partners across the city. That will take time, and I beg the Minister and his Department to bear with us—not to let us off the hook or give us an easy time—as we build. If they do, they will see developments taking shape through the years as part of a steady process.

Slowly and painstakingly, we are developing consensus across the city so that partners can work together in an integrated, holistic way. Some of that work will be about continuous improvement, building on much of the good work that is currently taking place; in other areas, we are prepared for radical innovation. For example, in its work on the social and emotional aspects of learning programme, Nottingham has taken the programme further than any other city following the intervention of the local strategic partnership, One Nottingham. Other examples of innovation include children's centres and the intensive family support service, which has received

[Mr. Graham Allen]

match funding from One Nottingham and the Home Office. Work has been undertaken with health visitors, too, and we have tried to devise our own intensive health visiting scheme, along the lines of the nurse-family partnership that has been pioneered in 10 other cities. Another example of innovation is the targeted youth work undertaken under the pioneering Respect programme, which was invented in the city of Nottingham.

Nottingham, as an early intervention city, will break the intergenerational nature of underachievement and deprivation by identifying children, young people and families at the earliest possible opportunity, by intervening and by empowering people to transform their lives and their future children's lives. As a demonstration area for the LAA, we have asked all our key partners to identify early intervention projects that are backed by a robust, proper evidence base and a research focus that is aligned to our mission. A sharp package of measures, some of which are already in place, and a clear implementation timetable will be endorsed and marketed in a way that is tangible to the public and professionals. We are preparing an exciting launch event – it might even involve the Minister's own presence – with local and national partners in April 2008.

We are the first, so there is no blueprint. When we stumble, as we surely will, central Government must help us up, not berate us. One Nottingham, the local strategic partnership, will continue to lead our approach, with ever stronger governance and clearer lines of account. We will not only evolve our demands on partners in the public sector, but increasingly enable the business and voluntary sectors to step up to the plate, too. We will ensure that there are operational cross-cutting arrangements by, for example, allowing data and tracking to be used to facilitate early intervention and reinforce our commitment to a holistic, family-centred approach.

The Government's decision to authorise our role as a demonstration area is a most welcome and timely boost, which will stimulate and firm up our thinking. We will use a wider group of local strategic partnerships and councils to bolster our learning and evaluation as we build an evidence base of what works. We already know that early intervention is about tying in best practice globally, nationally, regionally and locally, then tailoring specific policies to the local context.

Nottingham has set out its stall. We have made excellent progress and we relish the challenges ahead. Our Government partners must continue to help us over the coming year. First, they must provide public support to underpin the long-termism and patience that we require to be successful. Secondly, they can continue to help us, as I suggested earlier, to devise the financial instruments necessary to sustain early intervention for a generation. That will help us to avoid the massive and growing costs of subsidising failure by intervening early and cheaply to build success.

Local and national policy makers have realised that the financial, social and individual costs of late intervention are too high. Working locally and nationally as partners, through early intervention, we can find a better way in our city, which may give colleagues throughout the UK some examples of the way forward.

Mr. Mike Hancock (in the Chair): If the scheme is as good as the speech made by the hon. Member for Nottingham, North (Mr. Allen), I am sure that it will be a rip-roaring success. I invite the Minister to reply.

12.46 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Parmjit Dhanda): Happy new year to you, Mr. Hancock. It is a pleasure to have you as our Chairman – you have chaired a couple of Adjournment debates that I have taken part in. Let me also say happy new year to my hon. Friend the Member for Nottingham, North (Mr. Allen) and congratulate him on securing this Adjournment debate. He talked about One Nottingham, the local strategic partnership, but he did not mention that he actually chairs it – I assume that he still does, because he certainly used to.

This is the third in a trilogy of Adjournment debates initiated by my hon. Friend that I have answered, and they have always been a joy. Early intervention has been the strand running through them all. The first debate was about the "Every Child a Reader" scheme and reading recovery, and I can still recall the statistics that he used. According to his figures, which I still use, investing £5,000 under the scheme to enable a five-year-old to learn to read ultimately saves us about £250,000 a year, which is what it would cost if that child ended up involved in the criminal justice system. I also know from my time in what was the Department for Education and Skills that my hon. Friend encouraged Nottingham to be involved in the midwife and health visitor-led early intervention pilots, which he mentioned. His influence has therefore made a big difference to the way in which Nottingham focuses its local area agreement work.

I will say a little about Nottingham in a few moments, but let me first talk about the demonstration sites and the work that the Government have done on the framework, which I hope has helped to make possible some of the things that Nottingham wishes to do in the coming years.

The year 2007 was important because of the big changes that took place in the local government landscape. Piece by piece, we are delivering the framework that we promised in the local government White Paper. We saw the passage of the Local Government and Public Involvement in Health Act 2007, which puts local area agreements on a statutory footing and moves them from the margins to the centre of the new local government performance framework. We also undertook the dry run of the new local area agreements and published new guidance, so that everyone can, we hope, make a success of them. Furthermore, we got the new national indicator set down from 1,200 to 198, which was not an easy task, but it was an important achievement. Those are the main building blocks that will help to support a new and more mature relationship between local and central Government, as set out in the local government White Paper.

Local area agreements must add value to existing partnerships and lead to genuinely new and improved ways of partnership working. With that in mind, we have started to work with a small group of partnerships that will act as demonstration areas to help raise the bar in delivering ambitious local area agreements, as my hon. Friend has said. He mentioned that Nottingham is

seeking not extra resource, but Government expertise. That is obviously a two-way process, with the Government seeking the expertise of Nottingham and other local authorities to help to shape future policy.

The new performance framework and the radical extension of freedom from centrally set targets have already removed many barriers previously faced by local authorities, but we recognise that systemic issues continue to be seen by many as a block to effective partnership working, thus limiting the delivery of more ambitious outcomes.

The aim of the demonstration areas programme is to adopt a problem-solving, collaborative approach, identifying and developing either local solutions to the barriers to delivery or changes to central Government policy. The demonstration areas are not piloting new-style local area agreements; nor will they be treated differently during the negotiations from those partnerships that are not involved.

The process is about local authorities and their local strategic partnerships, Government offices, Departments and Ministers working collaboratively to consider the barriers to delivery and tear them down, sharing what is learned from the process, so that it will be possible, with the whole local government family, to create real success in the future, and for the Government, as I have said, to learn, share some of the best practice and drive policy changes. That will enable everyone to make local area agreements work for them.

The demonstration areas programme will be taken forward through a series of theme-based problem-solving workshops with a focus on working together to explore what works and what could work. Seven broad themes have been identified for exploration by the Secretary of State for Communities and Local Government. The detail of the themes and the scope and content of the workshops will be co-designed and owned by the participants. The process has already begun at official level with representatives from the partnerships, Government offices and Departments meeting to discuss the overall programme, asking for representatives to select the workshops that they would like to scope, design or attend. The broad themes are reacting to changing circumstances within the new performance framework; focusing on crime, worklessness, citizen empowerment, health, children and young people; housing and planning; and multi-area agreements.

There will be three main stages in taking the workshops forward. First, for each theme, there will be a planning stage meeting, which will involve working with key people from the demonstration areas, Departments and Government offices to scope out the theme and agree the content for a working session event and a ministerial workshop. It is proposed that two to three partnerships will help to lead each planning meeting and working session, and Nottingham will obviously be part of that, and a working session will follow. It will be an event of up to one full day, for interested partnerships, and the aims will be to get to grips with the main issues of the topic, including identifying the challenges, examples of current successful ways of working and potential solutions, and to agree the key issues to be taken forward for discussion with Ministers.

The third important element is the ministerial workshop, which will be an opportunity to discuss the agreed key issues identified at the working sessions and possible ways forward, including those issues identified for Ministers to take forward. As I have said, one stage of the process will involve the expertise of Government in supporting local authorities such as Nottingham, but Government will also learn from the expertise of local areas.

We are very pleased that Nottingham will be a demonstration area for local area agreements. It is a well deserved opportunity for Nottingham to be involved with partner areas and the Government in the sharing of good practice and the development of innovative local solutions to help deliver an ambitious local area agreement for the people of Nottingham. As my hon. Friend said, great progress has been made locally in the past two years. That is clear evidence of the progress that partners in Nottingham have made, working together as an effective local strategic partnership. As well as providing an opportunity to learn from others, being involved in the programme will allow Nottingham to demonstrate to other areas and to local government as a whole how they can benefit from its approach as an early intervention city.

We welcome such an innovative approach to tackling the ingrained intergenerational problems faced by many people in Nottingham. That approach encompasses a variety of mechanisms to support people across the board, ranging from support for mums-to-be who will need help with their babies, as my hon. Friend mentioned, through early years support for families provided by health visitors and local children's centres, to providing teenagers with the right skills to make effective choices in relationships. My hon. Friend mentioned targeted youth support, and I have also mentioned projects, such as "Every Child a Reader", which my hon. Friend has discussed in this Chamber on other occasions.

The Government are keen to see how the key partners working together in Nottingham will progress the ambitious programme to make improvements in services and break the cycle of deprivation and social exclusion. We would encourage Nottingham to take full advantage of the flexibilities allowed by the Government's decision to announce, for the first time, a finance settlement that covers three years. Along with the new local area agreement that is currently being negotiated with central Government, that will provide a clear opportunity to plan ahead and to use the settlement to focus on the priorities that really matter in improving the lives and life chances of the people of Nottingham.

The taking of a long-term view on how to tackle the deep-rooted issues that affect the city is to be truly commended, and Nottingham and the other demonstration areas should view the new local area agreement as an integral part of the process and a way of changing the culture of partnership working to deliver long-term change. We understand that, as part of that planning for long-term change, Nottingham will be looking at how to use its financial flexibility to develop an invest-to-save model. The Government would be happy to explore that further with Nottingham and my hon. Friend as part of the demonstration process, as Nottingham firms up its ideas.

Nottingham's involvement as a demonstration area will therefore give the city a chance to show what can be done when partners work together with a clear focus and the right tools for delivery. Nottingham will have a lot to share with other demonstration areas, other parts of the country and, importantly, Departments. It is

[Mr. Parmjit Dhanda]

vital that Nottingham should clearly demonstrate to central Government how its approach to early intervention is progressing, so that, across Whitehall, we can ensure that Government policy does not inadvertently put barriers in the way of delivering improvements in the way my hon. Friend alluded to. The Government are making strides in ensuring that Departments act in a more joined-up manner, and we would be happy to explore how that can be further enhanced through the demonstration site process.

We can assure partners in Nottingham that Ministers will continue to be interested in Nottingham's progress as a demonstration area and in its approach to early intervention over the coming year. It was very nice to be invited by my hon. Friend to visit Nottingham, which is something that I am always delighted to do and have been able to do regularly as a Minister. It is nice for me, not least because I was a resident of the city for five years; it is where I did my degree and my masters degree. It is a great city, a great place to be and a place with unique challenges. It is great to see my hon. Friend and his colleagues doing so much to tackle the issues.

Mr. Mike Hancock (in the Chair): Order. I do not like to interrupt, but the time has evaporated. I thank the hon. Member for Nottingham, North and the Minister for an interesting debate.

Local Government (Planning)

1 pm

Norman Baker (Lewes) (LD): The Under-Secretary of State for Communities and Local Government, the hon. Member for Gloucester (Mr. Dhanda), is clearly having a busy morning. He was kind enough to say that he would visit Nottingham at the end of the previous debate, so perhaps if I extend an invitation to him he will visit Lewes to deal with planning functions there. He has been to Lewes but he has not, as far as I know, spent five years there. The Under-Secretary of State for Communities and Local Government, the hon. Member for Hartlepool (Mr. Wright), is responding to this debate, but I would be happy for them both to visit Lewes if they wish.

This is an important debate for local accountability, which is why I have raised the matter. If local people are asked what are the functions of their local council or local government, the first thing they say is that the council empties the dustbins. The second thing they say is that the council deals with planning. People associate planning with local councils and, indeed, they think it ought to be a local council matter, but I am concerned that we are moving to a stage at which there is undue Government interference on a micro level with local councils' planning functions.

There has always been Government regulation of local authorities and planning functions. It is right that there is planning policy guidance and statements, and it is not unreasonable of the Government to set an indicator of eight weeks in which the outcome of an application is to be determined. However, we have moved into other areas, which are of more concern. Not very long ago, I spent some years sitting on the planning committee of my local authority, as you may have done in Portsmouth, Mr. Hancock. The committee dealt with a wide range of applications, and it dealt with them well. A range of members served on the committee, some of whom had been around for a long time and knew the history of the area. Other members were brand new and had some good ideas. The chemistry of the committee was successful in delivering the planning function through the committee process.

In recent years, however, the Government have moved almost to exclude elected members from taking decisions on planning applications; there is a push to delegate as much as possible to officers. Why should unelected officers be more accountable than elected councillors? Of course, some applications fit in to a system and are clearly within the terms of the local plan. Such applications are either controversial or uncontroversial, so they can be clearly rejected or accepted. In my day, about 50 per cent. of applications were delegated, so I am not suggesting that councils should take every single decision. However, we are now getting to the stage where 80 or 90 per cent. of applications are dealt with by officers—the figure is even higher in some local authorities.

Council members find that frustrating, but so do members of the public. They do not understand why, when they elect local councillors to take decisions on planning matters and lobby them to that end, a decision on an application that is important to them should be taken by an officer of whom they have never heard in a room that they did not know existed. It might be a small

matter in the big scheme of things, but if a person's next-door neighbour gains permission for something that will intrude on them, it is a serious matter to them. The least that such people would wish to do is to lobby the local council and have some influence on the matter, but that is increasingly rare under the current system. Will the Minister explain why there has been a move to exclude local councillors from the majority of planning decisions taken by local planning authorities, as I believe that that is undemocratic and unaccountable?

The system has become corrupt—I do not mean corrupt in a financial sense, but in the sense that local authorities chase targets that do not necessarily deliver the best planning result for their area. The grant system in my local authority is known as a "game show" approach. Councils are forced to chase targets—often arbitrary targets—that they know will attract grants and which will therefore improve their financial position, rather than focus on the key planning issues in their area. What is worse, grants are managed on an annual drip-feed, which means that it is uncertain from one year to the next exactly how much will be coming forward. That makes it difficult for planning authorities to retain and, indeed, to attract staff.

Lewes district council in my constituency is so thin on staff, so tight is the ship being run, so few are the officers employed, that the director of planning, because of staff illness, is now determining simple household applications on his own. There is hardly anyone else in the department—that is how thin things have become because of pressures on finances and because of the drip-feed of planning grant. It is an issue for local authorities in London and the south-east in particular, but perhaps it applies more widely. The problems are going to get worse in times ahead.

I query, too, Government interference as regards the call-in procedure. I call it interference, but the Minister might regard that as pejorative: perhaps he would prefer to call it micro-management, or perhaps to use neither of those terms. Ministers say that they rarely call in applications. I do not know what the statistics are—perhaps the Minister has them—but my perception is that the call-in procedure has been increasingly used in the past couple of years rather than diminishing in frequency. I should be interested to hear the figures from the Minister if he has them.

An example from my patch is the controversial proposal for a wind turbine at Glyndebourne. I understand that the Minister cannot comment in detail on the issue because it is live, but he might address the general point. The proposal is for one wind turbine to provide sufficient energy to power Glyndebourne opera house, which is a prestigious building in my constituency. It has been called in by the Secretary of State, despite the fact that it has been subject to significant local consultation and debate involving local councillors, who are elected to represent people in the area, and despite the fact that the decision to allow permission was reached by the council committee following a long presentation featuring petitions and opportunities for comment from both sides. The decision was made on a cross-party basis, but the Government nevertheless decided to call it in. Worse, Glyndebourne subsequently applied for permission to erect a temporary meteorological mast for a period of one year only so that it could provide supporting information for the wind turbine application. For example, the mast would measure wind speeds in the area, which would affect how the turbine would react if and when it was established. However, the application for temporary permission, for one year, was also called in by the Government, despite the fact that it was again given approval on a cross-party basis by Lewes district council. The Government have called in applications for temporary permission that last for only one year, so one must wonder what is the purpose of local councils. Apart from being an instance of micro-management, that practice has hade an adverse effect on the applicant which, legitimately to establish the facts, set up the forthcoming public inquiry.

I wrote to the Secretary of State on 29 November to ask her on how many occasions the Government had called in applications for temporary permission in the past 10 years. Replying on her behalf, the Under-Secretary of State for Communities and Local Government, the hon. Member for Gloucester, who has left the Chamber—I had thought that he would reply to the debate—said that it was not possible to provide information on how many applications for temporary permissions had been called in during that period. The Government ought to use the measure sparingly, but they do not so much as keep a record, which concerns me.

Another relevant issue is the development plan system, to which the Government are wedded. The Minister might be aware of a recent survey by the Planning Officers Society that shows that the new system is widely believed by practitioners to be too onerous, inflexible and resource-hungry—those are the society's words. It says that the system has become process-dominated and over-complex, to the point that even the Government's regional officers and planning inspectorate are unsure how to interpret the legislation. As a result, local authorities receive inconsistent and ever-changing advice on procedure. The requirement for an auditable process—in other words, a tick-box mentality—overrides local authorities' ability to plan creatively. The Government's intention to improve the planning system is good, but the consequence is that local authorities are tied down in bureaucratic manoeuvres, which weakens rather than strengthens the planning process.

The Government are responsible for various negative impacts on the planning process. I have not even mentioned the plan for large numbers of new houses in my area, which by and large does not have the support of the local population. Leaving aside the question of whether it is right, it is seen as a top-down proposal under which the houses are imposed on the area by central Government or by an unelected quango representing "the south-east". The question is not whether it is right to have the housing, but who makes the proposal and how it comes down to the local people. My constituents believe that they are being told what to have in their backyard and they do not like it. They think that that is undemocratic and so do I.

Occasionally, however, we look to the Government—I shall now argue against myself to some extent—to intervene on a major issue of national significance. I am referring to the proposal for an incinerator on my patch, which is opposed, unlike the Glyndebourne wind turbine, by thousands and thousands of local people. The application for an incinerator in Newhaven has major environmental, transport and economic implications. Controversially, the county council both made the

[Norman Baker]

application and granted it, but the Government said, "We are not interested in interfering in that matter." People in my part of the world have therefore concluded that as far as planning is concerned, the Government are micro-managing when they should not do so, and on the rare occasions when they should interfere with a decision, they have failed to do so.

One policy the Minister may wish to consider is preventing local authorities from giving permission for an application that they themselves have made. When an application is made by a local authority, a different but comparable local authority— another county council, or the local district council for a county application or vice versa in a two-tier area—should be responsible for giving permission. It is not consistent with natural justice for the county council in my part of the world to act as judge and jury on its own hated incinerator, but that is what it has chosen to do.

The good news—I hope that it is good news—is that the Government have committed themselves to local area agreements, and I hope that that will reduce the micro-management that I have discussed. If the Government can follow through what they have said on local area agreements, that will be very welcome step that my party colleagues and I will support. I do not wish to suggest that the Government are anything other than well intentioned, but sometimes, in their genuine desire to improve matters and the planning function, their actions have the opposite effects to those that they intended. I hope that the Minister will take this not as an unhelpful rant from me but as a genuine attempt to raise issues that are of concern to my constituents, and will respond constructively.

1.13 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright): It is a pleasure to serve under your chairmanship, Mr. Hancock. I wish you and the hon. Member for Lewes (Norman Baker) a happy new year.

I congratulate the hon. Gentleman on securing the debate and I commend the non-negative manner in which he presented his arguments. He has raised an issue that affects us all. Planning is of fundamental importance to the quality of people's lives. When planning is done well, it allows us all to raise our game, to lift our spirits, and to achieve our hopes and ambitions to build thriving communities in which people want to live and work. It supports the economic development that is vital to create jobs and ensure our continuing prosperity as a nation—prosperity that should be widened to include all in society. Planning helps us to protect our natural and historic environment and to ensure that everyone has access to green space and unspoiled countryside. It facilitates the delivery of essential infrastructure, which allows us to travel and enjoy access to clean and affordable energy, water and waste facilities. It also supports us as individual citizens in improving our homes and property while protecting us from over-intrusive development. Planning does all that by helping us to ensure that development meets economic, social and environmental objectives in an integrated and sustainable way. The use of planning functions to facilitate place shaping—for want of a better phrase—particularly at a local level, is crucial.

As the hon. Gentleman rightly said, most planning decisions are best taken by those who directly represent local communities and understand their needs—and, I would add, through close and effective engagement with those local communities. That is essential. "Strong and prosperous communities", the local government White Paper published in October 2006, sets out our proposals for giving local government and its partners more freedom and greater powers to meet the needs of its citizens and communities and to enable those citizens and communities to play a part. Planning is a core function of local authorities and is central to their role as place shapers. I have already made that point and I want to reiterate it again and again in my contribution because it is vital. We are committed to ensuring that decision making happens at as local a level as possible so that it can fully reflect local circumstances and needs. Planning functions undertaken locally also help to speed up decisions, which is helpful to all concerned and injects more efficiency into the whole planning process.

What is done locally? A tiny proportion of planning applications are decided centrally. Those cases are appeals that are recovered or planning applications that are called in for decision by the Secretary of State, typically when the proposed development is large or controversial, or has more than a local significance. I point out to the hon. Gentleman that the vast majority of planning applications—we have calculated that the figure is 99.9 per cent.—are determined by local planning authorities. In addition, local planning authorities take the lead in drawing up development plans for their area, shaping the vision for their locality and determining how their area can best create sustainable communities.

As the hon. Gentleman said, we are taking a number of steps to strengthen the role of local authorities both in deciding planning applications and in forward planning. I want to mention plan making at local, regional and national level in a moment, but before I do so, I shall highlight three current proposed changes with regard to planning applications.

First, we announced in November a new approach to permitted development for householders. There will be a new national baseline from which local authorities will be able to relax or tighten controls in particular areas, according to local circumstances. Local authorities will be able to introduce local variations by using local development orders to provide greater freedom for development and by using directions under article 4 of the Town and Country Planning (General Permitted Development) Order 2005 to provide further restrictions on development where local circumstances permit.

We will take forward two proposals from the planning White Paper, "Planning for a Sustainable Future", that are designed to facilitate the use by local planning authorities of article 4 directions. The Planning Bill, the consideration of which starts in Committee today, contains a clause to strengthen the ability of local authorities to use article 4 directions when they see a need to protect specific neighbourhoods. If local authorities give 12 months' notice of an article 4 direction, they will no longer be liable for compensation for the withdrawal of permitted development rights. We will also withdraw the requirement for the Secretary of State's approval of article 4 directions. We will introduce secondary legislation in respect of householder development later this year.

Secondly, the hon. Gentleman, in an important part of his speech, mentioned the use of call-in. He talked about his perception that that has been increasing as the years have gone by in terms of numbers and the proportion of planning applications affected. I have to reject that—it has not happened. Let me give him the figures for cases considered and called in. In 2002-03, the number of cases considered was 1,459 and the number called in was 118. In 2006-07, the number of cases considered was 977 and the number called in was 51. Both the number of cases considered and the proportion called in are reducing, which is important. We want to go further and faster with that, which is why we published yesterday a consultation paper reviewing the existing suite of call-in directions whereby local authorities refer cases to the Secretary of State for consideration of whether they should be called in. We want to reduce both the number of referrals and the number of cases ultimately called in. That is part of our wider package of measures that are based on the fact that decisions are best made as locally as possible.

Thirdly, most minor appeals—for example, on householder development, new shop fronts, small change-of-use proposals, advertisements and works to protected trees—should be dealt with locally by elected councillors. As a former councillor, I was intrigued by the hon. Gentleman's point about delegation to officers, because although I was not a formal member of my local authority's planning committee, I substituted on it on many occasions. I should like to put it on record the important point that it is up to a local authority to determine the specific delegation to officers. The idea behind the principle is that elected councillors are there as strategic ambassadors for their area. It is important, in terms of the minutiae, for that to be dealt with as much as possible at officer level.

Norman Baker: Does the Under-Secretary accept, however, that although the exact scheme is in the hands of local authorities, the direction of travel and the pressure from the Government have increased delegation to officers and away from council members?

Mr. Wright: I reiterate what I said a moment ago. It is important that councillors are effective in their communities and directly accountable to them—that will play a part in planning applications—but this is also about place shaping, which is the theme that I really want to reiterate and strengthen today in terms of determining what is important for particular areas.

That brings me nicely to the changes to our suggestions on the planning application process. Most minor appeals could be dealt with as locally as possible. Such planning applications would be dealt with in the first instance by a planning officer, before becoming eligible for review by a local member review body made up of local councillors, thereby injecting local democratic accountability. A review body could be established for specific authorities or on a joint authority basis

We are seeking an enabling power in the Planning Bill to allow the creation of local member review bodies. We are talking to the Local Government Association and other stakeholders, including through a working group, about how this might work in practice. The detail will be set out in secondary legislation, which we aim to have in place by April 2009, with a view to having local member review bodies fully operational by 2010.

It is important that we have local democratic accountability in respect of councillors and, more importantly, that voters and the electorate can go to councillors to air their concerns. We want that to happen. It already happens in practice, but we want to strengthen the process as much as possible.

I have dealt with the planning application process. It is vital that local authorities step up to the plate, are ambitious and aspirational, and have a key role in plan making. We are trying to strengthen that role in a number of ways.

Norman Baker: Perhaps the Under-Secretary could just respond to my suggestion that one local authority should not be able to determine its own application.

Mr. Wright: I understand the potential perceived conflict of interests there. However, that point leads me nicely to my suggestions on the plan-making role.

Local councils will have a key, if not central, role in determining what areas will look like in 15 to 20 years and the process by which they are going to get there. That place-shaping role is important, as I have mentioned many times. There is a local aspect to that, but there is also a regional aspect, which is why all these decisions cannot be made locally. There is a regional perspective as well, which is why regional spatial strategies are so important. I shall mention that in a moment or two.

We are strengthening local authorities' plan-making role in a number of ways. The Planning and Compulsory Purchase Act 2004 introduced a new system of local spatial strategies that were designed to foster positive place making and to address problems with the former system. A single local plan has been replaced by the local development framework, which consists of a suite of development plan documents. The key document is a high-level core strategy that is supported, where necessary, by other development plan documents intended to deliver that core strategy. The reforms included changes to the production of these documents to achieve greater flexibility to respond to changing circumstances and more meaningful community and stakeholder involvement—real involvement, not merely a tick-box exercise.

We published a consultation document in November 2007 proposing amendments to local development regulations and a draft replacement for planning policy statement 12 further to streamline the process and improve consultation arrangements. In particular, that change provides greater freedom for local authorities to decide what arrangements are best suited to their specific and often unique circumstances.

The local government White Paper, which I mentioned earlier, makes it clear that local authorities have a key role to play in shaping the vision for their locality and determining how their area can best create sustainable communities. The planning system is there to help local authorities achieve that: it is a plan-led system, because we need a proactive and integrated approach to development and place shaping, as opposed to a reactive, ad hoc and unco-ordinated approach. That addresses the hon. Gentleman's specific point about local planning authorities deciding their own applications. It is important that that should not be done on an ad hoc, reactive basis, but as part of the local development framework.

[Mr. Iain Wright]

The LDF core strategy is a key strategic document that determines the future shape and development of a locality. It should sit alongside and accompany the sustainable community strategy for a local area. Local authorities have a clear opportunity to lead the process of place shaping and to work with key stakeholders, such as developers, on the place-shaping agenda through their local development framework. We are urging local authorities to do this and to rise to the challenge, rather than allow the future development and shape of their areas to be determined purely by private developers, which is not in anybody's interest, particularly in respect of house building, which the hon. Gentleman mentioned and I am passionate about.

Norman Baker: I am grateful to the Under-Secretary. He is generous in letting me come back on this matter. I understand his comments about place shaping and, of course, the need for local authorities to plan ahead. However, with respect, he has not dealt with the fact that some local authorities wishing to give themselves permission for a particular application have their planning function compromised, because they will be aware of the financial benefit, or some other benefit, of giving permission and will end up giving themselves permission for something that they would not give anybody else permission for.

Mr. Wright: I think that I have covered that point quite comprehensively. I should like to see such things done as part of a coherent and strategic approach on which the local community has been fully consulted, with people having had an opportunity to discuss it. This is all part of the process. We need an approach whereby a local area can develop in a strategic, ambitious manner over the next one or two decades. So, in that respect, with the greatest respect to the hon. Gentleman, I think that I have covered that point as much as I can.

In the time available to me, I want to move away slightly from local planning considerations to talk about regional and national considerations, which are an important part of a coherent approach. As I have mentioned, although local authorities have by far the most important role in planning, it is important that decisions are taken at the right level. That is why we have regional policy, as set out in regional spatial strategies, and national policy, as set out in planning policy statements, to provide the wider context that we need, within which local authorities make local decisions.

Regional spatial strategies are important. Some matters, including housing, which we have mentioned, and transport and the natural environment, are not confined to local areas. It is important that we consider a wider perspective. That is why regional spatial strategies are so important and why the planning system operates at two levels: regionally, through the regional spatial strategies; and locally, as I mentioned earlier, through the local development frameworks. The RSS and the LDF constitute the development plan, with the RSS providing the broad development strategy for a period of 15 to 20 years, where various matters are taken into account, including the identification of the scale and distribution of the provision for new housing. I am a member of the Housing and Regeneration Public Bill Committee. On Thursday, we will be considering the Bill in detail, clause by clause. It is important that we have a local, regional and national basis for the provision of badly needed new housing.

We also have priorities for the environment, such as countryside and biodiversity protection, and for transport infrastructure, economic development, agriculture, mineral extraction, and waste treatment and disposal. The RSS provides the vehicle through which regions can promote sub-regional plans that reflect their real human geography, covering housing market areas or travel-to-work areas, and implement planning policies that are designed to deliver sustainable development at the sub-regional spatial strategy level.

I do not have time to mention the national planning considerations, which are vital and are, as I speak, being examined in detail by the Planning Public Bill Committee.

We are strengthening the leadership role of local authorities as place shapers for their communities. Working with local strategic partners, they are setting out a shared vision for their area over the next 10 to 15 years in respect of providing sustainable community strategies. I reiterate that planning has a central role in this process.

Election Expenses

1.30 pm

Martin Linton (Battersea) (Lab): I am glad to have the opportunity to raise the issue of candidates' spending before dissolution, as it is a matter of great concern to many of us. I do not know whether any of my hon. colleagues ever look at the register of political donations on the Electoral Commission website, but if they have done so recently, they will have seen quite a rush of Tory donations in the past few months, particularly to Tory candidates in marginal seats. I cite at random £55,000 to Harlow, £47,000 to Regent's Park, £27,000 to Gillingham and £18,000 to Selby. Colleagues attuned to the issue will recognise those as marginal seats.

My hon. Friend the Member for Dumfries and Galloway (Mr. Brown), who will be fighting his seat at the next election, tells me that £15,000 has been donated to Dumfries and Galloway during the past few months. Hastings and Rye is another case in point, and there are also some Liberal Democrat seats to which large amounts of money have been donated recently.

Overall, Tory associations have raised almost as much from individual donations since the last election as they did in the whole period between 2001 and 2005. On the much more important matter of donations to Conservative central office, which is at a far higher level, the Conservatives have already raised more since 2005 – £15 million in individual donations, never mind other kinds – than they did between 2001 and 2005, when they raised £14.8 million.

With no election expected this year, why the sudden rush? The truth is that many Conservative candidates are starting their campaigns now. In doing so, they are importing two of the least desirable characteristics of politics in the United States. We are spending a lot more money than we used to, and we are starting to spend it earlier, although we are nowhere near the obscene amounts spent in American politics yet. Spending has practically doubled in every US election this century. Bush spent $95 million on his primary campaign in 2000 and $269 million, nearly triple that, in 2004. Overall spending by all candidates on primaries, elections and conventions rose from $649 million in 2000 to just over $1 billion in 2004, and all the signs predict that it will rise even higher in 2008.

American politics, I readily confess, is now so distorted by big money that merely saying that we are not as bad as the Americans is not saying very much. Perhaps more alarming is the fact that candidates are following the American example by starting to campaign a couple of years before the election is remotely likely to occur. From all over the country, we hear reports that candidates are starting to deliver regular newsletters, not saying what they are doing – because, of course, they hold no position – but attacking the Government and the incumbent MP. That is exactly what we expect them to do during an election campaign, but they are starting two years early.

The stupid thing is that it is entirely our fault, as we have allowed them to do so. Until 2000, it was impossible for candidates to campaign between elections without it counting towards their election expenses. We accidentally changed the law in the Political Parties, Elections and Referendums Act 2000, so that candidates' spending limits are switched on not by candidates themselves declaring themselves as candidates or starting to campaign, but by the dissolution. That was never intended; apparently there was a mix-up on the last day of the Bill's debate in the House of Lords. Although the mix-up was unforgivable, I have never heard anyone take responsibility for it. I should be interested to know the inside story.

What is even more unforgivable in my book is the fact that, in the seven years since then, we have not closed what everybody acknowledges to be an unintended loophole. It is still there on the statute book. I am asking in this debate – I welcome my colleagues' support, and I hope that the Minister will agree – that we close the loophole and that we do so in time to prevent Tory candidates from building up an unassailable advantage in the marginal seats. A White Paper is due this month, and it will be followed by a Bill on party funding. I am happy with the proposals expected in the Bill about comprehensive spending limits, not just on national spending in election years, but on all spending every year, and about a donation limit, which I hope will put an end to millionaire funding. All that is fine, and I care passionately about it, but it is unfortunately on a completely different time scale from the need to close what for brevity's sake we call the Ashcroft loophole, although he had nothing to do with creating it but merely exploited it.

To have any beneficial effect, legislation to close the Ashcroft loophole must be on the statute book well before the next election – by summer, or by Christmas at the very latest – as the experience of the past few elections has shown us that candidates and parties tend to launch their campaigns in January of the year in which the election is held. They might be pre-campaigns and not official campaigns, but they are effectively campaigns. They start in the first week of January and last until March, and they set the parameters in which the election is fought. This time, however, Tory candidates have been advised to start campaigning even earlier. Just last week, at the Institution of Electrical Engineers on the Strand, a meeting was held entitled "Take Your Seats". Candidates have been issued with a special website where they can log on with a password and PIN to find weekly instructions for fighting their campaigns. It is January 2008, and they are already fighting campaigns.

Already the Ashcroft money is starting to flow from central office to candidates in marginal seats. Ultra-marginal seats such as my own get £5,000. I did not apply for this debate out of pure self-interest; although the issue affects me, it affects some people far more. Battleground seats get £25,000 – they are those with majorities of roughly 5 to 10 per cent., although I have never seen an official figure. Perhaps the hon. Member for Isle of Wight (Mr. Turner) can enlighten us. What are rather coyly called development seats – seats with double-figure majority percentages that the Tories hope to win – get £5,000, although it now seems that the Conservatives may raise their sights and give such seats more money. If the money has not arrived already, as an article in *The Times* last week stated, Lord Ashcroft

"will soon begin pouring money into constituencies".

The article even mentioned some of the constituencies that would get the money.

Mr. Gordon Prentice (Pendle) (Lab): Will my hon. Friend give way?

Martin Linton: By all means.

Mr. Mike Hancock (in the Chair): Before that, I must say that Members who wish to intervene should notify the hon. Member who initiated the Adjournment debate and the Minister, but on this occasion, I am prepared to waive that rule if the Minister agrees.

The Parliamentary Under-Secretary of State for Justice (Bridget Prentice) *indicated assent.*

Mr. Prentice: I rise only because my hon. Friend mentioned Lord Ashcroft a number of times, and I wanted to ask him whether Lord Ashcroft is a UK resident for tax purposes. It is a matter that has perplexed many of us.

Martin Linton: Lord Ashcroft gave an undertaking that he was. I look forward to hearing any comments from the hon. Member for Isle of Wight, who might know something that we do not about the answer. It is certainly of interest to all of us, as Lord Ashcroft is playing a large part in British politics, effectively attempting to determine the result of the next general election without any clear indication that he is even a UK resident.

Dr. Nick Palmer (Broxtowe) (Lab): I apologise, Mr. Hancock, for not notifying you of my wish to intervene. In addition to what we might call the West Belizean question, there is widespread concern, regardless of Labour, Conservative or Liberal Democrat interests, that all this is leading to the Americanisation of politics and that, ultimately, we will all be forced to spend a great deal of our time fundraising. Does not that concern my hon. Friend as much as the concrete and immediate issue?

Martin Linton: We should all be concerned about it. Indeed, it is already in the history books. We know what happened in the run-up to the last election. As a freelance operation, Lord Ashcroft and two other donors channelled £1.3 million into marginal seats outside the Conservative campaign. Ashcroft was typically getting £20,000 or £40,000 cheques to candidates who met with his approval. We also know that it worked. Peter Bradley, who lost his seat in The Wrekin, has calculated that there was a higher swing in the seats that received that money than in other seats. We know that Lord Ashcroft agreed with that assessment because, although things were a bit gloomy at central office on the night of the last election, he was celebrating the fact that 25 of the 33 gains involved candidates to whom he had given money. We also know that he was planning to do the same next time, not as a freelancer outside the Conservative campaign, but as vice-chairman of the Conservative party, sitting in party headquarters and orchestrating things from there. He makes no bones about it in his book, "Dirty politics, Dirty times"—a most appropriate title.

It is vital that we should reimpose spending limits on candidates, not only at election time, but throughout the electoral cycle. The basic requirements of democracy are that it should be fought on a level playing field, that political power should be insulated from economic power and that money should not be allowed to buy power or even to try to buy it.

Money plays a part in the political process because representative democracy cannot function without parties and parties cannot survive without money. We need money to communicate with the voters, but as my hon. Friends may know, the Corrupt and Illegal Practices Prevention Act 1883 made it illegal for candidates to spend money campaigning outside the election period unless it was included in their election expenses.

Surely, none of us would want a return to the position that held before 1883, when candidates bribed voters without scruple. At the last unregulated election in 1880, one candidate made donations to 15 chapels, 17 churches, 23 cricket clubs and 150 societies in his constituency to secure re-election. A contemporary commentator calculated that the amount of money spent by candidates in that election was £2.5 million. It might not sound much now, but that sum adjusted to the retail price index would be £171 million. Indeed, set against gross domestic product—a more interesting figure—it would be £2.6 billion. In Victorian times, politicians in England were spending even more money than is now being spent in America. I do not accuse Lord Ashcroft of consciously trying to drag us back to the Victorian era, but that would be the end result if the loophole was left on the statute book.

Lord Ashcroft has tried to justify his actions in all sorts of ways. In an article entitled "Labour wants to hamstring threatening Tories", he showed his talent for understatement by saying:

"Several Labour MPs have demanded that the Government change the law to restrict constituency campaigning between elections."

That, I think, is a pretty universal view. He then went on to blame the communications allowance, which allows us to report back to our constituents on what we have been doing on their behalf in Parliament. The communications allowance did not start until April 2007, and Lord Ashcroft starting giving money to marginal candidates in 2004, so that justification cannot be taken seriously.

Lord Ashcroft also blames the incumbency factor—a justification, as he sees it, for correcting the inbuilt electoral advantage that Labour MPs enjoy. I asked the House of Commons Library to produce figures on the incumbency factor, but there turns out not to have been one in 2005. Those Tories who were sitting candidates did 1.3 per cent. better, but Labour and Liberal candidates who were sitting MPs did not do as well as the average. In total, there was no incumbency factor in 2005. It may come as a shock to my hon. Friends, but although we like to think that there was an incumbency factor—there may have been for us—on average, there was not; and in 2001, it was less than 1 per cent. That argument does not stand as a justification.

Although Lord Ashcroft's blaming the communications allowance is a device, we should accord the argument some serious consideration. He said:

"Few would object to the idea of enabling MPs to stay in touch with their constituents",

but he added:

"Inevitably, though, the effect of a glossy newsletter detailing a member's tireless work and record of success, delivered free to every voter, will be to make it more likely that that member will be re-elected."

I find that a rather strange argument. Surely, if a Member has been working tirelessly and comes to the electorate with a "record of success", that should make

it more likely that he is re-elected. Is that not the idea of elections? Is Ashcroft merely complaining that we work too hard and that our Government have been too successful?

Lord Ashcroft describes the parliamentary communications allowance as

"de facto state-funded campaign contributions".

For the good of the House of Commons, we need to put that argument to bed. If it is true that all such money came from de facto campaign contributions, questions should be asked However, we all know that, when we spend the communications allowance on producing annual reports and reporting back to the voters, we cannot mention party; we must do nothing more than give a description of what we have done. If that makes it more likely that we are re-elected, it can only be because the voters think that we are doing the right thing. I do not follow the argument that, because MPs are allowed to report back to their constituents, Conservative candidates should be able to spend unlimited amounts on campaigning between elections.

It is extremely important that we close the loophole. I look forward to an assurance from the Minister that it will be closed sooner rather than later. I cannot emphasise strongly enough that it will be no good closing it in the run-up to the election. It needs to be closed before then to prevent what we know happened in 2004 from happening in 2009 or 2010, but on a far larger scale—an unfair battle funded by Lord Ashcroft against MPs in marginal seats, using a loophole that we created.

1.47 pm

The Parliamentary Under-Secretary of State for Justice (Bridget Prentice): I congratulate my hon. Friend the Member for Battersea (Martin Linton) on securing this debate. It is a crucial subject, and one in which all Members of Parliament have an interest. My hon. Friend put clearly and succinctly the arguments about the attempts by some people—he mentioned Lord Ashcroft; I shall return to him—to buy elections. I was interested in the statistics that he gave on the Victorian era. I hope that we follow neither the American system nor return to the Victorian era. Although they were brief, the contributions by my hon. Friend the Members for Pendle (Mr. Prentice) and for Broxtowe (Dr. Palmer) were important. Indeed, my hon. Friend the Member for Pendle has a private Member's Bill on a related area. I look forward to hearing him expand on the subject in a few weeks.

My hon. Friend the Member for Battersea mentioned the communications allowance, which he said was used by Lord Ashcroft to challenge Labour MPs. The allowance is available to all MPs, regardless of party. If Lord Ashcroft thinks that sitting MPs' use of the communications allowance somehow gives them an advantage, and if he wants to equalise the campaigning, perhaps some of his great wealth could be dispersed to Labour or Liberal candidates in Conservative seats. That might help to put to bed his rather illogical position on the allowance.

Tom Levitt (High Peak) (Lab): We all know that in politics mud sticks. Is it not the case that, quite rightly, the communications allowance cannot be used to attack another party or candidate? However, that does not stop Opposition candidates regularly having an unfair go at sitting MPs, who cannot respond in kind.

Bridget Prentice: My hon. Friend is absolutely right. The House officials who deal with the communications allowance are very helpful and knowledgeable about the extent to which we can use it. However, he rightly made the point that candidates with no locus can say and do more or less what they want.

It is important to put on the record the fact that maintaining faith in the probity and fairness of our electoral system is a serious issue that is vital to the health of our democracy. Our democratic system should be the best that money cannot buy. I hope that that is what we are all striving for and seeking to achieve. It is one of the reasons that we set up Sir Hayden Phillips' review of party funding, which concluded that

"the debate about the financing of our political parties is a debate about the health of our democracy and how we can improve it."

We should not allow a debate on party funding to besmirch the role of political parties, which are important in, and a healthy part of, our democracy; we should continue to ensure that the electorate and the media are aware of that. Political parties play a vital role in our democracy and mature democracies around the world. It is important, however, that electoral expenditure is transparent. It must not distort an election or be perceived to do so, which is why ending the spending arms race is fundamental to building trust in our political system.

Some form of spending control has always been at the heart of our electoral reform. There has been a long-standing agreement in UK politics that it is right in principle to regulate candidates' expenditure and that the aim of that regulation is to prohibit what could be considered as the buying of elections. My hon. Friend the Member for Battersea mentioned the 1883 Act, which, along with the introduction of secret ballots, helped to reform the electoral system, as he graphically illustrated.

Some 100 years later, in 1993, that measure was consolidated by the provision for the regulation of candidates' election expenses, which set a maximum limit on expenditure for parliamentary elections. However, that did not go far enough in recognising the larger role that national political parties had come to play in our modern democracy. That became clear during the 1990s; so much so, in fact, that in 1998, the Neill Committee—the Committee on Standards in Public Life—carried out an investigation into party funding and concluded that

"parties' belief that elections can only be won by the expenditure (mainly on advertising) of vast sums of money has given rise to something of an arms race. This in turn has put enormous pressure on party fundraisers to devise innovative ways of attracting donations. The result has been the well-publicised, very large donations to both main political parties and also the development of strategies—such as the fundraising dinner attended by senior party figures—which together give credibility to accusations that money buys access to politicians."

We all know of examples that have arisen since then, and we still have work to do to rectify the situation. The Neill Committee commented on that arms race and I am sure that my hon. Friend and, indeed, colleagues on both sides of the House, would agree that spending on advertising is probably the least productive method of persuading the elector, as those of us know who regularly knock on doors and pick up the phone to contact them. A cap on spending, therefore, will become more and more essential.

[Bridget Prentice]

As my hon. Friend said, we passed the Political Parties, Elections and Referendums Act 2000, which introduced a national limit on campaign expenditure, created the Electoral Commission, made funding more transparent by requiring that all donations of £5,000 nationally and £1,000 locally be made public, and outlawed foreign donations. In a sense, this comes back to a point made by my hon. Friend the Member for Pendle about whether someone who is not a taxpayer in this country, or if we are not sure that they are such a taxpayer, qualifies under the system laid down by the Act. My hon. Friends are quite right to challenge the transparency of such donations and to ask whether they fall within the current remit. Undoubtedly the Act was a positive step forward, but it has become clear that there are gaps that we need to look at. That was one of the reasons for Hayden Phillips' review.

Lord Ashcroft has taken great delight in the fact that at the last election, 25 of the 33 candidates who won seats from Labour or Liberal Democrats received support from the fund that he set up with Leonard Steinberg and the Midlands Industrial Group. We know that a variety of such groups give money to Conservative associations. He is so proud of that that he has mentioned it in several books, including one called "Smell the Coffee". Another inappropriate title! Clearly expenditure affects the result of an election to some extent, but nothing affects the result more than the work that we do as politicians on the ground. My hon. Friend the Member for Battersea made that point very clearly when he commented on the use of parliamentary reports to outline the work that Members do. It is important not to get this matter entirely out of proportion.

Encouragingly, there is a growing perception and consensus among members of all parties that action is needed to control party expenditure. The Constitutional Affair's Committee warned unanimously in a report in 2006 that we needed a tighter cap on overall party spending. That proposal was supported by Sir Hayden in his March 2007 report:

"PPERA sought to control the level of spending, but it has proved inadequate to the challenge".

He went on to say:

"However robust the controls we put in place over the sources of the parties' income, the current problems of financial instability must be expected to recur unless we also do more to curb campaign spending. We should limit it through generally accepted, easily understood, and enforceable rules".

The shadow Leader of the House at the time agreed, and said that the Conservative party supported Sir Hayden's review. The right hon. Member for Horsham (Mr. Maude), too, supported the review, but sadly, during the summer, as the hon. Member for Somerton and Frome (Mr. Heath) pointed out, when Lord Ashcroft moved in to central office, the Conservative party took a different view and is now trying to block further attempts to achieve consensus on party funding.

I have every sympathy with the position outlined by my hon. Friend the Member for Battersea in this debate, and I hope that

It being Two o'clock, the motion for the Adjournment of the sitting lapsed, without Question put.

Westminster Hall

Wednesday 9 January 2008

[MR. EDWARD O'HARA *in the Chair*]

Buncefield

Motion made, and Question proposed, That the sitting be now adjourned. — *[Mark Tami.]*

9.30 am

Mike Penning (Hemel Hempstead) (Con): May I say, Mr. O'Hara, what a pleasure it is to open the debate this morning under your chairmanship?

It is with some sadness that I stand before the House after securing Mr. Speaker's permission to hold a debate on the Buncefield disaster that took place in my constituency on 11 December 2005. I shall start with a quotation:

"Speaking to you all, it quickly becomes apparent that there are really strong local partnerships in place... Obviously it is these relationships which will undoubtedly bring about sustainable and lasting solutions to all the challenges to rebuild community life."

The quotation is from His Royal Highness the Prince of Wales, who visited my constituency following the Buncefield explosion. It is sad that I should stand here, more than two years after the explosion and more than two years since the last statement on the Floor of the House by the then Deputy Prime Minister, the right hon. Member for Kingston upon Hull, East (Mr. Prescott), saying to the Government that we have some real problems in my constituency following the explosion. The problems are no fault of my constituency or my constituents, or the businesses or the local authority that has done so well to handle the situation.

On 11 December 2005, three explosions rocked my constituency. The first, from tank 912, measured 2.7 on the Richter scale. Those of us who can think back to that terrible day will have seen the television footage. The depot is not in the middle of nowhere or on the coast; it is smack, bang in the middle of the country, and right in the middle of the Maylands industrial area. The explosion and the subsequent fires in 20 tanks caused huge problems for the country, my community and the emergency services.

I wish to put on record again—I have done it many times, but it will not hurt to do so again—my admiration for chief fire officer Roy Wilsher, for the Hertfordshire fire and rescue service, and for the many county fire services that came to our rescue and helped us. I must declare an interest: I was a fireman for eight years, and I trained on refinery fires at the Coryton refinery, which supplied the fuel that caused the initial explosion. I am unashamed in my huge admiration for the firefighters of this country.

I also wish to thank the other emergency services, and in particular the chief constable and the constabularies that came to our assistance. Sadly, as is often true of such situations, many thousands of people had to leave their homes and many businesses had to be excluded from their premises. I wish also to place on record my admiration for Dacorum borough council, led by the excellent chief executive, Daniel Zammit, whose staff were magnificent. They put themselves into dangerous situations to protect others. There were no questions about whether a building was a local authority property, private property or anything else; everybody—the whole community—pulled together. I received literally hundreds of letters from people in private dwellings whose homes were boarded up and made safe by the chief executive's officers. I have nothing but admiration for Dacorum borough council, which is a very small authority—I do not say that in a derisory way—that responded fantastically.

Being a local resident who was at Buncefield within half an hour of the first explosion, a former fireman and very nosy, I managed to get very close to the incident. I was lucky enough to be at the forward control point when senior firefighters were making decisions about how to put out the fire. My initial concern, like everybody's, was the safety of my community: the residents and the people working on the site as well as—and this was very much the case—the firefighters and other emergency services.

It was apparent that serious injuries had been sustained by some of the people working at the depot in the early hours of that Sunday morning, and it has been put on record many times that it is an absolute miracle that no one died. At least one engineer who was working at the site received serious lung injuries, and all the injured were taken to the excellent accident and emergency department at Hemel Hempstead general hospital. I wonder what on earth would happen if such an incident took place in December this year, because there will be no accident and emergency department open to look after those injuries. Sadly, the Government have decided to close Hemel Hempstead general hospital. I shall not go on about that today, because I am going to request an Adjournment debate on the hospital's future, and another Minister can take the flak for it.

The Buncefield incident, which took place in the early hours of a Sunday morning, left thousands of people with damaged homes, and thousands not knowing whether their businesses or jobs would survive. I wish to emphasise how lucky our community was. I have met many residents, including some very young people, who were lying in bed that morning, as one does on a Sunday morning, probably not even awake. Indeed, if one is thinking about waking up at 6.10 am, perhaps one should turn over and go back to sleep. They were woken initially by the explosion, but they suddenly realised that they were covered in glass; or that the front of their house had disappeared; or in some cases, that the whole house was falling down around them as they lay in bed. We are talking not about a war zone, or an area where, sadly, earthquakes or tsunamis happen, but about an urban area in eastern England, which was blown apart by an incident at an industrial complex.

Many of my constituents still suffer trauma from the explosion, and many children still receive counselling. I shall provide some quotations from children who have received counselling to try to recover. They are not grown-ups who have experienced many things in their lives. One boy of seven who needed counselling said:

"Counselling has been good 'cos it's made me stronger."

He is a seven-year-old boy whose life has been tragically changed because of an industrial incident. Another child said:

[Mike Penning]

"You have really helped me find out what I want and how I feel."

That young lady was 12. That is how young people in my constituency have been affected, and hundreds of people of all ages have received counselling.

One former constituent, who moved out of my constituency because he can never return to his home, is a gentleman called Ian Silverstein. Ian's home was blown to smithereens. It looked like someone had dropped a 1,000 lb bomb next to his house. I have visited the site. The house is gone—it does not exist—and he worked all his life for it. I am sure that we would all struggle to realise what that feels like. There was no explosion in his home, and he had not done anything wrong. Something happened through no fault of his own.

Bob Spink (Castle Point) (Con): I congratulate my hon. Friend on his fight over the past few years for his constituents. He has been very assiduous, and I just wish that Ministers were more responsive to his requests for information and action. Can my hon. Friend estimate the distance from the explosion to the homes that were damaged? In my constituency, there are homes near to plants that are even more dangerous than the one that exploded at Buncefield.

Mike Penning: I thank my hon. Friend for his intervention. May I also praise him for his quick response before Christmas when the hydrocracker at the Coryton refinery exploded? I have some knowledge of the hydrocracker because when I was a fireman in Basildon, I was on the first response unit that went to deal with it when it blew up many years ago. I know the fears that exist, and I am conscious that my hon. Friend did not go in the opposite direction; he went straight down to see the firefighters to ensure that they, too, were looked after.

To answer my hon. Friend's question, when the first explosion took place at Buncefield, the damage occurred several kilometres away. If he has an opportunity to read the interim reports from the health and safety inquiry, he will find that because there was nothing structurally to prevent the explosion spreading outwards, or the subsequent suction inwards after the oxygen had been used up, properties as far away as St. Albans, Redbourn and the centre of Hemel Hempstead, which is several kilometres away, were subject to serious structural damage. One school in St. Albans had its central heating boiler sucked up through the flue, which blew up boilers throughout the school. Subsequently, the school did not open. That is the sort of damage that occurs in such explosions.

I was told many years ago, when I trained on such fires, that we could expect only one tank to catch fire, and probably no explosion. That remained the advice until Buncefield happened. I was told that an explosion such as Buncefield had not been modelled and no one knew that it could happen. I pointed out that it had happened in New Jersey and Florida, so we could have predicted it. However, we could not have predicted the subsequent explosions in other tanks.

I find something slightly difficult to understand. There was a tank containing unleaded petrol, and some 200 tonnes flowed from it when it was full. Someone who does not think that an explosion will take place if the safety devices fail does not really understand petroleum and should not be in charge of safety at such a depot. It will be for the inquiry to come to conclusions on the matter, and I shall return to that later. The fears of the constituents of my hon. Friend the Member for Castle Point (Bob Spink), of people in my constituency and of others around the country about the safety of such depots are understandable.

So where are we today? An inquiry is being conducted—astonishingly, through the Department for Work and Pensions—by the Health and Safety Executive. It is headed by the independent chair, Lord Newton of Braintree, who is doing an excellent job considering the remit that he has been given. Sadly, its inquiry is being conducted behind closed doors, so public confidence in it is somewhat diminished. While the fire was in full flow—the fuel was still flowing, which was why there was such a large plume—I said that for the sake of public confidence in such installations and the confidence of my community, it was vital that there was an open, public inquiry. I entered into negotiations with the then Deputy Prime Minister suggesting that we hold an inquiry similar to the one that took place after the Marchioness disaster. I freely admit that that inquiry took place not under the last Conservative Administration but under the new Labour Administration. It is sad that there was not an early public inquiry in that case, as it would have saved a lot of anguish and concern for many of the relatives concerned.

Sadly, once the fire was out, the role of the Deputy Prime Minister was removed, and I was told immediately that the inquiry would be conducted by the DWP, which is responsible for the HSE. I cannot understand why that was the case. It was a massive local situation that had nothing to do with work and pensions and everything to do with the community. The then Office of the Deputy Prime Minister was in charge of the fire service, and the issue was about local government and local communities. That is why I was desperate for a Department for Communities and Local Government Minister to respond to this debate, and I thank the Minister for his attendance.

Two years on, an inquiry is in progress, and it has produced interim reports. We now know, within reason, what caused the explosion. There has been extensive modelling, and it seems as if every safety device between Buncefield and Coryton in Essex failed. As I said earlier, 200 tonnes of unleaded fuel escaped through the air venting at the top of tank 912 and caused a vapour cloud. Something—the inquiry and others are not yet 100 per cent. confident about what it was—ignited the cloud, causing the first of the three explosions and the subsequent 20-tank fire.

The costs to my community, the region and the nation as a whole were large, and I shall try to break them down. I shall probably ask the Minister more questions than he can answer, and I appreciate that he may have to ask other Ministers to write to me. There was a great deal of concern about the decision to put the fire out. When there is a fire of such a size firefighters contain it, usually with a water curtain, before deciding to try to work their way in and put it out. I apologise for having too much knowledge on the subject—it comes from having a previous life outside politics.

When the decision had been made to contain the fire and there was no longer a real worry about more tanks exploding, a decision had to be made about whether to allow the fire to burn itself out—all fires burn themselves out once the fuel goes, whether it is wood, building or, in this case, oil and petroleum—or try to put it out. I took part in broadcasts from the site, and it was obvious to me that if we tried to put it out, there would be environmental risks because of the wash-off of the firefighting water, which would take with it contamination from the site. It is plain what sort of problems would have resulted.

Knowing such refineries, it was clear to me that the bunds designed to hold the fuel would never be able to cope with holding the firefighting water and foam. I did not know at the time that the plastic that had been used on the bunds was not heat-resistant and had melted almost instantaneously, causing the water to flow out. I did not know that the engineers had drilled 7 to 8-in holes in the bund wall through which to feed pipes, but had not corked them, so it leaked straight through. I did not know that some walls were damaged so badly by the explosion that water was flowing straight out. It is for the inquiry to conclude who was responsible and whether there was any negligence.

I did know that perfluorooctanyl sulfonate—or PFOS for short—is a carcinogenic chemical used in a lot of firefighting foam. For those who do know, PFOS is a sticking agent. It is used in firefighting and fire equipment, but over the years it has also been used extensively in insecticides and pesticides on agricultural land. I shall come on to that point later. The Environment Agency asked for a delay. There was consultation in which I was not involved—I understand at gold command—and the decision was made to put out the fire. Firemen always want to put fires out: they are robust creatures and join the fire service to fight fires. If they are told not to fight a fire, they put up a robust argument against that instruction—I can say so from experience. Sometimes, however, it must be decided whether it is worth risking the life of firefighters—in my consideration no building is worth anybody's life—and whether there is a risk to the environment.

Bob Spink: Can my hon. Friend confirm that by that stage considerable time had passed—several hours, in fact—and there was no risk to buildings because they had all been destroyed? The question was whether the fire should be left to burn out or whether the firefighters should go in and, in doing so, put the environment at considerable long-term risk. No doubt he will come to that.

Mike Penning: My hon. Friend has read my thoughts; that is exactly the point that I was coming to. There was no risk to any other building. The buildings involved had been blown to smithereens. The fire at one property close to the incident, Northgate house, was an eight-pump fire on its own, which is a major incident. As a fireman, I probably went to four eight-pump fires in eight years, and I was at a busy station in Basildon, in Essex.

There was no risk at all to others. The only risk was to those who were looting local people's properties, and that was a risk that they took in doing something abhorrent and appalling. The decision was made, and I have not quite got to the bottom of exactly why. The chief fire officer Roy Wilsher tells me—and I believe him—that he made the decision to put the fire out. As I said, firemen are firemen, and they want to put fires out. There was a huge amount of help, not only in manpower from other brigades, but on a national level with the high-velocity pumps that the then Deputy Prime Minister procured. I have praised him for that before, and I praise him again. Those pumps are a wonderful national asset. They were used extensively to help tackle the flooding that sadly occurred last year—interestingly, their role was exactly the reverse of their role in my incident: pulling water rather than pumping it.

The decision was therefore made to put the fire out. There is much concern in my constituency and surrounding areas about contamination not only from petrochemical products at the site but from the foam that was used. I understand that some 70,000 litres of concentrate contained the chemical PFOS. In the run-up to Buncefield, the Government were in extensive negotiations with the European Commission regarding legislation to ban PFOS from inclusion in any product in this country. Indeed, they wanted the maximum penalty for using or bringing the product into the country to be two years' imprisonment, so there was obviously knowledge that PFOS is very dangerous. It is carcinogenic and is classed as toxic under the chemical regime. As has been fairly widely publicised since the incident, extensive contamination from petrochemicals and PFOS has been found in the new and existing boreholes drilled by the Environment Agency.

In the spring after the Buncefield incident, I was worried when one of my farmers reported that deformed cattle were being born on his farm—Westwick farm in the Leverstock Green part of my constituency—on land adjacent to Buncefield. The farmer, Mr. Archer, has told me, in good faith, that lots of foam was blowing across the land where his rare breed stock were grazing. He brought in his stock, but does not know whether they ingested any of the foam. I am not a farmer, but whenever I go to the farm, all the cattle want is to be fed. When something different is in front of them, they tend to want to lick and taste it; apparently that is natural.

I shall not mention all of the deformities, because they are shocking, but to give hon. Members an indication, some of the calves were born with heads of almost twice the size of a normal calf and some were born with no spinal cord. Those sorts of deformity are frightening. My constituent did the right thing: he contacted his vet, who then contacted the Food Standards Agency, which said that the matter was nothing to with it, and my constituent then contacted me.

I have been in negotiations and discussions with the FSA, and subsequently with the laboratories at Pirbright, which should have been informed so that toxicology tests could take place. I have spoken to the head of the Government's toxicology department, who has visited the farm. Tests are now being done—two years on—to find out whether the deformities are due to PFOS. I was upset and worried when the head of toxicology—I thank him for being so frank and honest—told me that the test results were unlikely to be ready before June. I asked him why, and he said that PFOS is particularly

[Mike Penning]

difficult to detect in fallen stock and liver samples and that only one laboratory in this country is capable of doing those tests.

PFOS has been used in pesticides, insecticides and other agricultural products for 30 years. I am sure that the Minister will not be able to answer this, but is that the reason why, before Buncefield, the Government were becoming more and more concerned about PFOS in the environment? Could it be that the only laboratory that is capable of testing for PFOS has a contract with the Department for Environment, Food and Rural Affairs to test for PFOS in the food that comes off the land in this country?

I appreciate that the Minister will not be able to give an answer on this, but I would love to receive a letter from the relevant Minister saying whether the laboratory is testing basic foods that are coming off our fields to discover the level of PFOS contamination, if any. I believe that that is true and think that the public should know whether it is. Perhaps it is time to come clean about it if there has been contamination. I am sure that such a serious situation will concern the public. I am not trying to scare the public; I am trying to get to the truth about what has happened to the environment in my town and country.

I, and many others in my constituency, have called for a public inquiry from day one, and we came close to getting one from the previous Deputy Prime Minister, who saw the logic and sense of natural justice and having an open inquiry. When my right hon. Friend the Member for Witney (Mr. Cameron) visited Buncefield shortly after the explosion to praise the emergency workers and see for himself the devastation and effects on my community, he, too, called for a public inquiry. He also called for a single, high-ranking Minister to be made responsible for addressing the problems incurred by communities when incidents such as Buncefield occur, and empowered to do so.

Since then, there have been natural disasters around the country—I send my thoughts and commiserations to those who have lost so much in the flooding—and I am sure that hon. Members who have experienced the effects of flooding will, like me, have been moved from pillar to post by different Departments saying, "They're in charge; I'm in charge—no you're not in charge." That happens with the Environment Agency, the DWP, local government, the FSA and three or four other Departments that I could name.

It is completely illogical that, when such incidents occur, which is fairly rarely, and the Government need to take action quickly in a co-ordinated way, we do not have the aid and help that we need. I do not wish to be controversial, but the Government have responded compassionately to disasters around the world, and this country has responded fantastically to the tsunami, the flooding in Bangladesh and other incidents around the world, so it is incomprehensible to me that this and previous Governments have not thought about how best to look after our own communities should such an incident occur.

With the backing of the leader of the official Opposition and, I hope, Members on both sides of the House, I call again for detailed planning to ensure that if that sort of disaster is, sadly, thrust upon other communities—of course, I hope that that does not happen—a single, high-ranking Minister, perhaps from the Cabinet Office, will be in charge. It is most frustrating for local communities, businesses, authorities and MPs to write to a Minister asking about x and be told that it is nothing to do with him and to ask y, but then be sent to someone else.

Let us consider the effects on my community. I have alluded already to the effects on individuals, some of which were traumatic and difficult to explain to someone who has not had the same experience. If a person's home is blown away, is completely gone, whether it was a rented local authority home or a property of perhaps £1 million-plus does not matter in real terms—it was their home. So many of my constituents and the constituents of colleagues in the Chamber today have lost so much. It is ludicrous and immoral that, two years on, so many of them have not had the compensation that they deserve.

The oil companies involved are employing some of the most expensive, articulate and, they probably think, brilliant lawyers and barristers in the country to limit their exposure. Of course, much of the compensation will be held back slightly while we wait for a decision from the Health and Safety Executive inquiry and Lord Newton, as its chairman, on whether prosecutions are likely to take place under the relevant Acts. There is no way that I want in any shape or form to jeopardise any such prosecution, but it seems fundamentally wrong and unfair from a simple natural justice point of view that people have lost so much.

People's lives have been affected so badly, businesses have gone to the wall and thousands of people have lost their jobs. One third of the people who worked in the Maylands business area live in my constituency. The knock-on effect of the difficulty in making decisions about how we go forward is, frankly, wrong, immoral and unfair.

There are court cases. People have had to pull together in consortiums, so that they can afford even to take cases. Some people have been lucky in that their insurance included legal protection. Their cases have progressed, but even some of those are coming to the end their financial period.

Again, I praise my local authority, not only for how it handled the incident and the subsequent evacuation of many thousands of people from their homes, but the cost to it was substantial—just under £80,000. My local community and taxpayers are not able to recoup that. The Bellwin formula has done its bit and other help came, but just in Dacorum—I am not talking about Hertfordshire's expenses but just Dacorum's—the costs resulted in nearly 1 per cent. more on the council tax. That is a huge amount of money for a small local authority to bear.

There have been promises. I read the ministerial statement before Christmas from the Department for Communities and Local Government. It was a response to my request of the Leader of the House during business questions. The statement said that, after Bellwin, some £4.4 million of aid had gone to my community. My hon. Friend the Member for South-West Hertfordshire (Mr. Gauke) will deal with this in a moment. We do not know where the money was coming from or whether it has arrived. I am conscious that it may well be money that was promised for the regeneration of Maylands, the town centre and the community before the Buncefield

incident even took place. If that is right, it is fundamentally wrong that money that was already coming has been switched from regeneration to help supposedly because of Buncefield.

Planning and planning law is another area in which the unfairness of the system on my local authority and community is obvious. The oil companies are multi-billion pound, multinational companies. They have budgets that most Departments do not have, and they are putting huge pressure on my local authority to reopen parts and, I am sure, eventually all of the Buncefield depot. I could possibly understand such pressure after the inquiry has come to its conclusions, after we know the facts, after we know how safe it is to have a home or business close to a refinery, as alluded to by my hon. Friend the Member for Castle Point a moment ago, but it is being applied now.

BP has asked to open its area of the Buncefield depot, which was only marginally damaged. I understand that some £1 million-worth of damage was done, but anybody who has seen photographs of Buncefield would know that it was quite a small amount of damage. The company has asked to open its part, so that it can supply aviation fuel to terminal 5. Apparently the existing pipeline to terminal 5 is not big enough. The sudden realisation that a bigger pipe is needed makes me wonder what the planners were doing during all the years of planning for terminal 5. BP is negotiating very hard with my local authority, and to be fair, it is quite open about the fact that it wants to use the depot for aviation fuel and not for petrol. I understand that a section 106 agreement is required, and I hope that it is tightly worded, so that we do not get any problems with lawyers later on.

It seems fundamentally unjust to my community that a small local authority must make planning decisions that involve national infrastructure and safety when an inquiry has not finished and when it has asked for help. I understand that the local planning committee referred some of the questions up to regional level. They were bounced back with the comment that the decision was the local authority's, but the local authority is not qualified to make such decisions. A Department must take responsibility and decide on the way forward. The local authority has fantastic staff and officers, but the decision cannot be left in their hands, because it is not part of their job.

Just to give an example of the sort of pressure that oil companies are applying and their blatant disregard for the laws of this land, just before Christmas, Total, one of the other oil companies that operated from Buncefield, indicated to the local authority that it would connect through a valve system the pipeline from its refinery to the Heathrow spur pipeline. My local authority said, "You need planning consent." It has the experts, so we would think. Naturally, their word should be taken. I understand that the authority sought advice and was told, quite rightly, in an opinion from the Departments involved, that planning was required. The response from Total was, "No, we do not agree with you and we are going to do it," and it did. No planning exists. I understand that the Environment Agency and the HSE were present on site while the work was done to ensure that safety was paramount and that there was no risk to the environment.

Why was the work not stopped? How can a company just ignore planning law and go ahead? I asked that of my local authority's chief executive, who said, "Mr. Penning, what can we do? We have one opinion that says yes, but the big oil company says no. We put in an order to stop the work and we have to pay the costs. We are only a small authority, and we cannot risk that burden on our local taxpayers." The matter should have been taken out of the hands of my local authority. Such decisions should be made by experts and senior Ministers. It seems absolutely ludicrous that fear of the costs of challenging a company like Total on this sort of decision should preclude the enforcement of planning law.

I ask the Minister to ensure that that situation is highlighted. I hope he will indicate that we will have meetings with the relevant Ministers, and I hope that common sense will prevail and the laws of this land will not be ignored simply because a local authority does not have the financial clout to proceed. That is what is happening. The fear of litigation and of incurring costs is preventing local authorities from being allowed to protect their local community.

An interim report from Lord Newton's inquiry contained a very interesting statement. In short, it stated that Dacorum—my local authority—should be granted special status. That includes parts of the constituencies of my right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley) and of my hon. Friend the Member for St. Albans (Anne Main). My hon. Friend the Member for St. Albans, whose constituents were greatly affected by the fire, sends her apologies for not being here today. As she is in Bangladesh at the moment, I accept her reasons for not being able to make it here in time this morning.

What does "special status" mean? I have had meetings and made calls and found that it means something similar to the status that was granted to Carlisle when a disaster took place. I understand—I stand to be corrected—that an enterprise zone was created there, so that the community could benefit from tax breaks to regenerate the area. As I understand it, the official interpretation is that one can apply for things that are available to everybody and one might possibly be granted some special status. Frankly, to put that in layman's terms, "Do not hold your breath."

We are holding our breath, because if we do not receive help in this significant regional hub, the effects on my community and on the whole region will be devastating. We have had many visits from the Deputy Prime Minister and the then Secretary of State for Communities and Local Government. We have had visits from the then Leader of the House, who, shockingly in my opinion, did not visit Buncefield or any of the affected residents or businesses. He also did not visit my hospital, which is closing. We had a visit from the Secretary of State for Work and Pensions. Although he is responsible for the inquiry, he did not go to the Buncefield site and meet the residents and businesses that have been so badly affected. As I understand it, he did not even meet the chief executive of my council who has been worried about the future and the long-term effects of the disaster.

We have had forums and meetings. Officials from myriad Departments have given us promises and undertakings, and nods and winks to indicate that help is coming. We do not need any more nods and winks;

[Mike Penning]

we need help. My community has suffered so badly from an industrial disaster that was not its fault, from a plant that is owned by multi-billion pound companies that are burying their heads in the sand when it comes to their responsibilities to the community. My community needs help from the Government, and I hope that the Minister will respond positively.

10.13 am

Mr. Peter Lilley (Hitchin and Harpenden) (Con): I am grateful for the opportunity to say a few words, and I shall endeavour to be brief. First, I want to pay tribute to my hon. Friend the Member for Hemel Hempstead (Mike Penning) for his role in this matter. There is something providential about the fact that the worst fire in western Europe since the second world war should occur in a constituency represented by a fireman. It was undoubtedly in the interests of all his constituents and mine to have someone so knowledgeable, as well as so vigorous in their response, to represent their interests. I pay tribute to him for securing this debate and for his contribution today. I also pay tribute to my hon. Friend the Member for St. Albans (Anne Main) who, with her customary vigour, upheld the interests of our constituents vis-à-vis the local authority and its dilatory response early on. I also pay tribute to the emergency workers who responded with speed, efficiency and courage to the original fire.

I have a few questions that arise from the fire. In particular, I want to know why it has taken so long to complete the inquiry. I am a simple person, and it does not seem to me that it should take two years or more to carry out an inquiry into this sort of event. I have every confidence in my right hon. former colleague who is in charge of the inquiry, but I cannot help feeling that with a tighter timetable and suitable resources, it would have been possible to finish the inquiry earlier to everybody's advantage.

I want to raise the planning implications of the fire. Again, I take a simple approach. When the Buncefield site was built, it was some way from residential areas. Over time, residential and industrial areas have built up closer to it and consequently were affected when the fire occurred. It seems to me, and to most of my constituents, that the obvious next step is to replace Buncefield with a site that is further away from any built-up area. It will still supply the fuels that we recognise are necessary for our lives and for aviation and so on, but it will do so away from the existing site and release it for house building.

We are under huge pressure to build houses. Most of us think that the pressure is excessive and results from mistaken Government policies. However, if that house building is to take place, the Buncefield site is a sensible place to choose if the depot is moved elsewhere. Why cannot that simple decision be taken? If the reverse decision has been taken—to retain Buncefield where it is—may we have an explanation for that?

I have only a limited number of constituents affected by the fire. The border of my constituency is the M1, and Buncefield is a few hundred yards to the left of the M1. Actually, the Buncefield site is the boundary of my constituency and a few residences there are among the closest to the fire. It was traumatic for all those residents, not least for one of my constituents, Ian Silverstein, who lived in a wonderful Lutyens house, which was one of the nearest to the fire. He was at home at the time and he said that he felt as if a plane had crashed upon his house. He managed to escape, but the front door was blown right through to the back of the house. That beautiful residence is now potentially ruined. My constituent's traumatic experience was made worse by the fact that the property, though boarded up, was thrice looted in the ensuing days, which raises questions about the effectiveness of the security and police response to prevent such action. Looking forward now, he raises some questions which he has asked me to put to the Minister on his behalf.

First, why, some two years on, is my constituent still not in receipt of any compensation? His life is in ruins. Everything is on hold pending the HSE report and any potential prosecution. Why has there not been a speedier response? He is also worried that the report itself is being funded by the oil companies. That seems to him to introduce a degree of collusion and undermines the integrity of the report. Will the Minister explain the nature of that funding and reassure him on that point?

My constituent Ian Silverstein wants to know why the Government are not taking action against the oil companies responsible and why they have not created a disaster or recovery fund to compensate the people who have been directly affected. Only a small number of people have been directly and seriously affected by the fire. I hope that we will receive answers to those questions and I hope that we will learn the lessons of this whole experience. The two lessons that seem to be paramount, as my hon. Friend the Member for Hemel Hempstead pointed out, are that when this sort of disaster occurs, a whole range of Departments and local authorities are affected, so it is crucial that one person be put in charge. One Minister should be the focal point to clear all queries, to supervise, co-ordinate and ensure that there is a joined-up response. Can systems be put in place to ensure that that is the immediate response in the event of another disaster?

The other lesson to be learned is that we must respond more rapidly. Lengthy inquiries that go on for ever cannot be necessary. The facts, although complicated, do not require two years to sort out. Can we therefore have a speedier approach to inquiries and the resolution of the issues involved?

If those lessons can be learned, some gain will at least have been made in the event of future problems. We all recognise that there will be different problems in different places in future and we would like the constituents of other Members of Parliament at least to benefit from the failures that took place in this case.

10.20 am

Mr. David Gauke (South-West Hertfordshire) (Con): It is a pleasure to serve under your chairmanship for the first time since the 2006 Finance Bill, Mr O'Hara, although I hope that this will be a slightly quicker and less draining experience for us both. I congratulate my hon. Friend the Member for Hemel Hempstead (Mike Penning) on the way in which he has articulated the views of the people of Hemel Hempstead since the Buncefield explosion on 11 December 2005. Once

again, he has demonstrated his passion and thoroughness, as well as his concern for Hemel Hempstead, and he articulated his case very well.

The implications and consequences of the explosion have affected a much wider area than just Hemel Hempstead, including my constituency, and that is not just because the vast majority of my constituents were woken at 6 o'clock in the morning on 11 December. On that day, I attended a function in Tring, which is not far from Hemel Hempstead, and spoke to a constituent who worked on the Maylands estate. He was deeply concerned that he had, in essence, lost his job that very morning.

The impact has also been felt by Dacorum borough council, which my hon. Friend mentioned, and, more widely, by Hertfordshire county council and the Hertfordshire police authority, all of which have had to pick up some of the bill in dealing with the consequences of the explosion. For example, Dacorum borough council is about £78,000 out of pocket even after we take account of the sums that it will have received under the Bellwin formula. The figure for the Hertfordshire police authority is about £300,000 and that for Hertfordshire county council is about £2.5 million. Those are substantial sums for organisations that are not necessarily very large. I do not intend to set out a general case to show that Hertfordshire is often hard done by, although we have learned in the past few days of concerns that Hertfordshire council tax payers may have to pick up some of the cost of the Olympics. That aside, however, the costs involved in dealing with Buncefield are significant and are having an impact on council tax payers and council services, and we should not ignore that.

There are also the costs involved in trying to rebuild the Maylands estate, which was devastated by the Buncefield explosion. That brings me to the statement made by the Minister for Local Government on 17 December 2007, which my hon. Friend mentioned. As the Minister said, the East of England Development Agency had by then provided £4.4 million of financial assistance, and my hon. Friend mentioned that. However, my understanding—I could be wrong, and the Under-Secretary of State for Communities and Local Government, the hon. Member for Gloucester (Mr. Dhanda) may correct me—is that about £2 million of that money had already been promised to Dacorum and Hemel Hempstead before the Buncefield explosion, so it is not necessarily new money.

There is a wider issue, and we clearly need to look at the financial implications of the way in which we respond to disasters. I am sure that the matter is close to the Under-Secretary's heart, given that he represents Gloucester, which suffered terrible flooding in the summer. Following the summer flooding, money was made available in addition to the funds provided through the Bellwin formula. Even so, there is concern that support has been somewhat slow to reach the areas that were flooded, and local communities are having to pick up the cost of that major disaster. That is a concern in the Dacorum area, which covers not only my hon. Friend's constituency, but much of mine, too.

This is not the first Adjournment debate that we have had on Buncefield; we had one on 19 July 2006. On that occasion, I focused on PFOS, which my hon. Friend mentioned. Subsequently, we received a lengthy and thorough letter from the then Minister for the Environment. The letter was informative and raised a number of points—I counted nearly 40 typographical errors, but that is by the bye. I have a number of questions relating to it, although the Under-Secretary will not be able to respond to them all today. As my right hon. and hon. Friends have said, it is in the nature of such issues that they cut across several Departments, which is why it would be helpful if one Department took responsibility for the issue.

The environmental issues raised by the incident are important. The letter, which was dated 4 August 2006, referred to the Government seeking an EU ban on PFOS, and I would be grateful to know whether any progress has been made on that. There was also talk of the fire and rescue services implementing a voluntary ban on the use of PFOS, and it would be helpful to have an update on that.

The letter also referred to two evaluations of PFOS, one by the Committee on Toxicity of Chemicals in Food, Consumer Products and the Environment, which was carried out on behalf of the Health Protection Agency, and the other by the drinking water inspectorate. I would be grateful to know whether any progress has been made on the evaluation of PFOS and what assessment has been made of its dangers or otherwise.

In our earlier debate, my hon. Friend the Member for Hertsmere (Mr. Clappison) and I mentioned concerns about a leak of 800,000 litres of firewater at the Blackbird Lees sewage treatment plant near Radlett. At the time of the then Minister's letter of August 2006, no damage to the aquatic environment had been found, and I would be grateful if Ministers could confirm at some point that that remains the case.

Another issue is of particular relevance not to the Dacorum area, but to the other end of my constituency. Following the Buncefield explosion, much of the firewater was stored at the Maple Lodge sewage plant. In his letter, the then Minister for the Environment said that he shared concerns about the 26 million litres of firewater still being stored seven months after the incident. Indeed, that firewater was not dealt with until June 2007—18 months after the explosion. I followed the issue quite closely, staying in contact with the Environment Agency and Thames Water and visiting the site. My understanding is that much of the blame lies with the oil companies, and there are clearly lessons to be learned about the way in which we should deal with firewater, should we ever be unfortunate enough to face a similar incident again. Clearly, 18 months is too long, and by the end of the process, several of my constituents were complaining about the dreadful smell that the water was causing.

I want, however, to end on a positive note. The way in which the people of the Dacorum and Hemel Hempstead area—whether local authorities, voluntary organisations or individuals—have rallied around has been hugely impressive. They have demonstrated a real sense of community, and I congratulate them on that. I also congratulate my hon. Friend the Member for Hemel Hempstead on all the work that he and they have done collectively to ensure that Hemel Hempstead rallies round and recovers from that dreadful explosion.

10.29 am

Bob Spink (Castle Point) (Con): In his usual pragmatic and courteous style, my hon. Friend the Member for Hemel Hempstead (Mike Penning) has not

[Bob Spink]

only done a superb job for his constituents, but made the Government address the issues in a way that should make life safer for all those of our constituents who live close to major accident hazard sites. That is very necessary, so I congratulate my hon. Friend warmly.

There are two such sites on Canvey island, both of which are potential threats. I have often raised the Calor liquid nitrogen gas proposals in this Chamber, so I shall not do so now. We have a new proposal, the Oikos biodiesel site, which I shall come to in a moment.

Lord Newton is the chairman of the Buncefield inquiry, and I congratulate him on his conduct of it, but I should have wanted more speed and transparency. I am sure that he will take note of that. As a result of the inquiry, the Health and Safety Executive has conducted a consultation, referred to in its consultative document CD211, "Proposals for revised policies for HSE advice on development control around large-scale petrol storage sites". In section 6 of the document the HSE acknowledged:

> "Clearly we have a poor scientific understanding of the mechanisms which led to the vapour cloud explosion at Buncefield, and we accept that installations storing other substances could present this type of hazard, for example bulk LPG storage, and other flammable liquid storage."

Mr. Edward O'Hara (in the Chair): Order. We must proceed to the winding-up speeches.

10.31 am

Dan Rogerson (North Cornwall) (LD): I echo other right hon. and hon. Members' tributes to the hon. Member for Hemel Hempstead (Mike Penning) for securing this important debate, and for the work that he has done on behalf of his constituents and the many other people across the country who may face incidents of the same type in future. He spoke movingly of the horrors of the day. When the incident occurred, my noble Friend Lord McNally, who is a resident of St. Albans, was staying with my family in Cornwall, and was on the telephone to his family to find out what had happened. The impact of the incident in the wider area was brought home to me then.

The hon. Member for Hemel Hempstead rightly paid tribute to the work of the emergency services and local authority employees, and the way in which the whole community handled the event and sought to come to terms with it. He poignantly expressed how traumatic it was for people, including children, and homeowners whose property was destroyed or damaged. He raised crucial questions, which other right hon. and hon. Members have echoed, perhaps the most crucial of which was how the decision was taken about how to handle the fire—whether to let it burn or to be more proactive, and perhaps place the environment at risk in the longer term. The hon. Gentleman made some very sensible suggestions about how the Government should respond to continuing questions from the community, to ensure that there is transparency and that everyone involved knows who to go to for a clear point of contact in resolving issues.

The right hon. Member for Hitchin and Harpenden (Mr. Lilley) addressed the issue of the speed of the inquiry, as did the hon. Member for Castle Point (Bob Spink). The hon. Member for South-West Hertfordshire (Mr. Gauke) made telling points about the financial implications for local organisations and taxpayers. The last thing that the community needs after such a trauma, as we have heard, is greater financial pressure. It should be getting further support to deal with the problems caused by the incident.

The Major Incident Investigation Board has made it clear that its work is not concluded and that several more years' research may be needed to deliver sound guidance to the industry. Arguably, what is missing is more guidance from Ministers to the community in Hemel Hempstead and the surrounding area, which has been severely affected by the blast. The Minister may recall the water contamination incident in Lowermoor in my own constituency some 20 years ago. The then Government were determined not to let all the facts come to light, and many are still buried today. I am convinced that the present Government do not want to make the same errors for the people of Hertfordshire that were made for people in North Cornwall all those years ago.

Specifically, is not it time that a Minister made a statement to the House about the Government's present view on the safety of perfluorooctane sulfonate, the chemical dispensed at high speed along with water through high-volume pumps, to tackle the Buncefield blaze? The hon. Member for Hemel Hempstead referred to the case of Mr. Archer, the local farmer whose calving success rate fell sharply after the incident. I read about his case with interest and a growing sense of horror before this debate, and although of course I have not had the benefit of any direct contact with him, I know that the hon. Gentleman is doing what he can to deal with the matter. Mr Archer was told in May last year that PFOS is not highly toxic, although there is clear evidence to the contrary. Indeed, the Government's own risk analysis said so in 2004.

Government agencies are burying their heads in the sand when it comes to such individual cases. People are bound to wonder why, when the Environment Agency considered something toxic in 2004, the Food Standards Agency would suggest that it was not toxic in 2007, after it was possible that people and animals had been affected. As with those who have been affected by organophosphate poisoning from sheep dip or from pesticides used during service in the Gulf, or by exposure to contaminated air in aircraft cabins, it is in any Government's natural interest to deny a causal link. It is easy to claim that there is not 100 per cent. of proof of anything, but the Minister would surely concede that when a farmer whose business has been very successful experiences a huge increase in the number of deformities in calves, something needs to be investigated, so there is a case for more Government action.

It cannot be right for the Drinking Water Inspectorate to invent a "safe" level of PFOS in the water supply. Indeed, the inspectorate itself has recognised that PFOS at the levels it calls safe is potentially unsafe for young children. Perhaps the Minister can tell us whether he stands by the inspectorate's guidance. At the same time, he could tell us whether it was really necessary to use PFOS to extinguish the Buncefield fire. Indeed, was it necessary to extinguish the fire at all? As the hon. Member for Hemel Hempstead has suggested, it is not at all clear that the decision to use high-volume pumps

was an operational one. Was political pressure brought to bear from the Office of the Deputy Prime Minister on the local gold command to use the pumps? After all, it took eight hours for the local operation to decide that HVPs were necessary, and expert advice not to use them was ignored at the time.

Now that contamination has occurred, the Government must not repeat the mistakes of their predecessors. In my own constituency, a not dissimilar event that resulted in water contamination has brought the whole machinery of government into disrepute. Twenty years after our water poisoning incident, I am still in touch with sufferers, and even in the past month it has been left to a coroner to try to get to the bottom of what occurred in 1988. The Government must not fall into the same trap of opacity with the Buncefield incident.

I hope the Minister will work with his colleagues in the Department of Health to ensure that complaints from the constituents of the hon. Member for Hemel Hempstead are taken seriously. Experience in North Cornwall suggests that tests have to be carried out promptly if the full health effects of chemical contamination in water are to be properly measured and, more importantly, treated. In recent years a corrosive trend has emerged in which disasters or incidents occur and the Government respond by announcing an inquiry. The inquiry may take years to research and report, and there are no guarantees that the Government will, in any event, take notice of its recommendations. Meanwhile, those who were affected are left without answers and are forgotten as the media circus moves on to the next incident. I urge the Minister again not to indulge that trend.

I again congratulate the honourable Member for Hemel Hempstead, and other right hon. and hon. Members from Hertfordshire and the wider area, on raising questions about the incident, and continuing to press for more answers on environmental pollution, the financial implications, and the lessons that can be learned, so that other communities that suffer incidents—whether natural disasters, industrial accidents or whatever else might occur—can be sure that they will get the support they need from the Government and Government agencies.

10.38am

Robert Neill (Bromley and Chislehurst) (Con): This is an appropriate and timely debate, for a number of reasons. I congratulate my hon. Friend the Member for Hemel Hempstead (Mike Penning) on securing it, and on the passionate, cogent and moving way in which he dealt with the history of what has befallen his constituents since the tragic events in question. The House knows the commitment and assiduousness that he has shown in attending to the interests of his constituents in this matter, and I pay tribute to him for that. His contribution is enhanced all the more by his own expertise in, and knowledge of, the fire services. Of course, the importance and dedication of our fire and rescue services, which were demonstrated at Buncefield, have been demonstrated many times since, not least, tragically, in Warwickshire recently.

All the hon. Members who spoke made cogent and telling points on behalf of their constituents, and I hope that the Minister will take them on board. I shall not repeat them, because I want to give him the maximum time to respond. All the points were soundly made and based on the evidence. The specific issues that affect the people of Buncefield and surrounding areas need to be addressed, but the debate has also highlighted related broader issues of public policy. Again, those were referred to in the debate. The hon. Member for North Cornwall (Dan Rogerson) valiantly made the point that we need to look generally at how we deal with civil disasters and emergencies such as Buncefield once the immediate catastrophe has been dealt with. Our rescue services are good and highly professional, but once the immediate danger has been dealt with, what happens once the media attention and circus has moved on, as the hon. Gentleman said? How do we help the communities that are left behind to pick up the pieces? People in the communities surrounding Buncefield have genuine concerns and grievances.

We must consider, too, the length of time that it has taken to find out what went wrong, and the need for transparency and openness to restore public confidence. I, too, have the utmost faith in Lord Newton of Braintree, and I am sure that he will use every proper endeavour to resolve those issues. It may be the case that his inquiry has had to take place in private because it might recommend criminal sanctions, but it is important that it acts in a timely fashion. As soon as it has reached a conclusion, and decisions of the kind that may inhibit Lord Newton from speaking in public are out of the way, the facts must be placed fully in the public domain—that is what the people affected are owed.

The Planning Bill, in which the Minister and I are involved, went into Committee yesterday. It will look at ways in which we can speed up inquiries into major developments, but perhaps we should also look at the means by which we can speed up inquiries into the consequences of such disasters. A criminal trial arising from an incident such as Buncefield would be wholly unconscionable if it were allowed to drag on for a period of two years. We need to apply the same sort of discipline to Health and Safety Executive inquiries. Another point I wish to make on planning was made by my right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley), my hon. Friend the Member for Castle Point (Bob Spink) and by other hon. Friends. It is the question of how to deal with the impact of major developments that are necessary for the economic well-being of a major industrial country but which have adverse impacts on those who live near them. While the Planning Bill is in Committee, I hope that the Minister and his colleagues take on board the crucial importance of ensuring that the communities affected by things such as pipelines and ancillary developments are given maximum input in the development of national policy statements and in decisions on the specific sites of such proposals. The ability of those people to put their case or to seek redress thereafter must not be watered down in any way.

I am concerned about the point made by my hon. Friend the Member for Hemel Hempstead about the lack of what lawyers would call "equality of arms" that arises when a small local authority, on the one hand, seeks to deal with extremely wealthy multinational companies on the other. The issue of fairness needs to be addressed by the Government, and the Opposition would be more than happy to co-operate with them and to look at ways in which local authorities can be enabled to carry out their functions on behalf of their residents without any kind of intimidation or hindrance.

[Robert Neill]

Another crucial point is the means by which we can ensure that help and assistance are channelled swiftly and effectively to those concerned. My hon. Friend referred to the observations made by our right hon. Friend the leader of the Opposition about the desirability of having a single Minister to deal with such incidents. Following that logic, such a Minister should have a dedicated small team and budget. My right hon. Friend was right when he said that two years ago, and events since—the Minister has personal experience of flooding in his constituency—have reinforced the need for such a Minister. In the past, I encountered difficulties when I dealt with people with wide, cross-departmental responsibilities, so it is important that someone is empowered to take decisions, get things done, and to push through the logjams that we have all encountered in such instances. I hope that the Government look seriously at those suggestions. Again, in a spirit of co-operation, the Opposition are more than happy to work with them to find a constructive way forward and to achieve the single, joined-up focus that is necessary.

Significant points were made on the question of resilience funding. There is serious concern that the importance of resilience in civil emergencies is perhaps not as widely recognised as the importance of resilience to, for example, the terrorist threat. Many people who work with the fire and rescue authorities are concerned that, historically, resilience funding for their operations has not been as generous, or as reflective of the need to acquire new and technologically advanced equipment such as the high-velocity pumps that were mentioned, as the support given by the Home Office to police authorities. The difference in grant settlements for police authorities and for fire and rescue authorities in the same areas in recent years, including this year, tends to reinforce that point.

Bob Spink: Does my hon. Friend accept that there might be a connection between the civilian and terrorist threat? My constituents are deeply concerned about the terrorist risk to plants near them, and rightly so, because one such plant was bombed by the IRA in the 1980s.

Robert Neill: My hon. Friend is absolutely right, and I know well the plants to which he referred. We have such plants in the London part of the Thames Gateway. There is a large number of plants in civilian hands, and the terrorist threat as well as the ordinary civil emergency risk must be taken into account.

Within the existing funding envelope, I hope that we can look at a more sensible allocation of resources. I also hope that any changes to the planning regime will take those issues on board. We need an inherent scientific knowledge of risk in operations of this kind but sadly it is necessary, given the world in which we live, to look at the broader issues too, to ensure that communities that neighbour essential but inevitably risky developments are made safe. The remaining issues have been well rehearsed by my hon. and right hon. Friends, but I shall conclude by saying something on the importance of looking at the PFOS problem. Many people in the fire and rescue services have raised the issue with me in recent years, and I agree with the points made by the hon. Member for North Cornwall for the Liberal Democrats. The official Opposition support the need for greater clarity on the risks of PFOS. What is the position regarding its future use? We wish to ensure that those concerns are allayed, so I hope that Minister will address that and the other significant issues that have been raised in the debate.

10.48 am

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Parmjit Dhanda): The hour and a half that is allocated for this kind of debate sometimes seems daunting but, invariably, I get only 10 or 11 minutes in which to make a winding-up speech. May I first wish everybody a happy new year and congratulate the hon. Member for Hemel Hempstead (Mike Penning) on securing the debate? He has put his points across with great passion and his experience as a firefighter has shown through in the debate. In the time available, I shall try to deal with as many of the questions as I can before coming back to what I think is the key point regarding regeneration in that part of Hemel Hempstead and the support for people in and around the affected communities in Buncefield.

The hon. Gentleman got across very well the scale of the explosions and the consequential impact on the local community—people, young and old. I join him in paying tribute to the work of all the emergency services and the fire and rescue service in particular. He mentioned the new dimension equipment and, in particular, the high-volume pumps, which made a huge difference. They have made a massive difference across the country in a range of incidents, not only the Buncefield fire, but the recent flooding. He mentioned his local authority, Dacorum, which, with a range of agencies, including the Government, has done very constructive work over the past two years. I will say a little about some of that work.

The hon. Gentleman also mentioned public confidence in the inquiry. Lord Newton is a very well respected former Minister in the Thatcher Government and is doing a good job in the inquiry. The issue of a public inquiry was raised by a few hon. Members, but I must say that a public inquiry might well have taken much longer.

It is worth noting some of the local comments as well. Just a few weeks ago, in December, a report from the Buncefield community taskforce said:

> "The Buncefield Investigation Board, tasked with finding out what happened and why at Buncefield, has been keen to engage local people in a variety of ways."

It is important to say for balance that some good work has taken place in involving local communities.

Mike Penning *rose—*

Mr. Dhanda: I will give way, but just once, because I want to make some headway on a number of points that hon. Members have made.

Mike Penning: I thank the Minister for being so generous; I am conscious of the time. There is no criticism whatever from me or any other Opposition Member of the way in which Lord Newton of Braintree has handled the inquiry. He has done an absolutely

fantastic job, but as I have said before publicly with him, his hands are tied behind his back by the remit that he has been given. The public inquiry on which the then Deputy Prime Minister, the right hon. Member for Kingston upon Hull, East (Mr. Prescott), and I were negotiating was one similar to the Marchioness inquiry, which was very short, very robust and very quick. An inquiry like that would not have affected the prosecutions that this inquiry may involve.

Mr. Dhanda: I am not in any way suggesting that the hon. Gentleman is criticising Lord Newton or the way in which he has been handling the inquiry. I wish to ensure that that is noted during the debate.

The hon. Gentleman referred to a farmer in the area and calves that have been born on his farm. As I understand it, DEFRA's veterinary agency is looking into that. I have no further, more detailed information than that, but I know that it is taking a close look at that.

PFOS was mentioned by a number of hon. Members. PFOS is voluntarily being phased out at present, and I should like to get it on the record that the public may see foam being used, but PFOS is present only in the older stocks of foam. It is important that people are aware of that. I appreciate that hon. Members have asked more detailed questions about PFOS, to which I will ensure that there are written responses.

Giving a specific Minister responsibility was an underlying theme in the debate. In dealing with flooding in Gloucestershire, I have been dealing with a number of Departments—whether the Department for Transport in relation to damage to roads, people in my own Department, such as my hon. Friend the Minister for Local Government, who has responsibility for recovery from flooding, or other Ministers, such as those with responsibility for regional development agencies. I hear what hon. Members have to say on this issue and the Cabinet Office is considering it, but the most important principle is to have joined-up work happening across Departments, because even if a specific Minister has responsibility, they and their Department will not necessarily have all the qualities required to get the best out of this. This is not just about Ministers either, but about inter-agency working at official level in Departments and about how we work better with local agencies.

Insurance was mentioned. I am pleased to say that there has been some progress with regard to those who have applied for cover. I understand that 75 per cent. of those who suffered damage have now had all the repairs carried out to their homes. A further 11 per cent. have had most carried out, but 14 per cent. still need repairs to be undertaken on their properties.

Mike Penning: That is not right.

Mr. Dhanda: I am happy to enter into correspondence with the hon. Gentleman—in fact, not just correspondence. The Minister for Local Government is keen to meet him to take up some of these issues, particularly those affecting the hon. Gentleman's local authority, Dacorum. I am sure that he would welcome such a meeting and will ensure that it happens soon.

The hon. Gentleman mentioned, when talking about his local authority, the capacity to deal with oil companies, decisions about revocations and whether it should be the Government's role and responsibility to make those decisions. The Government have a role in the appeal process, but it is right for local authorities to be making those decisions on the ground. I would be interested to hear more—I know that the Minister for Local Government will be—about some of the capacity issues that Dacorum has had with regard to being able to use its own officers and its dealings on the ground. However, I think that all hon. Members would agree that it is important for local representatives and local communities to have their say with their local authorities when such decisions are made.

The hon. Gentleman talked about funding support and nods, winks and commitments that have been made in the past. I should have liked to talk in more detail about the £14 million package, the specialist status that goes with being a housing growth area and the support. The East of England Development Agency is providing more than £4 million as part of that. Very good work is happening locally with Dacorum and the Maylands partnership. We should pay tribute in the debate to the work that has gone on there. As I said, there is £14 million, and there is Bellwin money as well. All that can make a significant difference, but the hon. Gentleman is right: it must go together in a coherent package and the local authority must have the flexibility to use some of those resources in the way that best suits the local area. That is certainly our desire as well.

The right hon. Member for Hitchin and Harpenden (Mr. Lilley) mentioned the Health and Safety Executive and the role of industry in paying for the inquiry. In response, I can say that it is likely that the HSE and the Environment Agency will seek to recover some costs from industry, much as we seek to recover legal costs from losing parties, but of course that does not compromise the integrity or the independence of the investigation by Lord Newton and his board. The position is very much as one would expect and as has been the case in similar circumstances across the country.

The hon. Member for South-West Hertfordshire (Mr. Gauke) mentioned PFOS. As I said, I will ensure that we provide him with more information in writing. The hon. Member for North Cornwall (Dan Rogerson) asked an interesting question about gold command. I do not know the details of what happened at the time, but my own recent experiences of crises and our experience in government is that gold command usually knows best, and we need to rely on that local expertise. I imagine that that was the case at Buncefield as well.

In conclusion, a great deal has happened, but I hear what the hon. Member for Hemel Hempstead—the local Member of Parliament—and other hon. Members have to say. I think that there would be real benefit in having the meeting with the Minister for Local Government and doing that sooner rather than later.

African Development Bank

11 am

Mr. Mark Lancaster (North-East Milton Keynes) (Con): This is a timely debate on the African Development Bank, not least because only last month the 11th replenishment took place in London. At the beginning of December, I had the privilege of spending a week at the bank in Tunis on an internship so, before I start, may I thank Dr Donald Kaberuka, the President of the African Development Bank, who was more than happy for me to visit for the week? It was a wonderful visit, not least because of Dr Kaberuka's marvellous staff, particularly Graham Stegmann, a former Department for International Development employee, who acts as his special adviser and facilitated the visit. I praise, too, our representative, Richard Dewdney, who is doing a sterling job on behalf of DFID. I imagine that, all too often when being sent to such places for three years, people think that nobody is watching, but in the week that I witnessed Richard in action he did a fantastic job, and I should like to put that on the record.

I want to cover three main areas in the short time available. First, I shall briefly explain how the bank is set up. Secondly, I shall review the outcomes of the recent replenishment in London. Thirdly, I will outline some of the challenges that the bank faces in the years to come. The ADB has had a turbulent time since its establishment in 1964. The undoubted low point came when it lost its AAA status in the mid-1990s, having got itself into a tremendous financial muddle. However, since then, it has slowly begun to repair its reputation in recent years and is definitely now on the up under the leadership of the current president. The bank has 53 African or regional members and 24 non-regional members, including the United Kingdom. From a financial perspective, apart from the small, specialist Nigeria trust fund, the bank's organisational group falls into two principal parts: the ADB, which offers hard loans at commercial rates, rather like any other bank, and the African Development Fund, which was established in 1972 and whose stated aim as the soft loan arm is to reduce poverty in regional member countries via concessional loans that are interest free apart from a small service charge. The fund also offers grants for projects, programmes and technical assistance for studies and capacity-building activities. It is vastly over-subscribed by countries that are eligible to receive funds from it, and at the end of the last replenishment it had an excess demand of some $700 million. In that context, attention in London last month focused on the 11th three-year replenishment by donor countries to the fund.

On 11 December 2007, the ADB deputies, joined by representatives of regional member countries and international development institutions, met in London to decide the size, composition, financing and operational priorities of the 11th replenishment for the period from 2008 to 2010. Financially, it was a success. Overall increases rose by 52 per cent. over the actual funding level during the previous replenishment period covering 2005 to 2007, with 75 per cent. of the total for country allocations, 17.5 per cent. for regional operations and 7.5 per cent. for fragile states.

I give credit to the Government for the UK's contribution, increasing to some £417 million, which was announced by the Secretary of State during his visit to Tanzania a couple of weeks before the replenishment. Although that symbolic act may have been intended to encourage others, I sense that it may have been a bit too late for that, as I doubt whether budgets could have been changed at the last minute. I am none the less pleased that the Government increased their contribution. In financial terms, the increase equated to some 3.54 billion units of account. The unit of account is bizarre and almost unintelligible: it comes from a portfolio of funds and is basically a political measure so that no one is offended, whether dollars, euros or pounds are used. I am intrigued to know what the Under-Secretary's view is and whether he thinks that we should get rid of this ridiculous measure so that the numbers that the bank uses are at least more understandable. The increase, when combined with internal resources of 2.06 billion units of account, resulted in overall funding of 5.6 units of account for the three-year period from 2008 to 2010. Hon. Members can see what I mean.

In the December meeting, donors agreed to explore the possibility of making additional contributions. It was agreed that the performance-based allocation method for funding projects would be slightly rejigged to fit in with the output rather than input mantra of the ADF. That is a lesson for our Government and a subject to which I shall return shortly. The meeting was one of great hope for the future of Africa, but equally, and unfortunately, there was disappointment about the lack of progress in previous years. Although poor by western standards, Africa's economic performance is at its best for decades and hopes for greater, wider and more integrated development are abundant. Unfortunately, despite the improvements of Africa's monetary fortunes, parts of Africa remain in abject poverty, with inadequate infrastructure to deliver peace, democracy and development in post-independence and, in some cases, war-torn states. I hope that the latest replenishment round will provide an improved financial system that can be utilised by African states and other actors to move towards the achievement of the millennium development goals, which at the moment looks far from certain.

In recent years, the ADB has focused on a period of financial consolidation, which is desperately needed if it is to regain the AAA financial rating that it lost in the dark years of the early 1990s. It is clearly attempting to become an effective development organisation, and that is slowly being achieved by operational reform complemented by a reinforced mandate. Simultaneously, the ADB under the leadership of Dr. Donald Kaberuka has shifted its attention to a sharpened strategic focus whereby positive results are more important than inputs: that is, output rather than input is being used as the measure of success. I encourage the Government to do the same, and I hope that the Department will pick the brains of a former DFID employee, Colin Kirk, the operations evaluation director at the ADB, to see what lessons might be learned.

Hopefully, the new country offices, streamlined operational systems and tighter delivery networks will provide the bank with a new lease of life to deliver development to the poorest people on the continent. The reforms are ambitious and I shall come on to them in a moment. I was impressed both by the openness and commitment shown by the president and his staff and by their determination to implement the changes that

must be made if the bank is truly to fulfil its potential. Since the last replenishment, demands by RMCs—regional member countries—for loans and grants have vastly surpassed the ADF's financial abilities. At the same time, a review of the effectiveness of ADF 10 points to three key areas of change needed to maximise the delivery of ADF 11. First, success should be measured via results-based analysis throughout the operational institution. Secondly, the quality of, and the ability to, deliver all ADF projects before they are put into action should be ensured. I shall return to that in more detail in a moment. Thirdly, the organisation should instil a continuous supervision culture to reduce waste and bureaucracy in projects while enhancing accountability through evaluation. Work on all those changes is being achieved by project harmonisation with RMCs, by effective decentralisation and by the creation of country offices.

ADF 11 sets out three operational objectives for its three-year contract, and seeks to improve infrastructure, governance and regional integration. By tackling those key issues along with the deployment of the ADB as an African development institution with vital links to leaders of RMCs, cross-cutting development issues, such as gender, the environment and climate change can be addressed on an integrated regional scale. It is clear that the bank is determined to move to being much more of a development bank, rather than just an aid organisation. That is a commendable goal, and I should be intrigued to know whether the Under-Secretary shares that aim in respect of his Department.

I want to deal with some of the key issues that face the bank, starting with its location. There is continued controversy over the bank's temporary location in Tunis. It was originally located in Abidjan in the Ivory Coast, but because of problems experienced there it moved to Tunis a few years ago. That location is causing continuing uncertainty, not least among the bank's staff, as the three buildings occupied by the bank are unsuitable. They are separate buildings—one has to walk from one to the others—as they are former accommodation blocks, built as flats. The temporary location is therefore proving a burden to the bank and causing great unrest.

I should be intrigued to know the Minister's view. Should the bank move back to Abidjan? Interestingly, a recent BBC report mentioned that peace moves have been made in Abidjan and that the rebels have come together to form a unity Government. Perhaps that could be the start of the bank's relocation. Issues have also arisen between Anglophones and Francophones, and there is a great debate about where the bank should go. Do we have a view? If not, does the Minister at least accept that it must be decided whether the bank will stay in Tunis or move? The continuing uncertainty is not helping the bank at all.

Another issue on which I should like the Minister's view is the role of the board of executive directors. It is an 18-member board, consisting of 12 African or regional directors and 6 non-regional directors, the UK sharing a constituency with Portugal, the Netherlands and Germany. Richard Dewdney is carrying out that role for us, and doing it well. The directors play a hands-on role, but there is concern in the bank that 10 per cent. of its administrative costs and efforts are geared towards helping the board. It has been suggested that the board should be more hands-off and trust the president, his vice-presidents and the bank's senior management team to get on with their job, rather than micro-managing them as it seems to be doing. The directors are proficient at what they do, but I am not convinced that what they do is actually necessary. Perhaps we should move towards a non-executive board, but as the UK is a major donor, I should be intrigued to know the Minister's view.

The African Development Bank is much smaller than the African section of the World Bank, and its lack of capacity continues to prove a major hurdle in most of the work that it is trying to do. As I mentioned, there was $700 million in excess demand from projects that had sought funding and been approved but simply could not get the money from the fund. One reason why such projects have not been implemented is the bank's lack of capacity. All too often, money is spent where it is easiest to spend it. When we went to Tunis, for example, we visited some wonderful projects being built right outside the bank's door, including a new road along the tourist coast, because it is relatively easy to spend money there—it is just down the road from the bank. I am not convinced—and I should like to know the Minister's view—that that is the best place to spend money from the fund or the bank.

I realise that there are limits by country on how much can be spent, but surely much of the bank's and the fund's effort should be directed at the countries that need it most, not necessarily the countries where it is most convenient or easiest to spend money because of the bank's lack of capacity. There will be no budget increase for the bank's administrative side in the next year. In fact, it sounds remarkably like the Department for International Development, which will get an awful lot more money to spend on projects, but not necessarily the staff to deliver that greater budget. I am intrigued to know the Minister's view.

One of the problems with the fund is that we can replenish it only every three years. The only other way for the bank to put money into the fund is to use some of its loan repayments. It is trying to secure greater private sector involvement, but under the current rules, that is limited to 20 per cent. of the capital available. The bank reckons that it will reach that limit within two years. Will the Minister support the bank in raising that limit? Does he support in principle a greater use of the private sector in delivering funds, or does he think that the African Development Bank's role is not so much to engage with the private sector as to form the glue between sums of private sector money and offer the reassurance that projects will go ahead?

On decentralisation, one of the bank's big problems is that it is incredibly slow to deliver. Although African countries regard the ADB as their bank and want to use it, they turn to other multilaterals simply because the bank performs too slowly to provide them with funds in time to deliver their projects. The bank is trying to decentralise by setting up country offices—I think that 22 have been set up—but that has caused friction. It will take the political will of the bank's leadership to ensure that the country offices are empowered. The leadership certainly have the will, but at the moment there is a 20 per cent. staff shortage in the country offices. Once again, it is tempting to set up offices in countries where it is relatively easy to do so, but they are not necessarily the countries that need country offices in the first place.

James Duddridge (Rochford and Southend, East) (Con): My hon. Friend mentioned the move from Tunis and the fact that accommodation there was not particularly good. Having visited the African Development Bank a number of times when it was based in Abidjan, I can say that accommodation was equally inadequate there. Given his points about decentralisation, should we not take the opportunity to say that we do not want another big-building headquarters? We want to decentralise, but we want to do so into those countries where development is most needed.

Mr. Lancaster: My hon. Friend makes a valuable point. My personal view is that it is not for the UK to impose its values on the bank; it is for the bank to make up its own mind about exactly where it wants to be. However, I support the bank in its ambition to decentralise and speed up the process, and it can do so only by setting up country offices. It is pretty clear from my visit, however, that there is a small amount of resistance within the bank. As it begins to specialise—I shall come on to that in a moment—some parts of the bank may feel pressured that their roles will be diminished by the establishment of country offices.

I shall touch on infrastructure before I hand over to the Minister. The bank has identified infrastructure as its comparative advantage. When I spoke to the president, he was clear in his mind that that was where he wanted to specialise, but the bank has yet to make a formal decision. There would be great advantages in such specialisation. The bank has a clear role in bringing Governments together. With some 15 landlocked countries in Africa relying entirely on interconnectedness between countries, the bank can play a strong role in building cross-regional and cross-border infrastructure. It is a key way for the bank to make a major contribution. It has chosen infrastructure because many of its projects have been based on it.

The Minister may recall that at Gleneagles, the UK pledged that 0.56 per cent. of the budget by 2010—or $25 billion—would be spent on infrastructure, yet it was made clear to us in Tunis that to date, organisations such as the infrastructure consortium have been given no idea by DFID how that will be delivered. The year 2010 is not far away, yet detailed plans for how exactly the money will be delivered, in which sectors it will be spent and how it will be accessed have yet to be issued by the Department. I should be grateful if he added some meat to those bones. Not only am I interested to know the answer, but I know that the infrastructure consortium at the African Development Bank would be pleased if he clarified the Department's position.

11.19 am

The Parliamentary Under-Secretary of State for International Development (Mr. Shahid Malik): I congratulate the hon. Member for North-East Milton Keynes (Mr. Lancaster) on securing this debate. It is timely; the latest financing discussions for the African Development Fund concluded in London on 11 December last year. Before that, on 27 November, my right hon. Friend, the Secretary of State for International Development, announced a doubling of the United Kingdom's contribution to the ADF to some £470 million over the next three years. That demonstrates the Government's determination to fulfil our 2005 Gleneagles promises to double aid to Africa by 2010, and to build African institutions.

I acknowledge the dedication of the hon. Member for North-East Milton Keynes to his role. He spent a week at the African Development Bank headquarters in Tunis to get a better understanding of the institution—its strengths, its potential and its challenges. That dedication came over in his contribution.

The ADB has a unique role as a pan-African development institution engaged across the continent. African countries own the majority of its shares, and they play a leading role in managing and guiding the institution. The bank works with other key African institutions, such as the African Union and the United Nations Economic Commission for Africa. It has been given mandates in corporate governance and in infrastructure by the New Partnership for Africa's Development.

During the 1980s, through mismanagement, the bank's relationships with its members and donors came under substantial strain. Resources were reduced and the ADB lost its position as a premier financing institution. Since then, the bank's president has pursued a strong reform agenda, initially focusing on financial issues and more recently on improving the contribution that the bank makes to development in Africa.

The hon. Gentleman asked for the Department's perspective on the bank with respect to infrastructure and development. In our opinion, the institution ought to be the premier financing and development institution for Africa. The UK is a strong supporter of President Donald Kaberuka and his efforts to transform the bank. Pledges for the ADF replenishment from us and other donors recognise the success of its reform efforts and provide a foundation for the future. The president has described his objective for the reform programme as moving the bank from being a centralised, process-driven and hierarchical organisation to one that is dynamic, flexible and able to respond better and more quickly to the diverse needs of its clients.

The ADB has made many changes to its systems and processes to increase the number and calibre of its staff and to open country offices, of which there are currently 23. The hon. Gentleman is right to say that there is still much room for improvement, particularly in ensuring a stronger focus on results. However, there are good grounds for believing that the bank can make a much stronger contribution to tackling poverty in Africa in the coming years. Work is already in hand, and the bank has made a serious effort to articulate results of the aid that it provides to the poorest African countries.

Over the past three years, ADF projects have had a real impact across Africa. Almost 6 million people now have improved access to health services, and more than 40,000 jobs have been created. In the energy sector, ADF projects were able to leverage three times their own resources in co-financing. Overall, more than 700,000 households across Africa have been provided with new or improved access to electricity.

The second electricity project in Mozambique expanded the national grid to rural and peri-urban areas. It provided electricity to nearly 5,000 rural families and to village schools, health clinics and community centres, and it contributed to a fivefold increase in the number of tourist lodges.

The hon. Gentleman spoke about some of the developments in Tunis and of the notion that money may have been spent in the easiest areas. Money is spent according to performance-based allocation mechanisms, which are set out at the beginning of each financial year. It is not actually spent in the easiest way.

The hon. Gentleman asked about the unit of account. I share his perception that it can cause confusion—it certainly does to non-bankers like us. However, the unit of account is based on a basket of the currencies of all member countries of the ADB. All multinational development banks use that mechanism so that financial issues in one country—for example, depreciation of the US dollar—do not affect the financial balance sheet of the bank, as might be the case if it was based on one currency.

I turn to some of the comparative advantages of the ADB. The bank is concentrating its efforts on assisting countries and supporting regional growth. Infrastructure is the key; indeed, the hon. Gentleman focused on it. The UN Economic Commission for Africa estimated that Africa needs to spend an additional $20 million a year on infrastructure between now and 2015. Given the scale of the challenge, it is essential that the bank works with other development partners to help African countries and regions to prioritise infrastructure projects that will unlock and sustain growth.

Africa's future economic growth will depend on linking its internal markets to create more sustainable regional markets, as well as connecting to the global economy. Regional integration is the only way forward for Africa's domestic markets, limited as most are by small populations and low incomes. Regional integration provides economies of scale, stronger competition and more domestic and foreign investment. I believe that the ADB is well placed to help connect and increase Africa's markets.

I was pleased that it was agreed that regional integration should be a key factor over the next three years, with extra resources being allocated. About a quarter of the resources for the next three years will be used in that way. More generally, the ADF 11 negotiations that were concluded in December were positive for the bank. Donors agreed to provide a record level of support. Over the next three years, the total resources available to the bank will reach $8.9 billion, an increase of more than 50 per cent. over the previous period.

The new resources will help to fund important innovations, most significantly a new fragile states facility. Of total resources, 7.5 per cent.—$665 million—will be provided to post-conflict countries, including for assistance in arrears clearance. We all know of the special challenges of fragile states—weak institutions, dysfunctional governance structures, poor policies and the inability to provide basic services. They undermine economic growth, deepen poverty and make countries vulnerable to natural disasters. The allocation of 75 per cent. of resources—about $6.7 billion—will be based on the performance of African countries, to ensure that the resources are used effectively and to encourage good performance and accountability in each country. The replenishment also agreed that the bank would place more emphasis on critical cross-cutting objectives, including the promotion of gender equity, environmental sustainability, climate change adaptation and private sector development.

James Duddridge: Having worked opposite the African Development Bank for a year, I am less convinced of its efficiencies. The outputs—the millennium development goals—are rightly the concern of the Minister's Department. How, roughly, would he attribute the input from the bank to the outputs? Is the bank's input 10 per cent., or is it nearer 50 per cent.? How important is what he has called a premier institution in that mix, when delivering the millennium development goals?

Mr. Malik: We want the bank to become a premier institution. I shall speak about the millennium development goals a little later; the bank has a crucial role in helping to achieve them.

As we heard, in February 2003 the bank was temporarily relocated to Tunis, following the war in Côte d'Ivoire. Discussions are under way for the bank to return to Abidjan, but that will not happen without substantial improvements in security and the physical conditions required for a functioning bank. At the bank's annual meeting in May, a review will take place of how far forward the situation has moved in Abidjan, with a view to considering relocation.

I turn to the board of directors. In the past, the board—it is a resident board—has not worked as effectively as it might. Several shareholders have considered the option of moving to a non-resident board. That is certainly something to consider in the longer term. A non-resident board would reduce the problems of micro-management and the costs of running the board. In the immediate short term, we need to ensure that the board continues to add value and not to micro-manage. The recent performance of the new board, mostly appointed in 2007, has been encouraging.

There are two other critical areas—climate change and the capital situation of the bank. Although Africa bears little blame for climate change, it will be the first to suffer its effects. The bank's board is considering the problem, with our encouragement. On capital, we have been in discussions with the bank about how it can make better use of its resources for development purposes. At the 2007 annual meetings in Shanghai the president committed the bank to reviewing its capital position in time to put recommendations to governors at the 2008 annual meetings.

11.30 am

Sitting suspended until half-past Two o'clock.

Police Pay

2.30 pm

John McDonnell (Hayes and Harlington) (Lab): As hon. Members will see, from the monitor, the House is debating the Criminal Justice and Immigration Bill and the withdrawal of trade union rights from the Prison Officers Association, and the debate in this Chamber is about police pay, so it is clearly a day for dealing with contentious political matters. I understand that there will be a Division in 15 minutes, before which I shall make a brief introduction.

I am aware that a number of Members on both sides of the House put their names forward for this debate—I was fortunate enough to have my name pulled out of the hat to start the debate—and that demonstrates the seriousness of the concerns over police pay on both sides of the House. I have taken an interest in police matters for a number of years, largely because my brother was a police officer for 30 years—from police cadet to chief superintendent. He retired a number of years ago. I therefore have an understanding of the job. However, I am also the secretary of the Justice trade unionist group, which brings together all unions whose members work in the justice system. Although the Police Federation is not a trade union and therefore not a formal member of the group, it regularly sends us observers to keep us informed on policing issues and, more recently, on the development of negotiations on the latest pay settlement.

The Justice trade unionist group has supported individual police officers and the Police Federation in expressing its deep concern over the unilateral imposition of the latest pay settlement by the Government. It also supported the federation's concern over the deferment of the pay award from the regular date of 1 September to 1 December. This debate therefore takes place in a climate of considerable concern in the House and anger among serving police officers and their families about the Government's intervention in this year's pay settlement. That anger has been expressed in correspondence that has filled Members' mail bags in recent weeks from long-serving police officers, their families, retired officers and trade union officials.

David Taylor (North-West Leicestershire) (Lab/Co-op): My hon. Friend referred to the scale of concern. I am sure that my e-mail inbox is similar to others. Concerns over police pay have been the fifth most frequently expressed to me over the past 10 years—debt and climate change were among the top-four issues. The key point that comes out of the many dozens of e-mails that I have received is that this is about trust, although there is also talk about recruitment, retention and morale. What is the meaning, if there is still one, of binding arbitration if neither side is bound by it? Surely, we must tackle that before anything else. In a typically robust performance in Question Time, the Prime Minister rightly pointed out our strong record on inflation and how it is under control. If that is so, why are we picking a fight over £30 million?

John McDonnell: It is a matter of trust, which has been reflected in statements by the chair of the Police Federation, Jan Berry, to the Home Affairs Committee—I am grateful to the Chair of that Committee, my right hon. Friend the Member for Leicester, East (Keith Vaz), for being present for this debate—and she referred to the

"anger and discontent of police officers who have been betrayed by the Government".

In another statement on this issue of trust, she said that

"by not honouring the deal, the Home Secretary has betrayed the trust of all UK police officers".

That is how strongly the representatives of serving police officers feel. However, it is not only police officers who are concerned, but chief police officers. Ken Jones, who is president of the Association of Chief Police Officers, stated:

"I would not underestimate the tensions and feelings people have in terms of feeling let down. Cops"

his word, not mine—

"are pretty exercised and angry over this".

And not just serving police or chief police officers are concerned; employers are also concerned. I am interested in some of the statements made by the employers' side of the joint negotiating body and representatives.

Daniel Kawczynski (Shrewsbury and Atcham) (Con): I concur totally with what the hon. Gentleman has been saying about the volume of e-mails that we have all received on this issue. From my perspective, it was the No. 1 issue on which I received e-mails and letters last year. However, not only police officers are concerned; many of my constituents, who have nothing to do with the police, are equally outraged about what they feel is a betrayal over police pay.

John McDonnell: The anger and concerns are widespread. However, it is rare, in a breakdown in industrial relations, that the employers' side also makes representations on behalf of the principle of adherence to a deal. The chair of the Metropolitan Police Authority, Len Duvall, wrote to the Home Secretary in a letter that was unanimously agreed by the MPA—again, cross-party. The letter stated that

"the government has not acted fairly regarding arbitration for this annual pay award"

the point that my hon. Friend made. It continued:

"This has led to an unacceptable relationship between employer and employee. The situation has led to needless antagonism."

The employers' side—let alone the employees' side—feels that it is undermining relationships within the service. In my view, that is impacting upon morale. Our concern must be over the delivery of service.

The Home Affairs Committee unanimously—again, cross-party—agreed to write to the Home Secretary. That letter, written by my right hon. Friend, the Chair of the Committee, stated:

"We feel that it is incumbent on the government to honour the recommendations of the independent tribunal"

this refers back to the point made by my hon. Friend the Member for North-West Leicestershire (David Taylor)

"This is a question of trust. We are therefore unanimous in asking you to change your mind and accept the recommendations in full."

It is extraordinary to have that broad range of virtually unanimous opinion in condemnation of a Government's actions and a call for the Government and, in particular, the Home Secretary to act.

Bob Spink (Castle Point) (Con): Before the hon. Gentleman moves on from the issue of morale, does he accept that policing in this country is conducted with, and through, public consent? The police do not walk around with guns and batons flying. That requires a tremendous amount of good will from the police, which in turn requires a high level of police morale. The Government are putting that and the whole basis of policing in this country at risk for a measly £30 million. Can that be right?

John McDonnell: All of us who have been involved in policing affairs over the past 30 years, particularly in the 1970s and '80s, have accepted how remarkably policing in this country has been transformed as a result of that consent—whether it involved communities seeking reforms in the police, their attitudes and delivery of their service or the creative response from the police themselves. On that basis, we thought that we were moving forward—indeed, I believe that we have moved forward considerably—but this breakdown in trust threatens those gains. That is a running theme in all of the comments and representations received on this matter.

Let us talk about why that breakdown has occurred. Let us be specific: it is a breakdown in trust in the Government and in the Home Secretary in particular. There are straightforward answers. As my hon. Friend said, the Government have reneged on a system of settling police pay awards that has existed and worked effectively for almost 30 years. It came as a shock that this of all Governments have intervened to undermine the system, which has worked so effectively. On that basis, serving police officers, their representatives, and others now, have interpreted the Government's move as an act of bad faith.

I was a member of the Greater London council in the early 1980s, but I remember how, in the late 1970s, when I was a trade union official, the system came about because of concerns that police pay had fallen behind the general development of pay in this country. Some Members will recall the recruitment and retention problems in particular forces and across the board. As a result, the Edmund-Davies inquiry was established under a Labour Government—the Callaghan Administration—to resolve the problem of police pay once and for all, taking the negotiation of police pay out of a process of disharmony to try to establish an objective system that would enable us to increase morale and improve recruitment and retention overall.

At that time, there was a recognition—cross-party recognition, I think—that an objective system was needed to set police pay. We developed an index; we derived an indexation process; 1 September became an annual settlement date; and each year we went through—yes—negotiations, but negotiations based upon the parameters of the index, and, even after arbitration, the assurance that the agreement would be honoured. It provided fair settlements and a generally accepted fair system.

David T.C. Davies (Monmouth) (Con): I very much agree with the hon. Gentleman. Does he agree that, as a result of the issue, we could face the same recruitment and retention problem once more? Is he aware, as I am, being a serving part-time special constable, that large numbers of experienced and trained officers are seeking employment in Canada, Australia and other Commonwealth states, where they feel that they will be much better treated?

John McDonnell: I shall address that matter later, but there is an air of complacency that, just because there are a large number of applicants for individual vacancies currently, the situation will go on for ever. There is also complacency about the quality of recruitment being maintained for ever.

For me, and generally for the people involved in the police in this country, the Edmund-Davies process was acceptable, because it recognised that the police were unlike other workers: they did not have the right to strike, and therefore they did not have the same negotiating powers as others. The process was transparent, and it had an element of independence due to arbitration. On that basis, generally, it was—yes, I use the word again—trusted. We know what has happened this year. The process started as usual, and the Police Federation was considering an initial claim of 3.94 per cent.

2.43 pm

Sitting suspended for a Division in the House.

2.58 pm

On resuming—

John McDonnell: I was describing what has happened in this year's negotiations. As I said, the process operated as usual. The federation and the staff side were looking for a settlement of 3.94 per cent., which was slightly inflated to take into account changes in the index. The employers' side wanted a settlement of 2.325 per cent., so the matter was referred to conciliation, as is often the case. There was a failure to reach agreement, so the negotiations went to arbitration.

Arbitration recommended 2.5 per cent., payable from 1 September in the normal manner. Arbitration is not binding on the Home Secretary, but in the history of the process, since its foundation 30 years ago, no Home Secretary has refused to honour a recommended award. There lies the problem. The cause of anger is the Home Secretary's unilateral intervention, refusing to pay the full award on 1 September and deferring the matter until 1 December. Many found that extraordinary and incomprehensible, and certainly many found it reprehensible.

Why did the Home Secretary make that intervention? It was not about saving money. We are assured that police authorities have already budgeted for the award, and we know from statements made by the employers' side that that is exactly the case. On 18 December, the Home Affairs Committee took evidence on police pay from Mr. Steve Green, the chief constable of the Nottinghamshire police. He advised the Committee that he could have paid the full award without budgetary difficulty and that the money for it was contained in his budget. We have heard the same from the Metropolitan Police Authority and other police authorities around the country.

Mr. David Drew (Stroud) (Lab/Co-op): I congratulate my hon. Friend on securing this important debate. What he has just said was exactly the case in respect of the Gloucestershire police authority. It had allowed for

[Mr. David Drew]

2.9 per cent., so 2.5 per cent. was a quite acceptable and—dare I say?—conservative judgment in its implications. I do not understand the notion, in much of the correspondence that has come to MPs, about how important the £40 million saved will be to police authorities.

John McDonnell: It is interesting that the Association of Chief Police Officers said in its statement that it found the award fair, affordable and budgeted for. Therefore, this is not about saving money. Is it about diverting resources away from other areas? No, the award does not come at the cost of existing plans to recruit more officers, as some Ministers and others have alleged. Chief constables have denied that the resources saved will be used on further recruitment. It is not part of any manpower planning process and is not likely to be. Therefore, what is the main reason? The Prime Minister explained it to the Liaison Committee before Christmas:

"It is to bear down on inflation in our national economy so that we do not have the problems that we cannot react to global financial conditions by cutting interest rates at a time when inflation is rising."

It is, he said,

"part of the national interest."

However, there are problems with this argument, including the amount in question. We are talking about £30 million to £40 million. I fail to understand how that amount of money, which is relatively trivial in the overall Government budget, can have the dramatic effect of increasing inflationary pressure.

Keith Vaz (Leicester, East) (Lab): I thank my hon. Friend for raising this very important subject and for relying on the evidence given by the Select Committee. He makes a point about saving money. Ministers have suggested that that money could be used to recruit x number of additional police officers. Does he not agree that that is virtual-reality stuff? We will not get additional police officers from that £34 million. It is money that has already been budgeted for that should be paid out.

John McDonnell: I am not aware of any police authority that will use that money for large-scale additional recruitment. I have been involved in police budgeting for nearly 25 years. I was the chief executive of the Association of London Authorities and the Association of London Government who negotiated the police settlement with the Metropolitan Police and central Government. From my experience and from police authority reports, it looks as though any savings will be transferred into balances. They may be used in future years, but most probably to cushion potential problems, such as declines in grants from the Government. Therefore, this is not about substituting police pay for police officers.

I have to say as an aside that, if the Prime Minister is concerned about inflationary pressures and he identifies £30 million to £40 million as having a major inflationary impact, I am amazed that he made no comment over the Christmas period about City bonuses, which have ranged from £6 billion to £13 billion annually over the past few years. They are having an inflationary impact on our economy, particularly in London and the south-east.

Mr. Jim Devine (Livingston) (Lab): I congratulate my hon. Friend on this important debate. I am sure that he shares my view that it is obscene for individuals to receive bonuses of £50 million and £60 million each, as was reported in the press just before Christmas. That distorts not just house prices in the south-east, but society as well.

John McDonnell: It puts into context the concerns that have been raised by Government about the inflationary pressures of this relatively trivial amount, and it demonstrates a misjudgment by the Prime Minister about the nature of the inflationary pressures for the future.

Daniel Kawczynski: We all realise that the inflationary pressures are a red herring. My understanding is that, in Scotland, the police have been given their full pay award. I presume that the Scottish Parliament is equally concerned about inflationary pressures.

John McDonnell: Let me not incite the Scottish debate at this stage; others may want to do so at a later stage.

Another argument is that paying the award on 1 September would set a precedent and open the floodgates for other public sector claims. To be frank, the precedent was set anyway. Some hon. Members will remember that the decision was made last June or July to give the Army its full pay settlement and not stage or defer it in this way. The Prime Minister, then the Chancellor, sought to defer the payment to the Army, but the then Prime Minister intervened and resisted attempts by the Treasury to defer that payment. Therefore, there is a precedent. Will it open the floodgates? Other public servants have either settled or have had a pay award imposed upon them. This pay round has neared its end and is unlikely to incite others to make extortionate pay demands, as some Ministers have suggested.

As regards the contribution to inflation, I do not think that the evidence bears out the argument that public sector pay incites inflationary pressures. A report by an independent body was published last year for the Council of Civil Service Unions. It drew attention to the fact that wages follow inflation and not the other way round. It cast doubt on whether public pay has any significant impact on inflation. No link was identified between public sector pay demands and inflation in the wider economy. In fact, it drew upon evidence from the Bank of England, which said that it would be concerned about inflationary pressure only if earnings across the economy exceeded 4 per cent.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): Given the correct and cogent argument that the hon. Gentleman is making, does he feel that the Scottish Government have done the right thing in awarding the police their full pay award, as was expected throughout the UK?

John McDonnell: I do not want to incite a Scottish debate on the matter. This is not a comment on Scotland, but when arbitration and a settled system of negotiation has worked well for nearly 30 years, I would expect anyone who wants future industrial relations in this

country to be harmonious to abide by that process and therefore to honour agreements and arbitration.

I can quote other sources on inflationary pressures. The Senior Salaries Review Body drew upon the evidence provided by the Bank of England that said that inflationary pressures from the public sector would need to be taken into account only if they went over 4 per cent. The Government's own Office for National Statistics demonstrated that inflationary pressures at the moment do not come from pay but from increasing housing costs, petrol and oil price rises and the increasing cost of household goods, energy and food. It does not cite increases in public pay itself. It is therefore surprising that the Prime Minister and the Chancellor have tried to argue that inflationary pressure is coming from the relatively trivial sum of £30 million, saved from a deferred police pay settlement.

With a background in economics, I have to say that there is another argument. When we are looking at a downturn, we should not be looking at depressing demand. When we are looking at a prospect of increased unemployment and an unwillingness to spend because of high levels of personal debt and insolvencies, what is needed is steady, consistent and reasonable wage settlements that assist the economy by maintaining consistent demand within the economy.

The problem of the coming period is not the inflationary but the deflationary pressures that might arise. Several of us feel that the Prime Minister, the Chancellor of the Exchequer and others might be fighting the battles of yesteryear, rather than those of this year, which is one of deflation, not inflation.

Why have the Government acted in this way? What are the real reasons for their actions? What evidence and sources can we draw on? One source is a leaked memo from an adviser to the Home Secretary entitled "Police Pay—The End Game", which was cited in the press some time ago. It was written by Mr. Stephen Kershaw, the director of the police reform and resources directorate, on 29 June. He wrote:

"Asking the Treasury to let us do so"

that is, pay the full award—

"risks damaging our bid for significant extra money for counter-terrorism. There is no real business case for a generous pay rise for the police this year."

On the evidence of that memo, serving police officers have been caught up in negotiations between the Home Secretary and the Treasury about the Home Office budget. In such instances, we would normally expect the Prime Minister to intervene as an arbiter to ensure fair play, consistency in Government policy and the full payment of the arbitration award.

The other evidence on which we can draw is the attitude of the Government themselves—we can draw on briefings and statements from Ministers and the parliamentary Labour party office to find out what has happened to their attitude to police pay. The argument in those briefings and statements is that the police are paid well enough and have, in fact, done too well in recent years, and reference is made to their having received wage increases of 39 per cent. over the past 10 years. I have looked in detail at those figures, however, and they are misleading. They refer to increases in basic pay, not average increases. Annual surveys of housing and employment show that serving police officers and sergeants have suffered a detriment in recent years of anything up to 16 per cent.

Most of us can explain anecdotally what has happened to the ability of serving police officers in our constituencies to achieve a decent standard of living. I am of course proud of what the Government have done to improve wages, but serving police officers in my constituency will not get into the housing market, because the average price of a home is anything between six and 10 times their salaries. Many of them are therefore unable to live in the very communities that they seek to serve.

The Government have also argued that recruitment is not a problem, so why should they pay the police the full award? They argue that there are six applicants for every job, but that does not recognise our long-term recruitment needs, the need for good-quality, well-motivated recruits or the fact that we need to maintain morale to retain decent staff.

Mr. John Leech (Manchester, Withington) (LD): I congratulate the hon. Gentleman on securing the debate. As he rightly said, the issue is not recruitment, but retention. A lot of good police officers who have served for many years have got to the end of their tether and now want to find other forms of employment, because they no longer feel valued. If we lose those experienced officers, we will have to recruit and train new officers, and a big cost is associated with that. Retention is a big issue in all police forces.

John McDonnell: That is a valid point, and the Government must take on board the fact that retention is largely based on people's morale, how they feel about the job and how they are treated by their employer. Anything that undermines that morale or breaks the relationship of trust between employee and employer undermines our ability to retain staff in the jobs that we need them to do.

The real reason for what has happened over the past six months is that serving police officers have been caught up in what we learned this week is the Prime Minister's strategy of imposing a long-term pay policy on the public sector. He decided to send an early message to the police, and thereby to the Prison Officers Association, the Public and Commercial Services Union and all the other trade unions in the public sector, that a three-year pay cycle and pay policy would be imposed on them. There is a calculated strategy of imposing a pay policy by taking on the police first. That fits in with the political strategy.

It has been calculated that the only way to cope with the economic downturn that we now face is to reduce public expenditure and public sector pay in the hope that we can get the economic cycle back in sync with the electoral cycle. The strategy is this: control wages in 2008, attempt to stabilise the economy in 2009 and hope that there are signs of growth in time for an election in 2010. That is a flawed strategy in a period when we have deflation, rather than inflation; it will alienate people at the beginning of the cycle, and we will never restore their morale and confidence. Police officers rightly feel that they have become political footballs in a much larger long-term political strategy. It is no coincidence that this dispute has occurred at the same time as the three-year wage settlement strategy has been announced.

[John McDonnell]

There is a cost to the Government's strategy. It will alienate a body of public servants who have served the Government well by reducing crime, delivering public safety and being creative and flexible in responding to the policies that the Government have introduced. The Government's strategy has angered officers who regularly put themselves in harm's way to protect our community and it is undermining morale, destroying trust and creating anger where we should have a sympathetic response.

There has been much talk over the past year about the military covenant between the Government and those in the military who serve us, but there is another covenant: the policing covenant. Police officers accept that they will have to put themselves in danger on occasion. They present themselves on duty whenever they are ordered to, and there are restrictions on their private lives and on their families. They are prevented by law from going on strike and joining a trade union, and they are accountable for their actions both on duty and off. In return, the covenant says that the Government should treat those officers fairly when it comes to their pay and conditions and should respect their views. Successive Governments have abided by that covenant over the past 30 years, and it has been widely supported in the community. As a result of the Government's intervention in this pay round, however, the covenant has been broken and put at risk. If we are not careful, the whole system could sustain long-term damage.

I sought this debate to urge the Government to think again. It is not too late to reopen the dialogue with the representatives of the Police Federation and others, and there may be an alternative approach. Let me make this offer for the Justice trade unionist group: we are willing to offer our good offices and our services to bring all sides together to discuss the opportunities for compromise, so that we can overcome the problem and seek a way forward. I appeal to the Government to take up that offer in the best interests of police officers, the police service and their own standing. I ask them not to put at risk the good will of the police service. Even at this late stage, they should show some understanding, concern and creativity and work with us – if necessary, on a cross-party basis – to resolve the problem that we face.

Several hon. Members *rose*

Mr. Edward O'Hara (in the Chair): Order. Colleagues who catch my eye might wish to note that the winding-up speeches must now start at 3.45 pm.

3.19 pm

Sir George Young (North-West Hampshire) (Con): I congratulate the hon. Member for Hayes and Harlington (John McDonnell) on his good fortune in securing this debate and on the moderate way in which he made his case. Before Christmas, he and I, along with half a dozen colleagues, met the Police Federation, and we agreed to request this debate. I am therefore delighted that his name came out of the hat. When the Minister responds, I hope that he will not use the abundance-of-recruits argument as a defence. If that argument were applied to ministerial salaries, he might find his standard of living somewhat depressed.

In Hampshire, there is real anger with the Government. The chairman of the Hampshire branch of the Police Federation wrote to me on 17 December:

"I cannot explain to you the anger and sense of betrayal that the 3700 officers I represent are expressing at the moment as a result of the decision of Jacqui Smith. The manner in which the Home Secretary has managed this whole process is being seen as underhand and disingenuous...Never before has a Home Secretary reneged on an agreed pay award."

He went on to refer to

"the principle of honouring the findings of the independent tribunal which the staff associations agreed to be bound by."

As a former member of the police parliamentary scheme, I have seen at first hand what officers do, and I believe that they are entitled to every penny of the proposed increase. When Parliament removes from employees a right that is available to nearly everyone else, it must ensure that those employees are fairly dealt with by their employer, particularly if the employer is the Government, who are in turn accountable to the House of Commons.

Let us examine briefly the arguments deployed against paying the settlement in full. The Government Departments on the official side said that they did not support the proposal on the grounds that

"the offer will not produce an outcome consistent with the UK government objectives including achievement of the CPI inflation target of 2 per cent. and affordable and sustainable pay awards."

However, there are exceptions to the 1.9 to 2 per cent. ruling. Hospital doctors will get a flat £1,000, worth 3 per cent. for the newly recruited. Permanent secretaries are going to get a flat 2 per cent. next month. Larger rises of 9.2 per cent., as the hon. Member for Hayes and Harlington mentioned, were awarded to about 13,000 of Britain's lowest paid squaddies, in a move applauded by military chiefs, who had campaigned for that. A further 6,000 members of the armed forces will benefit from rises of more than 6 per cent. All other ranks and officers will get a 3.3 per cent. increase, with the exception of the most senior. I mention that not to begrudge those groups their increases, but simply to make the point that 1.9 per cent. is not a hard and fast rule, and there have been many exceptions.

The other leg of the argument is the consumer prices index inflation target. The impact on next year's council tax bills will be exactly the same, whether the payment is staged or not. It is necessary to meet the full increase, so there will be no saving in the impact on the retail prices index. Nor does staging affect the headline rate, which remains the same; it just becomes the headline a few months later. Nor will this year's council tax bill be reduced retrospectively by any saving. The money will simply be spent on something else. As the hon. Member for Hayes and Harlington said, most authorities have pencilled in the increase, and have the resources to pay it, so the argument that somehow it would push up costs does not hold water. If it is true that there was a trade-off in the public expenditure negotiations along the lines of "If you, the Home Office, show restraint on pay, we will give you extra money and another part of your bid," that blows out of the water any deflationary argument that the Government might deploy.

Mr. MacNeil: We are essentially talking about inflationary pressure. Does the right hon. Gentleman agree that the unexpected extra £3 billion that the Chancellor is pulling

in from fuel duty is a greater inflationary pressure on society than the £30 million he might give to police in England and Wales?

Sir George Young: The hon. Gentleman makes a good point: the rise in the fuel price has given the Chancellor money for which he did not budget, so to that extent resources are available that he can deploy in that context, with little impact on his original forecast. I think that the Government have the worst of both worlds. They have betrayed an important group of employees for zero impact on inflation.

My final point is that the Government have made a political mistake. Previous Home Secretaries—particularly the somewhat larger ones—would have had a confrontation with the Chancellor of the Exchequer, and would not have agreed to the demand to stage. That would then have escalated into the Cabinet. At that point I suspect that Tony Blair and the Cabinet would have sided with the Home Secretary; the increase would have gone through and the Government would have avoided the pickle that they are in. We are paying the price for the Prime Minister still believing that he is Chancellor, and the absence of substantial counterweights in the Cabinet. My view is that if the present Home Secretary had dug in her heels and threatened to resign over this she would have won. She would have been unsackable in the first few weeks after her appointment had she made an issue out of it. The Government have made a political and economic mistake that I believe they will live to regret.

3.24 pm

Mr. David Drew (Stroud) (Lab/Co-op): I have three observations to make. I have rehearsed with my hon. Friend the Member for Hayes and Harlington (John McDonnell), whom I again congratulate, the issue of police authorities. One would have thought that they at least would have been among the happier stakeholders in this apparently disastrous decision, yet they must now deal with very unhappy—not to use stronger terms—police forces.

My first substantive point is that, from what was happening last year, when I had the opportunity to chair a meeting with the Police Federation, like my hon. Friend this year—it is good to hear that other hon. Members were able to get to the meeting—and given that it appeared then that confrontation was going to arise, I do not understand how this was not a disaster waiting to happen. To be fair to the fed, which is fairly well known as a pretty tough negotiator, it made it abundantly clear to those of us who attended the meeting a year ago that it was prepared to consider new structures on pay. Pensions and conditions were a different matter, but pay was on the agenda. I know that the Government set up the Booth inquiry to consider how to start the process, but, as we have learned from today's debate in the House, kicking away the legs of the stool on which we are basing the edifice of how the negotiations are going to proceed will not lead, as my hon. Friend said, to an overwhelming feeling of trust. I am worried that we are not in a good environment in which to start to get things right for next year—because the negotiations for next year's pay settlement are about to start, and my right hon. Friend the Minister may wish to say something about that. I worry that we have caused immense damage.

My second point is that if the e-mails, letters, phone calls and individual meetings that I have had are anything to go by, people are very angry. Hon. Members who have worked in the public sector sometimes underestimate the reaction of the public sector; we expect it to be able to take such things. The reaction has been such that it will take at least a generation of police officers—notwithstanding what may come out of future arrangements—to rebuild trust. It is easy to make party political points, and I will make points about the Government, but this is not just about party politics; it is about people's general distress about the political process.

Mr. Neil Gerrard (Walthamstow) (Lab): I apologise for not being present at the debate from its beginning, but I was in the main Chamber, where an amendment that I had tabled was to be debated. My hon. Friend mentioned his e-mails and letters, and I think that many other hon. Members have had the same experience. Can he think of another occasion when he has had so many communications from serving police officers? I cannot.

Mr. Drew: Not only can I not think of a comparable occasion involving police officers; I cannot even think of a parallel with teachers, health workers or others in the public sector, such as probation officers, to mention a category relevant to criminal justice, when there has been such a depth of anger in the reaction to what is seen as a great injustice.

I can comment on recruitment, because—I declare an interest in this respect—for the past two years and more my son has been trying, in two different police areas, to enter the police force. It is not a substantive matter for this debate, but it is unjust to use the idea that people want to join the police, so the pay can be deflated. I could spend a long time explaining some other issues in relation to that process, but it is wrong to use that argument to justify keeping people's pay down. Given the age profile of the police force at the moment, we need lots of new recruits, and it will not do us any good to try to depress pay, let alone to make it apparently less worth while entering such an important job, which we would be silly not to value greatly.

My final point is about something that my chief constable said to me last week; I hope that he does not mind me talking about it. He said that the way in which the police negotiating board has operated recently is very disappointing. Arbitration might be the appropriate backstop, but if it is entered into as it was in this situation, and as it has been before, as being the only way forward, and then the Government decide not to meet the arbitration award in full, there is much feeling that the whole area of pay negotiation is entirely wrong. Given what I have been told about the process and the police negotiation body, about the lack of preparation and unwillingness to listen to individual police authorities, I worry that this was a disaster waiting to happen. It is not appropriate for the Government, as a party to arbitration, to fail to fulfil the arbitration process. There are a number of issues to consider, and I hope that my right hon. Friend the Minister will give us some sense that even if we got it wrong this year, things will be improved in the future. Otherwise, there will be even more hurt, and that is unacceptable.

3.31 pm

Daniel Kawczynski (Shrewsbury and Atcham) (Con): I, too, congratulate the hon. Member for Hayes and Harlington (John McDonnell) on securing this important debate. I shall keep my comments brief, because I know that hon. Friends and other colleagues wish to speak.

May I begin by praising Shrewsbury police for their tremendous work? I have always found them to be extremely dedicated and hard-working. Shropshire is a rural community and, as many hon. Members will know, it is not easy to police rural areas, because there is a large area to cover. Shropshire police are extremely courageous and professional. One of the worst things to happen to my community in the two-and-a-half years in which I have been an MP took place last year. A serving police officer was shot dead in Shrewsbury, and that had a profound impact on the whole town: I have never seen our community come together as strongly as it did then. It has not been mentioned that policemen and women put their lives at risk on a daily basis to protect us. That is why so many of us are angry about, and feel insulted by, the below-inflation pay award. West Mercia police authority is one of the worst funded authorities in the whole of England, but it achieves one of the best results, which shows just how dedicated and hard-working our officers are.

Like the hon. Member for Stroud (Mr. Drew), I have received an inordinate number of e-mails on this issue. Two Sundays ago—I was at home looking after my baby daughter, and I happened to be working that afternoon—I received 89 e-mails on it. I rarely receive 89 e-mails on any single issue, even over a long period of time, but I received that number in just one day. So far, I have received more than 230 e-mails and letters on the matter. I reiterate that it is not only the police who feel strongly about this. Many councillors and people in our community have approached me about it.

The Scottish police have received their full pay award. I mentioned that earlier, but the hon. Member for Hayes and Harlington clearly did not want to be dragged into the West Lothian question. As someone who believes passionately and fundamentally in the Union—this is where I disagree with the hon. Member for Na h-Eileanan an Iar (Mr. MacNeil)—I must put on the record how appalled and outraged I am about the matter. The fact that different police officers on the same grade in the same country can be given different pay is appalling.

Mr. Devine: The hon. Gentleman should realise that in the run-up to last year's election, the Scottish National party stated that it would recruit 1,000 extra police, but it has now reneged on that pledge.

Daniel Kawczynski: The hon. Gentleman knows that the debate is about police pay, not police numbers. He is throwing me a red herring.

We all know about the huge increases that everyone has to face with petrol prices, oil for heating homes and council tax going up: everything is going up above 2 per cent. A below-inflation pay rise will simply make police officers' lives more difficult. A lot of people come to see me in my surgery about personal debt, which is a serious and growing problem. It is increasingly difficult for police officers with young families to make ends meet, and the pay award does nothing to help them. I conclude by putting this on the record: I shall not vote for any MPs' pay award above 1.9 per cent., because I cannot look any of my constituents who are police officers in the eye and say, "You will stick to 1.9 per cent., but I should have more than that." That would be totally inappropriate.

3.36 pm

Mr. John Leech (Manchester, Withington) (LD): I congratulate the hon. Member for Hayes and Harlington (John McDonnell) on securing the debate, not least because I applied for a debate on the same subject. Having been unsuccessful in securing it, I am pleased to have the opportunity to discuss the issue.

I pay tribute to, and thank, Alan Cooper, the chief superintendent from south Manchester, who has just moved to a new job. He has shown real commitment to south Manchester and will be sorely missed in our community. However, I wonder whether someone of his calibre would have chosen not to remain in the police force if he had been faced with last year's debacle some years ago. Would he have gone down another path of employment if he had felt, earlier in his career, that he was not valued? How many more Alan Coopers will we lose in the coming months and years as a result of the breakdown in morale among the police?

Everyone knows what a tough job the police face every day. They receive little credit when things go right and are roundly criticised when things go wrong. They are effectively never off duty and face restrictions on where they can live. In Greater Manchester, we have experienced cuts in police officer numbers, even though Labour Governments have increased the number of offences since 1997 by more than 3,000, thus giving the police more work to do. For the job that they are asked to do, they are not well paid; indeed, they are poorly paid.

Before Christmas, I was invited to a meeting of the Greater Manchester branch of the Police Federation at which members were invited to question a panel that included the chief constable, Michael Todd, and the chair of the police authority, Councillor Paul Murphy. Given concern at the time about the impending pay review by the independent arbitration panel, I expected police pay to be the No. 1 issue, but it was not—it was the last issue on people's minds. Serving police officers were more concerned about policing the streets of Greater Manchester than about their salaries. The big issues raised that evening were the future of the dog-handling service in Greater Manchester and concerns about the Government's drive to replace police officers with police community support officers.

The police are committed and dedicated to their jobs. They have agreed to be bound by independent arbitration, and the Home Secretary's decision not to honour the agreement is a kick in the teeth for every serving police officer. Will the Minister explain what the point of independent arbitration is if the Home Secretary does not abide by its decision? Will he also give us his opinion on the question of why the Government believe that the police are not worth their pay rise? When I met union representatives from the Greater Manchester branch of the Police Federation, with my Liberal Democrat colleagues from Greater Manchester, they made clear the impact of the situation on the morale of serving

police officers, and said that more and more officers were considering leaving the service. They pointed out that Greater Manchester police could afford to pay the full increase proposed by the independent arbitration panel, as it had been budgeted for in the GMP budget. They also highlighted the fact that civilian staff and community support officers will receive a bigger percentage increase than police officers as a result of the Home Secretary's actions. Perhaps the Minister can tell us if that is fair. The Labour Government should be ashamed of the way in which they are treating our police, who deserve better.

3.40 pm

Nia Griffith (Llanelli) (Lab): My hon. Friend the Member for Hayes and Harlington (John McDonnell) made an excellent and comprehensive speech. I agree with my hon. Friend the Member for Stroud (Mr. Drew) that it is not just this year that police pay is an issue. There were considerable concerns last year, when a decision was made at the last minute. The police were concerned about how things were handled then. This year, of course, the issue is the failure to honour the recommendation of the police arbitration tribunal.

We all fully understand the need for restraint in pay settlements if we are to keep inflation down. We also understand that the police are in a special position of responsibility. The very nature of their role in maintaining law and order requires absolute loyalty and, therefore, they are not in a position to resort to strike action. For that reason, it is essential that police pay is determined by an independent body that can make appropriate comparisons and a recommendation that is fair and objective. We would all expect the outcome of the police arbitration tribunal to be binding. It may not be legally so, but there is a long tradition of accepting such recommendations. That is why the police are angry. It is not just the police who are angry. Many members of the public have expressed considerable concern that the Home Secretary has refused to honour obligations by not accepting the recommendation.

I have the good fortune to enjoy an excellent relationship with my local police force, which tries hard to make neighbourhood policing a reality. They have supported me in surgeries with local residents, and they willingly tackle the problems that residents raise. They play a proactive role in deprived communities by tackling the causes of crime. In addition, they have duties dealing with all manner of difficult and dangerous situations. The Home Secretary's decision will undermine the good will on which much of the implementation of such strategies depends. I draw the Minister's attention to the olive branch proffered by Jan Berry, who said that it is not too late to make amends. I urge the Minister and the Home Secretary to reconsider their decision on police pay. I urge them to have the courage to acknowledge the fact that their first decision was ill advised, and to give full consideration to accepting the recommendation of the police arbitration tribunal.

3.42 pm

Tony Baldry (Banbury) (Con): As the secretary of the all-party police group, I am glad to be able to take part in this debate, which is not just about police pay but about pay for various key groups in the public sector: police officers, teachers, nurses and prison officers. The Government want to give the impression that this is all about inflation, and that there are echoes of Jim Callaghan. I was a parliamentary candidate back in the days of the Callaghan Government and the Lib-Lab pact, when inflation was an eye-watering 21 per cent. Today, it is 2.1 per cent., so the Government action in capping pay for public workers has nothing to do with inflation but everything to do with their urgent need to balance the books. If, as anticipated, the economy continues to slow down, the underlying state of the Government's bank balance and finances will become even more obvious.

My hon. Friend the Member for Tatton (Mr. Osborne), the shadow Chancellor, put it very clearly yesterday when responding to the Prime Minister's suggestion of three-year pay deals. He stated:

> "The real reason for today's pay announcement is that, thanks to Gordon Brown's economic incompetence, Britain's borrowing boom now has the largest budget deficit in Europe. The government has run out of money – it is as simple as that."

The people who will pay most for the Government's financial incompetence are key public sector workers. The Chancellor's proposed three-year pay deals will affect only the 5.5 million workers on the public payroll. There might be some justification for that if public sector pay were racing ahead of private sector salaries, but that is no longer the case. The most recent figures on the record show that private pay is rising faster than public pay, and the Government have broken various implied contracts with public sector workers.

Mr. Paul Goodman (Wycombe) (Con): On pay, does my hon. Friend agree that the Thames valley force has a particular retention problem, and that the Government would be well advised to review the rate at which the south-east allowance is paid?

Tony Baldry: I entirely agree with my hon. Friend. It strikes me that recruitment and retention will not be helped by the Government's action.

There is a covenant: in return for employees not taking industrial action, or being prevented in some instances by statute from take industrial action, the Government have put in place various independent pay review bodies. Independence must surely mean just that—independence—and it must be inherent in any such process that both sides accept the outcome and recommendations of any independent pay review body or arbitration service. It seems that the Government have decided unilaterally to accept the recommendations of independent pay review bodies only if they do not breach whatever arbitrary, overall target the Government have decided to set for public sector pay. That is simply a crude cap on public sector pay.

Moreover, I am afraid that the Government speak with a forked tongue. Yesterday, the Home Secretary promised that any three-year deal with the police would be implemented in full. If that is the case, why can she not honour the proposed independent review pay award in full? In effect, staggering the pay rise for police officers reduced a pay award of 2.5 per cent. to 1.9 per cent. It is little surprise that the Police Federation called on the Home Secretary to resign. The total cost of honouring the police pay round in full is some £30 million. I cannot help but note that the National Audit Office found that the Home Office wasted £33 million

[Tony Baldry]

in my constituency alone on an aborted proposal for an accommodation centre for asylum seekers at Bicester. Not a sod was turned nor a brick laid, yet somehow the Home Office ended up spending £33 million. Police officers are being short-changed because of the incompetence of Home Office Ministers. Why on earth should they believe the Home Secretary when she says that the Government would implement in full any three-year settlement when the Government have chosen not to honour an existing public sector pay claim?

It is not just police officers. Nurses' pay increases were staggered to make their pay increase worth 1.9 per cent., and an independent recommendation to award prison officers a 2.5 per cent. pay rise in April was rejected by the Government and replaced with an offer of 1.9 per cent. That is a breach of compact and covenant by the Government. It is bad personnel management and bad human relations, and it is miserably unfair that key public sector workers should be treated in that way.

3.47 pm

Tom Brake (Carshalton and Wallington) (LD): I congratulate the hon. Member for Hayes and Harlington (John McDonnell) on expressing his concerns—in fact, our concerns—so clearly. I echo the praise that has been expressed by several Members and, I am sure, thought by all Members for the essential role that police officers play in keeping us safe. I feel sorry for the Minister, who, clearly, is extremely isolated. No one has spoken in favour of the proposal. There will simply be the Minister responding, and he will have to speak on behalf of the Government.

Mr. MacNeil: Does the hon. Gentleman agree that the Minister has perhaps been unfairly treated in that the wrong Department is represented here? Perhaps the Treasury should be answering our questions.

Tom Brake: I am sure that the Minister will do a good job of defending himself and, indeed, the Treasury.

All Members have been bombarded with comments by police officers, their families and other members of the public who are concerned about the issue. I shall quote briefly from two e-mails that I received:

"I have been a police officer for over 10 years now but feel my time of policing the streets is coming to an end. I am not on my own by a long way in this... Morale is at a real all time low in the service... This dispute is not about the £200 we lose and in fact take a pay cut but the way this government is eroding everything it touches."

Another e-mail from a constituent in Wallington states:

"Has she"—

the Home Secretary—

"forgotten the unique status of police officers who have forfeited the right to strike in order to serve the public? In the absence of this right, we don't even have arbitration that is binding on the Home Secretary... I wish to convey to you the sense of outrage that this action has created throughout the police service."

I am sure that other Members can quote similarly concerned and alarmed e-mails and letters from their constituents.

A final comment that I should like to put on the record concerns at least 10 Ministers whom I understand are also apparently deeply unhappy with the decision. I do not know whether the right hon. Member for Leicester, East (Keith Vaz), who chairs the Home Affairs Committee, will want to reveal the names of the Ministers who have expressed concern about the settlement, but it is clear that, even within the Government, there are people who are concerned about the decision.

Liberal Democrats were astounded when the Home Secretary decided not to honour the independent recommendations of the police arbitration tribunal, and it was disappointing to learn about the decision through a leaked document. We believe that the pay award should be backdated, so that it represents the agreed 2.5 per cent., not the 1.9 per cent. that the Government intend to pay. We are happy to put that spending pledge on the record. Often, the Government deploy lists of alleged spending pledges that we have not made, but we are happy to pledge that £30 million to £40 million and to put that on record.

Keith Vaz: Will the Minister give way?

Tom Brake: I am not the Minister yet, but I shall give way.

Keith Vaz: I am sorry I called the hon. Gentleman "Minister", but I am sure that one day he will be. He is not simply making a spending pledge, but a spending pledge that is already in a budget.

Tom Brake: I thank the right hon. Gentleman for pointing out that I do not even have to make the spending pledge, because the money is already there. I withdraw the pledge.

The fact that the Police Federation is considering balloting its members on the right to strike demonstrates how inept the Home Secretary's handling of the situation has been. Again, people will have seen the press reports. There is growing support in the ranks of the police to have the ability to take industrial action and concern about what they describe as disgraceful Government tactics. We can understand their anger, because the Home Secretary says that she is happy to accept the 2.5 per cent. award, but goes on to refuse to backdate it, so it is no surprise that they are so concerned.

In her statement of 6 December 2006, the Home Secretary set out her reasons for dismissing the tribunal's recommendations, and it is worth asking the Minister some questions about that. Specifically, in her statement, the Home Secretary said:

"The index suggested by the PAT for the 2007 award could inform discussion and negotiation of the police officer pay award for next year."

Will the Minister explain exactly how the tribunal will inform discussion, when that will happen and what of the outcome? In the same statement, the Government said that they

"will consult, in the near future, on proposals for implementing the necessary changes to the police pay machinery." [*Official Report*, 6 December 2007; Vol. 468, c. 95-96WS.]

Will the Minister set out in more detail what that might entail?

It is our view that the Home Secretary should honour the panel's decision and, indeed, issue an apology for

the way in which the matter has been dealt with. The Prime Minister's involvement in the affair has been unhelpful. He stated that it was

"in the national interest"

that the payment is not made. However, it is equally clear that he has sought to distance himself from the matter by saying that, at the end of the day, the decision was taken by the Home Secretary. He went on to say:

"People should look at the bigger picture...and the future of the British economy."

Perhaps he might reflect on the fact that, occasionally, we also need to look at the smaller picture and the detail of Government proposals.

As hon. Members will be aware, early-day motions on the matter have been signed. I am pleased to say that a majority of my colleagues signed early-day motions 494 and 512, and the Minister cannot have failed to notice that a large number of Labour Members signed them. They describe the settlement as "unacceptable" and say that it will make police recruitment more difficult and that refusing to agree to the settlement is petty and needless. The Minister needs to respond to that.

The absence of any support for the proposals indicates that he has a challenge on his hands. It is clear that the trust between the Government and police officers has been broken because of the Government's refusal to honour the arbitrated pay settlement. The Home Office can begin to repair the damage immediately – various offers of mediation have been made – or it could do so at the stroke of the pen by signing up to the deal. Police officers could then concentrate on what they do best: making our streets a safer place. Will the Minister tell us whether the Home Office is big enough to acknowledge that it has made a mistake and to go against the man with the clunking fist, so that it can allow the pay deal to go through?

3.54 pm

Mr. David Ruffley (Bury St. Edmunds) (Con): I congratulate the hon. Member for Hayes and Harlington (John McDonnell) on securing the debate, which is of such vital interest to the police service and, indeed, to the wider public.

Let us remind ourselves why the Home Office is in such a mess. The Government claim that their plans to extend three-year pay deals are an attempt to tackle inflation, but the fact is that the Government are running out of money. They have been forced to increase their borrowing to cover their costs. In March 2006, they said that they would borrow £30 billion in 2007-08. In March 2007, that estimate was increased to £35 billion, and in October, it increased again to £38 billion. The Institute for Fiscal Studies estimates that the Government will borrow £42 billion this year.

I am not sure whether the Government have a credible pay policy that we can believe in. We hear of three-year deals, but hon. Members will have heard that before from the Prime Minister when he was Chancellor of the Exchequer. In September 2000, he spoke to the TUC about the need for long-term pay agreements and multi-year pay deals, which the Treasury repeated in December 2000. In June 2006, he called for a three-year pay freeze when he addressed the CBI, but none of that came to pass, so I do not know what is the evidence for believing that he will deliver such measures in three year's time.

The biggest sufferers and victims of the incompetent handling of the pay negotiations have been our policemen and women. They have suffered especially because of how the arbitration was handled: it was cack-handed, cynical and verged on the dishonest. The police feel that their noses have been rubbed in it, and we agree. The situation has been made more offensive in particular because Home Office Ministers have made no acknowledgement whatever of the special nature of police officers' service to the public. Not only do they have a no-strike agreement and must submit themselves to restrictions in their personal lives when off duty, but they show great bravery and courage. As lay people, most of us would not have the guts to confront violent crime, drug crime and so on. They deliver amazing reassurance to the public day in, day out.

The sense of outrage is focused particularly on the fact that the police side said up front that they would abide by the police arbitration panel's decision, whatever it might be. It is a shock to many of us that the Government did not honour their side in that implied agreement. The Home Secretary has broken trust, and it is virtually impossible to imagine her restoring it. Unfortunately, she was the Chancellor's poodle when she should have been a strong defender of the police and standing up for them.

We have heard about the Kershaw minute of 29 June – an exercise in cynicism that is staggering even by Westminster standards. It was topped by the Home Secretary's letter on 30 November to the Chancellor. This is almost beyond belief. She stated:

"We will have the moral high ground in moving away from the former...index".

It gets worse:

"The Tribunal's findings provide a transitional public sector-facing index, which looks likely to generate decreasing settlements."

The arrangements for awarding police pay were good post-1979, in recognition of the particular work that officers do and the fact that they cannot take industrial action. If the official Opposition were running the Home Office, we would not have got into such a position. A Conservative Government would have treated the police fairly and honourably and would have given them the respect that they so clearly deserve. In 2006, for the first time, the Government did not honour those arrangements.

It is worth noting that the period since 1979, as my hon. Friends will agree, covers the 18 years of the last Conservative Government, during which they honoured the police pay agreement every single year. It would also be fair to say – I hope that the Minister takes this on board – that some of the years under the Conservative Administration were years of very tough financial restraint, but that did not stop the Conservative Government making police pay a high priority.

It is a matter of the deepest regret, certainly among Conservative Members and the public beyond, that the same priorities that we saw to, abided by and adhered to in our 18 years of government do not appear to be governing the priorities of the current Administration. We say, therefore, that the time has come for all politicians of good will to look closely and urgently at

[Mr. David Ruffley]

the need for new arrangements to make arbitration binding for those public servants who abide by no-strike agreements.

4 pm

The Minister for Security, Counter-Terrorism, Crime and Policing (Mr. Tony McNulty): This has been a very informed debate. I congratulate my hon. Friend the Member for Hayes and Harlington (John McDonnell) on initiating it and on the measured tone of his remarks overall. I want to discuss principally his speech in some detail and then come, as and when I can, to the interesting points made by other hon. Members.

It would be remiss of me if I did not start, whether it is appreciated or otherwise—the hon. Member for Bury St. Edmunds (Mr. Ruffley) is entirely wrong on this—by making it clear that we understand as a Government, and I certainly do, having been the Minister responsible for the police for nearly two years, the very special job that they do in defending our communities up and down the country day in, day out and week in, week out. It is quite low and remiss of the hon. Gentleman to suggest that Home Office Ministers have not made that abundantly clear over time. He was wrong—I am sure that it was a slip of the tongue—to suggest that somehow no deal was done or a deal was done in bad faith last year, and I will return to that point shortly.

At least one hon. Member mentioned the notion that there is a grand tradition going back 30 years that, every time this matter has gone to arbitration, the decision of the arbitration body has been met in full. Over the past 29 years, this matter has gone to arbitration—this is, ironically, one of the strengths of the Edmund-Davies system—once. The notion that there is a fine tradition, going back years, of arbitration decisions being met in full is simply not true. That once was last year. The arbitration panel said 3 per cent., and 3 per cent. was paid in full.

I am not detracting from some of the substantial points that hon. Members have made or from some of the substantial points that many authorities, serving police and certainly the Police Federation have made, but let us have the real debate on real issues and not something else. I guarantee that, if the hon. Member for Bury St. Edmunds is ever in government at some future time, he will be here explaining why Edmund-Davies is no longer sufficient, as the arbitration panel did, and that we need to move to a new indexation system for police pay. That system is now called, rather clumsily, the PAT index—the police arbitration tribunal index—and my right hon. Friend the Secretary of State has made it clear that it can and should be the basis for this year's pay award, to answer a point that was made. Hon. Members should remember that we are talking about this year's pay award, not the first award of the 2008 pay round for the public sector, but principally the last award of last year.

The point made by the hon. Gentleman for Baldry—*[Laughter.]* I apologise. The hon. Gentleman now knows clearly who he is.—[Hon. Members: "Banbury."] Banbury, that's right. The hon. Gentleman's point about this matter going wider and our being, in his terms, nasty to a whole series of public sector workers throughout last year's pay round was entirely unfair, for reasons that I will illustrate in a moment.

Keith Vaz: We will have the chance to repeat this debate to some extent tomorrow afternoon, when we consider the Home Affairs Committee's report on police funding. Although I accept the point that the Minister is making, I think that hon. Members are making the point that, over the past 30 years, certainly since Edmund-Davies, all previous Home Secretaries have honoured the agreements that have been made and have not done what the current Home Secretary has done, which is to ask the Treasury's permission first. That is the point. We have to look back to the time of Edmund-Davies to find a dispute of this kind.

Mr. McNulty: One does not; one has only to go back to last year, when the tribunal's decision was met in full. My point was simply about the notion suggested by some, but not all, hon. Members that at any time over the past 30 years when this matter has gone to arbitration, binding on both sides—as hon. Members have expressed, but not the Home Secretary—the Home Secretary has accepted the decision in full. I am thinking of both the police negotiating body's recommendations and any tribunal's recommendations to the Home Secretary. The matter has not gone to arbitration in any case other than last year. That is by the bye, anyway.

People have said, quite fairly, that recommendations are simply made to the Home Secretary, even under Edmund-Davies, and I accept what people say about the broader spirit of this. I accept what my hon. Friend the Member for Hayes and Harlington said in the middle of his speech about the federation certainly being minded to sit down with the Government to discuss a whole host of issues beyond pay and—to quote, I think, my hon. Friend—to move considerably forward on a whole range of issues, pay notwithstanding. I congratulate the federation on that.

However, I do not accept that the decision on last year's pay will have come as a shock. I was rebuked in March last year for saying in a written ministerial statement that the first part of Booth's report that recommended an indexation more closely aligned to the public sector than Edmund-Davies would somehow curtail the ability of the police negotiating body to make its deliberations. The previous Home Secretary, my right hon. Friend the Member for Airdrie and Shotts (John Reid), was rebuked when he wrote to the police negotiating body saying that it was directed, as were its standing committees, to reach agreement on deliverable options for the award. He said:

> "Agreed options will need to secure an outcome consistent with the achievement of the CPI inflation target"
>
> the 2 per cent. target referred to in the previous paragraph
>
> "the government's wider objectives as set out above, and the further modernisation of police pay arrangements. Options for discussion should include, but need not be limited to, staging or otherwise modifying the award".

as happened with most pay review body recommendations this year. That relates to the point made by the hon. Member for Banbury (Tony Baldry) about last year's pay round.

So a clear indication was given in April 2007 to all involved in the negotiating body, on both the staff and

official side, that staging was at least a consideration. There is a notion that this came out because of what had gone on with all the other public sector pay awards that had been announced, but it is unfair to suggest that staging was never going to be an item on the agenda.

None the less, the decision is not easy and is not taken lightly by the Home Secretary or the Government, including any other Ministers dealing with other members of the public sector. I disagree with my hon. Friend the Member for Hayes and Harlington—but I do take the forewarning—about us being anywhere near the conditions that prevailed in the 1970s. I admit that I was still at school then, but I have read detailed accounts from many observers of how we got to a stage at which the police service—police forces—were in a really parlous state because of a range of factors, such as low pay, recruitment, morale and retention.

I disagree firmly with my hon. Friend's notion that we are complacent and think that such conditions will never come back again. It is a serious warning and one that I take very seriously in my role. I do not take the position—I think fairly outlined to the arbitration panel and agreed by it—that recruitment and retention are certainly not areas of concern. I do not demur from the notion that they might be concerns if we do not remain alive to the issues. The point about six applicants for every one job happens to be a matter of fact that the arbitration tribunal agreed to.

Kelvin Hopkins (Luton, North) (Lab): Will the Minister give way?

Mr. McNulty: No.

I do not agree, either, that all those other elements comparing the police to other parts of the public sector were complacent or dismissive of what the police service does, for reasons that I have outlined. The Home Office simply put its case in numbers to the arbitration panel. I would say to hon. Members who have not read the outcome of the arbitration panel that all aspects, pretty much, were agreed to by the arbitration tribunal, as was the principle, at least, of the new index. That is important, too.

There is no complacency at all. The Police Federation, entirely fairly, asked for 3.9 to 4 per cent. As my hon. Friend the Member for Hayes and Harlington suggested, it said, fairly in its terms, that 1.03 per cent. of that would cover what it regarded as a transition to a more level playing field: effectively, the additional cost to its members of a transition from Edmund-Davies to a new index. The arbitration panel, not the Home Office, said clearly that it was not convinced about the 1.03 per cent. element in terms of a level playing field; nor were the Government.

If people read in full what the arbitration tribunal said, putting to one side temporarily the decision about whether to pay last year's award in September or December, the Government's case for the wider transition and the future, which my hon. Friend mentioned, was well made. In that context, my right hon. Friend the Home Secretary said that, for this coming round, she would like to consider making the index the basis for a multi-year agreement that we hope will cover two or three years, rather than simply a further year. As the body of the letter says—if hon. Members have not got it, I shall make sure that they get it—if such an agreement is possible and real progress can be made, she believes that future settlements could be implemented in full. Her writing that letter and describing the context of this year's pay round is important, because the next pay round starts very soon, as I think the hon. Member for Bury St. Edmunds said. Certainly, the early discussions on the pay round start soon.

Inadvertently, I think, the hon. Member for Manchester, Withington (Mr. Leech) said—although it cannot be the case—that police authorities have, with a degree of comfort, budgeted in full for the arbitration panel's pay rise and do not have to make cuts and so on in policing budgets. That description was afforded not just by the hon. Gentleman, but by other hon. Members.

Mr. Devine: Will the Minister give way?

Mr. McNulty: No.

One cannot have it both ways. Assuming a level of pay increase, which is important given that 85 per cent. plus of the authorities' budgets comprise wages and salaries, is different from budgeting for it. We cannot have both. The hon. Member for Manchester, Withington is entirely wrong.

I have never said, in terms, that somehow the £40 million equates to 800 new police officers. I have said, in terms, that it equates to 800 police officers that may not be retained—*[Interruption.]* Seriously, that may be so, given the concern still expressed to me, even after 6 December, by a range of police authorities about how tight and difficult their budgets are. One cannot have that both ways either, although some hon. Members have mentioned it. The issue was whether we could get to a stage where as much as possible was put into police grant, and we have managed to get that to an average of 2.7 per cent. this year, not least for a range of the issues concerned.

Hon. Members will know—it is not necessarily for me to say, but I shall anyway—that the elements involved in keeping inflationary pressures down in relation to the police are not just about the amount, whatever the size. As the hon. Member for Banbury mentioned, this must be considered in the context of a significant element of public expenditure across the whole sector, including teachers, lecturers, the Army, civil servants and a range of others. About £40 million, £50 million, £80 million or £100 million from each of those adds up to a considerable sum and to considerable pressure.

I hope that, in the context of the letter that my right hon. Friend the Home Secretary wrote yesterday, we can move forward on the 2008 agenda and deal deliberately and productively with next year's pay round.

Postal Services

4.15 pm

Mr. Paul Truswell (Pudsey) (Lab): It is a privilege to have secured this Adjournment debate under your watchful eye, Mr. O'Hara. My first involvement with accommodation addresses and mail forwarding agencies arose from my close and long-standing working relationship with local and national trading standards officers. *[Interruption.]*

Mr. Edward O'Hara (in the Chair): Order. Will hon. Members exit expeditiously and quietly, please?

Mr. Truswell: Thank you, Mr. O'Hara.

I declare an interest, because the relationship led to my being afforded the privilege of nomination to the position of vice-president of the Trading Standards Institute, which is entirely honorary and unpaid but one that I cherish. I should like to put on record my thanks in particular to Sue Seddon and Stuart Pudney of the TSI, who showed skill and determination in uncovering the extent to which accommodation addresses and mail forwarding agencies are abused and my thanks for the constant support of Ron Gainsford, the chief executive of the TSI.

The case that I want to make is simple to summarise. Indeed, I have already done so in early-day motion 37. I have also met the Minister responsible and his predecessor to discuss the issues and have left him with a considerable and detailed dossier.

Our research has demonstrated that accommodation addresses and mail forwarding agencies are exploited by individuals and organisations connected with a wide range of criminal activities, such as terrorism, serious organised crime, identity theft, mail scams, tax evasion, financial swindles and benefit fraud. As a result of that clearly recognised abuse, a range of major crime fighting organisations, including the Metropolitan police, the Serious Organised Crime Agency, the Trading Standards Institute, the Office of Fair Trading and various Departments and agencies, are calling for accommodation addresses and mail forwarding services to be regulated across the United Kingdom.

The Under-Secretary of State for Business, Enterprise and Regulatory Reform will be aware that until 2000 there was some limited regulation, albeit rarely used, under the Official Secrets Act 1920. That control was removed by the Postal Services Act 2000. However, and this is the real crux of my argument, regulation of accommodation addresses and mail forwarding agencies has now been restored in London as a result of the London Local Authorities Act 2007. Given the proven criminal abuse of accommodation addresses and mail forwarding services, the range of major crime fighting organisations calling for regulation to be extended across the country and the fact that such regulation already exists in some form in London, why should that provision not be extended in the way that we are calling for? It seems superfluous for me to point out that the criminal fraternity are unlikely to restrict their activities to the boundaries of Greater London.

Accommodation addresses and mail forwarding businesses often operate on a "no questions asked" basis and keep insufficient records or no records at all of those using their services; thus the person or organisation becomes virtually untraceable. Criminals rent those addresses, then have the mail redirected to them or collect it personally. Very often, the desirability of the address suits the scam concerned; an obvious example is using Harley street for medical products. Crucially, consumers or organisations who send money or, often, vital documentation to such addresses do not realise that the addresses are merely fronts and may in fact consist of a small shoe-box sized locker or a pigeon hole in a small office.

The use of such addresses is extremely widespread among both honest traders and criminals. Although most providers of such services act perfectly honestly and legitimately—I stress that—and ask their customers for identification, many do not. Many large national providers, as well as small operators such as newsagents and even cafes, provide accommodation addresses. Royal Mail, for example, offers PO box addresses throughout the country to customers wanting

"a snappy, discreet new address",

to quote the Royal Mail website.

Officers investigating possible offences relating to accommodation addresses can request information, but I understand that under the Enterprise Act 2002, any information so obtained cannot be passed on to consumers who may want to pursue a claim against a fraudulent business. As there is no requirement to keep records, they are insufficient or non-existent in some cases, and as there is no requirement to carry out checks, any information recorded is likely to be inaccurate, especially in cases of fraud or other uses of such addresses for criminal purposes.

In the absence of a registration scheme, tracing the owner of an accommodation address may be difficult for authorities and practically impossible for consumers. The legislation that we seek, like the London Local Authorities Act, would merely deal with those who make no effort to obtain suitable identification, keep records and co-operate with enforcement authorities. It does not pretend to stop criminals, merely to close a wide-open door that they are currently only too happy to exploit.

During our meeting with my hon. Friend the Minister and his predecessor, my right hon. Friend the Member for Makerfield (Mr. McCartney), the TSI and I provided numerous wide-ranging examples of the type of criminal activity for which accommodation addresses are used. It is not my intention to go through all of them today, but I shall give some pertinent examples. Initially, our examination of the abuse of accommodation addresses and mail forwarding businesses was prompted by their abuse by the perpetrators of various mailshot scams of a type that we are all more than aware of—bogus lottery wins, bogus prize draws and so on. One elderly resident in my constituency was defrauded of more than £20,000 by a range of scams, and another parted with more than £2,000. They are certainly not unusual examples. Similar scams and bogus traders and services are legion, and I need not elucidate.

The more we looked into the abuse of accommodation address agencies, the more we realised that their exploitation by people such as the perpetrators of mail scams and rogue traders was only the tip of what turned out to be a more extensive and much more frightening iceberg of crime. From the agencies with which we have spoken, it

is clear that both within the UK and abroad, organised crime groups are using accommodation addresses to deceive members of the public and major organisations, particularly in the public sector, as well as to conceal themselves and their criminal activities.

For example, in 2003, an organised crime gang plundered £12 million from high street banks in a prolific multiple-application fraud by stealing the identities of dead people and setting up Royal Mail redirections on their addresses to redirect the mail to accommodation addresses under the criminal organisation's control. Once the false identities were fully established, the criminals opened multiple bank accounts and applied for loans. In addition, accommodation addresses were used to protect the fraudsters' real identities. Cars were registered to the mailbox, and the fraudsters quoted the accommodation address when hiring out office space to further the criminal enterprise.

In another case, a pair of phishers—phishing is an internet-based crime whereby criminals obtain personal bank details by sending bogus e-mails purporting to be from the victim's bank—stole £6.5 million. Their use of accommodation address services gave them a physical street address, which they used as part of their tradecraft to receive documents and equipment to assist them in creating multiple identities. As a further extension of the abuse, they also used the accommodation addresses to register their vehicles, thereby implementing an early warning security system for possible traffic violations that might render them open to attention from law enforcement agencies.

In a third case, an individual linked to organised international crime, murder and the use of multiple bank accounts in fraud was discovered through his use of an accommodation address that revealed multiple identities, all of them stolen. He had used Royal Mail diverts and mailboxes to establish multiple identities in order to undertake a number of criminal activities, all of which resulted in the loss of considerable revenue to the UK.

Her Majesty's Revenue and Customs has provided us with many examples. I quote them not just because of the crimes involved, but because they demonstrate the sort of obstacles confronting officers of various enforcement agencies pursuing potential criminals through accommodation addresses. Traders such as those involved in duty-paid alcohol frauds, for example, frequently use accommodation addresses to avoid paying VAT.

A typical example of HMRC's experience occurred when HMRC officials followed up a trader's given address to find that the principal place of business was a letterbox on a fence down a secluded lane, owned by a man who lived around the corner—you could not make it up. The man said that he knew nothing about the trader and stated that the box was there for a number of companies and individuals wanting an address in the UK. He told them that he processed the mail and then forwarded it. Inquiries showed that eight VAT-registered traders used the address, and that the directors of some of the companies were the directors of hundreds of other companies.

An investigation into self-assessment fraud identified the principal criminals as living in another EU country. They had concealed their whereabouts by forwarding self-assessment returns to HMRC via virtual offices located throughout the UK. Clearly, such malpractices are not centred solely in London. An accommodation address was also used to forward 21 false construction industry scheme applications to HMRC. The examples go on and on.

Investigation into a further fraud involving a self-assessment record duplicated for the purpose of generating fraudulent repayment showed an agent acting on behalf of the taxpayer from a recorded address in Middlesex. Again, inquiries made at the address established that it was an accommodation address providing a mail forwarding service on the agent's behalf. That business had no record of the person purporting to be the agent, but records showed that the mail was being forwarded to another accommodation address in Manchester. Inquiries made at the Manchester address established that it in turn operated as an accommodation address. Fortunately, that provider kept records enabling officers to identify the person abusing the service. That is one of the reasons why I mention HMRC examples—they show that legitimate organisations that keep good records can easily assist officers from enforcement agencies, and that we would place no great extra burden on such organisations.

There are also examples of accommodation addresses being used by cigarette smugglers. One provider is a parent company that runs a number of franchised shops. Local HMRC officers have an excellent relationship with the parent company and its chief executive, who has written to franchisees to tell them to co-operate fully with HMRC. However, one refuses to do so, which demonstrates again why we need the sort of regulation available in London.

We have tried voluntary regulation, but it has clear limitations. Although it has been suggested that unfair commercial practices and money laundering directives might have some impact on the abuse of accommodation addresses, closer scrutiny indicates that they will have very little. Some trading standards services promoted the mail, accommodation, internet and locations fair trade scheme—MAIL—which is free of charge for traders to join and was designed to generate co-operation between trading standards departments and its members. Members are required to keep accurate records of their clients and assist trading standards departments in following up complaints.

The scheme, voluntary as it is, has been extremely limited in its impact. In Westminster, only 30 accommodation address providers of the 200 in the borough engaged with it—mainly those who were already operating their businesses to quite a high standard—and in my area, the West Yorkshire trading standards service has been able to persuade only two operators to register with the voluntary scheme.

My hon. Friend the Minister will be aware that the regulation of mail forwarding businesses is not unique. Stringent controls have been introduced in the USA over the past few years, and, as I said, the London Local Authorities Act now gives boroughs the power to introduce such regulations. The London regulations encompass all that we want to see.

It is not rocket science, and it is not a major burden: we seek the registration of mail forwarding businesses and the addresses used to receive mail. We want to see the maintenance of records, with inspection powers for enforcement officers and the police. We want there to be a requirement to carry out reasonable steps to verify

[Mr. Truswell]

information and identities, a requirement for businesses to report suspicious activities and a statutory code of practice to give guidance on how agencies should operate and on what steps would be considered reasonable to verify information and identity. We also want a requirement to keep records for at least five years.

I accept that I am calling for more regulation—or at least its extension. I fear that over the years regulation has become an illogical phobia in some Government quarters, and that deregulation is sometimes a mindless mantra. However, although we should avoid over-zealous and disproportionate regulation, we should not use such a laudable objective for the bathwater in which we throw out the baby. Some regulation will always be necessary; based on the evidence that I have given to my hon. Friend previously, I would say that this is one case that calls out for the extension of regulation beyond the boundaries of London.

Today's debate is a follow-up to an Adjournment debate that I secured in April 2006, and to subsequent meetings with my hon. Friend and his predecessor, my right hon. Friend the Member for Makerfield. Following a meeting in October 2006, we were told that departmental officials and the Better Regulation Commission were drawing up terms of reference for a cross-Government group to discuss the issue, but I have not heard a great deal since. I hope that my hon. Friend will be able to confirm that some progress has been made, and that the commission is not acting as a funeral director for such regulations.

There we have it—a clear picture of how a range of criminal enterprises, from the highest level to the lowest, have abused accommodation and mail forwarding services. A range of major crime fighting organisations have identified such abuse in their day-by-day battle with criminals, and a range of organisations have subsequently called for the regulation of businesses to be extended throughout the country. The fact that regulations are being introduced in London shows an acceptance of their desirability. The logic of extending them to the rest of the country should be obvious, so I hope that I am pushing at an open door.

4.33 pm

The Parliamentary Under-Secretary of State for Business, Enterprise and Regulatory Reform (Mr. Gareth Thomas): I begin in the traditional fashion by congratulating my hon. Friend the Member for Pudsey (Mr. Truswell) on securing this debate and on raising the extremely important subject of accommodation addresses and mail-forwarding services.

I know that my hon. Friend is passionate about the subject; indeed, he has been assiduous in using all the parliamentary tools at his disposal to ensure that my predecessors and I did not allow the issue to fall off the agenda. His interest was sparked by a number of horror stories in his constituency, which he described today. I say at the outset that I am sympathetic to the concerns that he has raised not only in this debate but in our meetings just before Christmas, to which he referred. I recognise also that his concerns are shared by the wider trading standards and enforcement community. The matter is serious and distressing for the victims; and the addresses have—in some cases inadvertently—helped the abuse to be perpetuated. I echo his view that we must not allow criminals engaged in scams and other fraudulent activity to continue to do so undetected. They must not be allowed to hide and to profit from their dishonesty, of which my hon. Friend gave examples.

I am sympathetic to the concerns of enforcers, who may be frustrated in their wish to carry out their duty to target those who perpetuate scams. As Minister with responsibility for consumers affairs, I have seen at first hand trading standards officers tackling people who deliberately set out to defraud consumers. I therefore know the difficulties that those officers often face in carrying out their enforcement activities.

I hope the House will indulge me, and allow me to record my appreciation of the work of Ron Gainsford and his staff at the Trading Standards Institute. Trading standards staff generally do not receive the recognition that they deserve for their work, upon which we all, as consumers, depend. They do their job with great rigour, skill and professionalism, and I believe that that is not sufficiently recognised. We have an opportunity to record our collective appreciation for their work, and I hope the House will endorse that. I am therefore supportive of the principles behind my hon. Friend's proposal.

My hon. Friend raised a series of issues, and possible routes to deal with the problem. He mentioned the Enterprise Act 2002 and the London Local Authorities Act 2000, and I shall return to the points that he made. It would be wrong of me not to stress that the majority of those using the services that we are considering today are responsible and honest businesses, many of them small and medium-sized enterprises, and I know that my hon. Friend would not want us to handle the issue with an iron fist or a heavy hand. As I said earlier, I had an opportunity to meet my hon. Friend just before the Christmas recess to discuss the problem. I promised to give careful consideration to the issues that he raised, as it was clear that further work was needed. However, I hope that he will understand that I have to consider all options before encouraging the Government to embark on a particular legislative route.

I welcome the fact that, since 15 December, some business accommodation address providers have been covered by the Money Laundering Regulations 2007. Those regulations are designed to ensure that the United Kingdom's regime against money laundering is effective and proportionate, and that it consolidates best practice. The regulations strengthen the supervision of business services at registered, business, correspondence or administration addresses. For example, such businesses now have to know their customers and have procedures in place, using appropriate checks and keeping records to help us tackle money laundering and terrorist financing. They are also required to register with Her Majesty's Revenue and Customs. Regulations will therefore have an impact on criminals who use this sector.

I realise that those provisions do not go far enough for my hon. Friend, because they do not apply to individuals who use such services. However, I hope that he and other hon. Members acknowledge that they go some way towards addressing the issue. In so doing, they send a clear message to the criminals that there is nowhere to hide if they get involved in money-laundering scams. I noted with interest my hon. Friend's point that the regulations may assist in the gathering of information

without imposing further burdens on business. We would be interested in exploring that further and will consider it as part of my Department's work in assessing the appropriate tools to tackle the problem that he outlined.

My hon. Friend mentioned the unwitting part that business accommodation addresses can play in scams. The Government are committed to improving Britain's consumer regime further—we want to protect and empower consumers as well as being fair to business. He will recognise that a delicate balance needs to be struck. We recognise that our consumer regime needs to be more effective in stopping the rogues. Those who set out to deliberately defraud consumers and, in so doing, target the most vulnerable in society must be tackled. We must keep under continuous review the tools at our disposal to do so.

That is one reason why the Government have committed £1.8 million over the past two years to pilots on a new regional approach to deal with dishonest and rogue trading practices. As a result, three specialist trading standards teams have been set up that can work across local authority boundaries, and they have begun to deliver benefits to consumers affected by scams in the pilot areas. We will continue to support the three Scambuster pilot projects to target conmen preying on the most vulnerable members of our society. We seek to extend the initiative to other parts of the country. Furthermore, we are funding a national network of analysts, led by the Office of Fair Trading, to ensure smarter and quicker identification of problems affecting consumers through the gathering of stronger intelligence.

My hon. Friend mentioned unfair commercial practices. To help strengthen our consumer regime, in April, we will implement the unfair commercial practices directive, which will help to simplify complicated UK law and hopefully make it easier for consumers and businesses to understand their rights and obligations. That will make it easier to tackle rogue practices and unscrupulous traders, some of whom have become adept at exploiting loopholes in the legislative framework. My hon. Friend made it clear that the use of accommodation addresses goes far beyond the scams tackled by Trading Standards. A number of other agencies and Departments across Government are responsible for investigating a far wider range of crime than that which affects consumers. He highlighted the possibility that accommodation addresses could be used by people who wish to conceal their identity or are involved in activities such identity theft, by organised criminal gangs, and by those who wish to evade paying taxes, to conceal benefit fraud, and to camouflage financial swindles and other activities.

Given the range of potential criminal activity that accommodation addresses can help to facilitate, other Departments and agencies have an interest in this issue and have a perspective on the available solutions. I have therefore asked officials from the Better Regulation Executive to facilitate a series of cross-Government meetings to improve our understanding of the extent of the problem and of the need for Government intervention; to identify the regulatory tools available and alternatives, if any, to regulation; and to begin to assess the costs and benefits of regulatory options, including statutory registration requirements. The first meeting will take place shortly, and I shall continue to track the progress of those discussions.

Housing (South Bedfordshire)

4.45 pm

Andrew Selous (South-West Bedfordshire) (Con): The Milton Keynes and south midlands sustainable community plan requires that 43,000 dwellings be built in south Bedfordshire by 2031. Originally that was to be just around Dunstable and Houghton Regis and the north of Luton, but later, at the request of the previous Leighton-Linslade town council, it was decided that they would also be built around Leighton Buzzard and Linslade. This is a truly massive amount of extra housing—roughly double the number of houses in my constituency, which is far more than other areas have been asked to accommodate. I believe that the number is too high, for the reasons that I shall explain.

Originally, South Bedfordshire district council planned to build about 9,000 extra houses, which itself would have been quite a tall order. However, I backed those plans because I recognised the local housing need and that people should have a decent home that is affordable and suitable. A recent South Bedfordshire district council survey found that 573 affordable homes are needed in south Bedfordshire, and 934 in Luton. The waiting list at South Bedfordshire district council is for about 2,250 houses—very different from the 43,000 houses that the Government are demanding that we build.

I want briefly to address why demand for housing is so high. As I understand it, the Government give two principal reasons: the rather loose term, "household formation"—most people would recognise that as family breakdown—and net immigration. If neither are checked, will another 43,000 houses be demanded by the Government after 2031? A sensible Government would take steps to deal with both those issues. I understand that the latest figures from the Office for National Statistics show that about 40 per cent. of the new houses that the Government want built are needed to cope purely with the rise in net immigration, which is running at about 190,000 per year. A Conservative Government would limit that number—it is too high for a cohesive society, particularly when 2 million of our fellow citizens who want to work are on benefits. On the family issues, I can give the Minister some good news: locally, South Bedfordshire community family trust is doing its bit to promote family stability, to reduce family breakdown and thus reduce demand for extra housing in south Bedfordshire.

I turn to local jobs—or rather the lack of them. There is already massive out-commuting from south Bedfordshire. The figure is estimated to be about 55 per cent.—probably higher—across the district as a whole, and in Leighton Buzzard and Linslade, with their good train service, it is probably nearer 70 per cent. There are nothing like enough local jobs, let alone enough for the residents of 43,000 new homes. Where will they work? London, Milton Keynes, Watford, Hemel Hempstead, Luton, St. Albans and Stevenage will no doubt be some of the places. A truly sustainable community needs enough local jobs for those who want to work locally. A sustainable plan would strike a good balance between housing and jobs, which I am afraid that the current one does not.

Some people need a short commute to care for children or frail or elderly relatives, or to contribute fully to

[Andrew Selous]

voluntary and community life in their neighbourhoods. Those opportunities will be denied to many people locally. The big local employers have gone, including Lipton, Lancer Boss and Gossard, in Leighton Buzzard, and Bedford Trucks, Waterlows, BTR, AC Delco and many others, in Dunstable—a town in which people used to have a good choice of major employers at both ends of the high street. We are far more of a dormitory district than we should be. Do the Government view south Bedfordshire just as a dormitory for London commuters, many of whom would rather live in the London where their work is?

Local transport needs are key to the housing growth agenda. Dunstable, Houghton Regis, Leighton Buzzard, Linslade and many of my villages all suffer appalling traffic congestion. Their residential areas suffer from rat-running, as do villages such as Totternhoe, Tebworth and Toddington. Much of the problem could be solved by the early building of the A5-M1 link, and I shall continue to campaign hard for its completion as soon as possible. Officials from the Department for Transport, the Government office for the east of England, the East of England regional assembly, the East of England Development Agency and English Partnerships, and lead councillors and officers from local councils, met locally on 7 December to try to progress the matter, and we shall meet again in July. I asked officials or Ministers from the Department for Communities and Local Government to come, and I understand why they were not able to, but it is important that they are involved in the process, too.

It is vital that the M1 widening scheme also includes the A5-M1 link, but it does not. Currently, the M1 will be widened without junction 11A being put in, costing the taxpayer an extra £12 million, which is nonsense. When we have appalling congestion, the Government should not even think about building extra houses without building that key road. It is catch-up infrastructure that should have been built many years ago, and the issue lies in the Government's hands. They can instruct the Highways Agency to build the junction while it is widening the M1, and have the road built as they intend to build the new houses.

Mrs. Nadine Dorries (Mid-Bedfordshire) (Con): I fully support my hon. Friend on his points about the widening of the M1 and junction 11A. Does he agree that there is not only pressure on south Bedfordshire, but that Mid-Bedfordshire, and particularly the village of Aspley Guise, is suffering from Milton Keynes expansion and the number of houses that the Government want to build in the area?

Andrew Selous: I recognise entirely the points that my hon. Friend rightly makes about her area.

I also asked the Government whether they have examined the ability of the bypass to cope with the cars from an extra 43,000 houses locally. I want to end up with an area that is viable—a nice place that works for people who live and work there once the project is complete.

On the need for local jobs, the delay in building our bypass has caused massive problems for retail trade in Dunstable, and many shops are either empty or charity shops, as is true of Leighton Buzzard, too. Some residents west of Dunstable tell me that because the congestion in West street has become so bad, they find it easier to travel the 8 miles to Berkhamsted to shop, rather than cross Dunstable to reach the major supermarkets in the east of the town. Some residents of the Planets estate in east Leighton Buzzard tell me that they find it easier to reach Tesco in Bletchley, as they would get stuck in traffic trying to reach Tesco in Leighton Buzzard. Those are the congestion problems now. Urban extensions to former mediaeval market towns cannot continue without causing gridlock. My towns are not Milton Keynes, whose grid system allows the traffic to keep flowing as new houses are added. Do the Government not recognise the difference between the two?

Train capacity from Leighton Buzzard is not adequate for the projected housing numbers either. How will a possible 120 extra seats on some 12-coach trains cope with the extra demand from Leighton Buzzard and Linslade's new residents who need to commute to work? How on earth will only 240 extra car park places be sufficient, given that the station is on the west of the town, most new housing will be in the east, and not everyone will be able to bicycle to the station? We need answers to those questions before the houses are built.

South Bedfordshire already has a deficit, lacking much vital infrastructure that the population deserves now, before a single extra house is built. Facilities for the young in all three towns that I represent are woefully inadequate compared with neighbouring larger towns. Young football players and older bowls club players in Houghton Regis have no changing facilities or toilets to use while they play their matches. Lottery funding, which could finance those facilities, runs at only one third that received by neighbouring poorer and wealthier constituencies.

Leighton Buzzard needs medical facilities, a community hospital with beds for post-operative care and other medical services. It is one of the largest towns in the country without a hospital, so why does Bedford have a hospital and a health village with short-stay beds, when Leighton Buzzard, Bedfordshire's second biggest town, has neither?

Where is the commitment from the Government not just to build but to fund year-on-year a community hospital in Leighton Buzzard as part of the growth plans? Why does Bedford have bypasses around it in almost every direction, when the key bypass that is vital to all south Bedfordshire and beyond, including towns such as Aylesbury, is not projected to be finished before 2014?

We in Leighton Buzzard would also like cells in the local police station, the return of a magistrates court if we are to have such growth, and a lift at Leighton Buzzard station. Furthermore, what about water resources? Representatives from the Environment Agency asked me to accompany them on a visit recently, and they said that

"there are no new resources available to meet the demands that development will place on an already struggling supply".

How much more expensive will water be for my constituents because they have to pay for the cost of shipping in water from a long way away to accommodate the demand for the new houses?

Flood defences have been postponed, but the areas on which there will be building are prone to flood. When will the defences be built? The Environment Agency says that it has

"reluctantly postponed the work for the time being".

May we have a date please from the Minister?

On greenbelt issues, I note that the Minister's boss, the Secretary of State for Communities and Local Government, said on 13 July 2007 in response to a question from Jonathan Dimbleby:

"No I think I have tried to be as clear and unequivocal as I can be and say that the current protection for the Green Belt will remain."

My constituents do not understand that statement when they see the south Bedfordshire greenbelt being rolled back in significant areas.

On local democracy, or rather the lack of it, why not trust the people? Put the infrastructure in up front and towns will vie for housing growth as they do in Germany. That way we will stop politicians—of all parties—from opposing development as six Labour Cabinet Ministers have opposed it in their areas. The Conservative approach will be bottom-up. We will scrap the regional assemblies and return power to council chambers from where it should never have been removed. Planning law should allow for quicker decisions and faster implementation of locally taken decisions, so that we can build more than just the 45 affordable homes that were built in south Bedfordshire last year. That is not enough, and in my area I want acceptable housing growth to come more quickly, and with the infrastructure. Why has planning law not been changed to allow faster implementation of appropriate housing with infrastructure?

Will the Government ensure that developers wait until the core strategy document is in place? On the one hand, the Government insist that South Bedfordshire district council produce a core strategy document that, with the best will in the world, will take it another nine months to complete; and on the other, they allow developers, under planning policy statement 3, to lodge plans. The Government should allow the council to go faster to complete the work. Local views are, after all, very well known. In March 2004, 17,000 local residents, mainly from Dunstable and Houghton Regis, signed a petition raising the concerns that I raise today. In November 2007, 10,500 people, almost 30 per cent. of Leighton Buzzard's population, signed another petition expressing similar views to those which I express today.

Will the Government assist the district council to produce the core strategy document sooner and tell Arnold White Estates, Willis Dawson Holdings and other developers locally not to lodge their plans before the document is ready, and will they address the jobs, transport and infrastructure needs of which I have already spoken?

It appears to us in south Bedfordshire that the Government are trying to secure development on the cheap. Will they give the district council the cash to plan housing as they have given West Northamptonshire development corporation, which received £15,353,000 in 2005-06—all from the Government? Bedford Renaissance, Bedford's local development vehicle, also has Government funding.

The district council has to employ consultants, often at more than £1,000 a day, to do the work that the Government require. Is that really value for money when housing to the value of about £4 billion is being discussed? With the Government demanding that 43,000 houses be built, will they fund the council to do the work that they demand, as they have in Bedford and in west Northamptonshire? Why is south Bedfordshire again being treated worse than other areas? Why should our council officers have to do two jobs for free, when they could work for consultants, doing one, less stressful job at a higher salary that was paid for by local authorities and funded by my local council tax payers' money?

We want a speedy decision on local government reorganisation. The delay, which will be almost two years after the July 2007 date that we were originally promised, has been damaging, with officers leaving due to the Government's inability to take a decision and stick to their original timetable.

When the houses are built, can they please be of the highest ecological standards, to limit our carbon emissions? Can we have lifetime homes to help people when they become older, frailer and more disabled, and housing specifically for the disabled? Can we have adequate parking? We want none of this trying to design out cars. Let us really look to the future, when cars will be greener and so will not be a problem. There are massive problems when the Government insist on housing without enough parking being provided. Can we have enough space for fire engines to get through narrow streets when cars park on either side? That is a real problem, and there will be a tragedy if it is not addressed. Can we please not build on flood plains?

In spite of the problems that I have outlined, south Bedfordshire remains a great place to live and work, and I would not want to live anywhere else. It has human-scale communities and beautiful countryside, but it deserves to be treated fairly, which it has not been for many years. We are already close to the edge of viability due to congested roads and trains and the lack of local jobs and other infrastructure. It is because I care about the area that I have raised concerns.

There is a different way. Stop ramming houses into sustainable community plan areas; spread the growth more equitably; put the infrastructure up front; trust local communities; scrap dictated Whitehall and regional targets; put back to use 150,000 empty properties in the south-east; convert more flats over shops into starter homes; and use more redundant public land and less of the farmland that we shall need as grain prices rocket. Do not build on flood plains, as global warming is making floods more frequent and forceful; reduce demand by addressing net immigration and family breakdown; and ensure that more housing is affordable through shared ownership schemes so that more people can get on the housing ladder sooner. Encourage better use of social housing by incentivising couples in social housing that is now much larger than they need, perhaps because their children have left home, to downsize, thus freeing up much needed family accommodation. That is what the Government should be doing, and I should be grateful if the Minister could answer the questions that I have asked.

3.1 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright): I wish you a happy new year, Mr. O'Hara. It is a pleasure to see you chairing the debate. I congratulate the hon. Member for South-West Bedfordshire (Andrew

[Mr. Iain Wright]

Selous) on securing the debate, and I wish him and the hon. Member for Mid-Bedfordshire (Mrs. Dorries), who made a contribution, a happy new year, too.

The debate has been important and articulated extremely well. I was intrigued by the contribution of the hon. Member for South-West Bedfordshire, and I am looking forward to seeing in *Hansard* tomorrow the spending commitment shopping list that he made, which seems to be somewhat at odds with the policy of tax cuts of Conservative Front Benchers. We shall leave that be for the moment.

The issue is important, and I shall go back to first principles, which the hon. Gentleman mentioned. We are facing, and have faced for a generation, a substantial shortfall in houses, particularly affordable homes. We need more homes—it is as simple as that. I believe that that is becoming a political consensus across the spectrum. We have not been building enough homes to meet demand since the 1970s. As the hon. Gentleman said, society is changing—we are living longer and in different ways, including on our own—and that needs to be addressed through the housing stock in a way that it perhaps was not 20, 30 or 40 years ago.

I was interested in the hon. Gentleman's point about immigration. He said that 40 per cent. of new household formations were the result of migrant flows. I point out to him that 23 per cent. of new households in the east of England are a result of immigration into the region. It has been calculated that only about 20 per cent. of those households can be identified as being due to immigration from overseas; the rest are due to migration from London and the rest of the UK. It is a bit of a myth to say that we need more houses to cope with immigrants. That is not the case. We need more houses to cope with demand, which is a result of society changing. That is an important point to clarify.

There are parts of the country—the hon. Gentleman said that his is one, which I know is the case, as I have been to the area—where it is difficult, if not impossible, for young people to get on to the housing ladder. He will know that we published our housing Green Paper last July to address that, and its title, "Homes for the future: more affordable, more sustainable", clearly illustrates where our priorities must lie.

The south Bedfordshire district is located in the Milton Keynes and south midlands sub-region and is one of four growth areas that we designated in 2003 in the sustainable communities plan, which sets out how we would tackle sustainably the pressing need for new homes and jobs. It recognised the need for a joined-up approach to development and placed quality of life at the centre of that development for new and existing communities.

Quality of life and sustainability continue to underpin the Government's approach to delivering new homes and communities. To create a spatial framework for delivery, the Milton Keynes and south midlands sub-regional strategy was developed to identify not just the best locations to deliver the growth required to meet housing and employment needs until 2021, but those that offered significant regeneration opportunities. Two locations in Bedfordshire have been identified: Bedford and the northern Marston vale and the Luton-Dunstable-Houghton Regis conurbation, which I understand includes the hon. Gentleman's constituency. He rightly said that the sub-regional strategy allocated a growth target of 26,300 new homes and 12,600 new jobs by 2021 to Luton and south Bedfordshire and indicated that the primary focus for them should be in and around the existing conurbation. It stated that a green belt review should be undertaken and land safeguarded for a further 15,400 homes and 7,400 jobs to be created from 2021 to 2031.

As the hon. Gentleman said, those are challenging targets, but we now have a planning system in place that will give local authorities every opportunity to deliver that ambition. To prepare the local development framework in a joined-up fashion, we have passed legislation that allows the three relevant local authorities—Luton borough council, South Bedfordshire district council and Bedfordshire county council—to set up a joint planning committee. It is now statutorily constituted as the local planning authority for the area for the purposes of preparing the local development framework. I congratulate our local government colleagues in the area on taking such a constructive and joined-up approach to delivering the local growth agenda that their population needs. I recognise that, for each authority, it represented a considerable political challenge.

One of the greatest things that I do as a Minister is chair the Milton Keynes and south midlands inter-regional board. Time and again, when I visit the region, I am struck by the ambition, can-do and positive attitude of the people there. I am inspired by what I see in the constituencies of the hon. Gentleman and the hon. Member for Mid-Bedfordshire.

The new planning system, which we introduced in 2004, is designed to ensure much greater public input than in the previous system. Extensive public consultations have been carried out already in Luton and south Bedfordshire on a number of options for growth, and the authorities will now act on their results. As the hon. Member for South-West Bedfordshire said, they will produce a preferred core strategy setting out the spatial framework necessary to deliver growth in accordance with the agreed vision for the area.

The options that were published for consultation identified a wide range of potential housing locations, primarily on the periphery of the conurbation and around Leighton-Linslade. I can understand why some of the options caused concern to the hon. Gentleman and those whom he represents, but many of the potential locations were put forward by landowners and developers. It would have been remiss of the joint committee to exclude them from its consultation, even though some were outside the area recommended by the sub-regional strategy. It was an appropriate approach, as it was better to put those locations in the public arena now than have them emerge later.

Andrew Selous: Will the Minister kindly address the two specific points that South Bedfordshire district council asked me to put to him? Will he allow plans to be lodged before the core strategy document is in place, which the Government are allowing under PPS3, and will he help South Bedfordshire council to do the work in the way that it is being done in Bedford and west Northamptonshire?

Mr. Wright: If the hon. Gentleman will allow me, I am coming to the specific points. I hope that I shall address all his points of concern, but I pledge that, if I

cannot do so in the time available, I shall write to him and to the hon. Member for Mid-Bedfordshire if she wishes.

I have mentioned the public consultation, and it is important to have public accountability and engagement in the process. I urge the hon. Gentleman, if he has not already done so, to respond to the consultation and encourage his constituents to take full advantage of it and express their views on how their area can best be developed. It is their community, and the Government have given them the opportunity to have a full say in how its future should be shaped.

Let me come on to the points raised by the hon. Gentleman. He mentioned the important issue of the green belt. The Milton Keynes and south midlands sub-regional strategy, which was adopted following extensive public consultation, states that

"exceptional circumstances require a review of the green belt around Luton, Dunstable, Houghton Regis to provide headroom for potential development needs to 2031 and specifically to accommodate sustainable mixed-use urban extensions, which support the continued regeneration of the existing urban area."

That review will be taken forward through the local development framework process with full public consultation. I should also like to confirm that, while green belt boundaries may be reviewed in a small number of locations, it is not our intention to alter green belt policy as set out in planning policy guidance note 2. It has been a good policy framework for the past half a century, and I think that it will continue to be so. It has had the direct and personal commitment of the Prime Minister.

I was interested in the hon. Gentleman's statement about making housing growth more equitable and wondered whether he was taking a contradictory position. I may be wrong, but I took that to mean urban sprawl. Green belt is a planning designation that is specifically designed to avoid urban sprawl. It allows us to concentrate as much development as possible in brownfield and, if necessary, greenfield sites. I should be interested to know whether the two views are contradictory.

Andrew Selous: As the Minister becomes more familiar with my area, he will realise that almost all those houses are in urban extensions. We can only accommodate a very small proportion of them on existing brownfield sites. We just do not have the space to do otherwise. May I ask him in his remaining minutes if he could address the issue of the ongoing funding of the community hospital? We were promised infrastructure. If the Government were not forcing 43,000 houses on us, we would not need the infrastructure. Will the Minister address the hospital, train capacity and water bill issues in the remaining three minutes?

Mr. Wright: I shall address the wider point about infrastructure, because it is very important. The hon. Gentleman mentioned road links as well. The point about road links, community facilities, health services, utility facilities and the wider infrastructure is vital, and I should like to address it, as it is very much on my mind as the House goes forward with the Housing and Regeneration Bill, on which we start our detailed clause-by-clause considerations tomorrow. One of the things that we will consider is the establishment of the Homes and Communities Agency, which will provide infrastructure. We have defined that provision in the widest possible sense, so that road links can be addressed. That has happened with the A41 in Bedford, not a million miles away from the hon. Gentleman's constituency, to free up space for 2,500 homes. In other respects, that could follow on from what English Partnerships is doing.

English Partnerships has funded 11 schools in the country over the past few years as a means of regenerating an area and freeing up land that developers want for housing. The Homes and Communities Agency could undertake such exciting and ambitious projects to ensure that the infrastructure is there to free up space and to provide commitment to developers that housing is available. As we go through the Bill, I think that we will be looking at that issue more and more. That is a tremendous opportunity.

Andrew Selous: I implore the Minister to talk to his colleagues in the Department for Transport about the A5-M1 link. At the moment, the Government are going to widen the M1 without putting in junction 11A. Will the Minister address that as well?

Mr. Wright: My understanding is that, when the Government asked the East of England regional assembly to identify the schemes that it wanted to deliver in the next decade or so and when it wanted to deliver them, it programmed the A5-M1 link for the period after 2011. As part of the process of devolving greater power to the regions, we accepted the regional assembly's recommendation, while recognising—the hon. Gentleman is indicating a bit of dissent about this—that we would prefer the scheme to go ahead earlier if funding could be found.

I understand that, in consultation with the Treasury, my Department and the Department for Transport, the Government office for the east of England has been exploring alternative ways of funding the scheme. Partners in the region are increasingly interested in pursuing the possibility of increasing the total funds available through combining private and public sector resources. In the longer term, the Homes and Communities Agency could be involved as well.

It being fifteen minutes past Five o'clock, the motion for the Adjournment of the sitting lapsed, without Question put.

Westminster Hall

Thursday 10 January 2008

[ANN WINTERTON *in the Chair*]

Police Funding

[Relevant documents: Fourth Report of the Home Affairs Committee, Session 2006-07, on Police Funding, HC 553; and the Government Response to the Committee's Fourth Report, Session 2006-07, HC 1092.]

Motion made, and Question proposed, That the sitting be now adjourned. *[Alison Seabeck.]*

2.30 pm

Keith Vaz (Leicester, East) (Lab): I am grateful to the Liaison Committee and to you, Lady Winterton, for the opportunity to allow the House to debate the fourth report of the Home Affairs Committee from the last session, which is on police funding. The purpose of the debate is to discuss the issues that were raised in the inquiry and to look at developments since.

I am pleased to see the Minister back in Westminster Hall after the debate yesterday on police pay, which was initiated so eloquently by my hon. Friend the Member for Hayes and Harlington (John McDonnell). At 80 per cent. of the policing budget, police pay-related expenditure is a major aspect of funding, and I shall speak about the issue later.

As this is my first speech on a Select Committee report as Chairman of the Home Affairs Committee, I should like to pay tribute to the Committee's staff, who are led by Elizabeth Flood and Tony Catinella, who do a wonderful job.

I am also pleased to see the hon. Member for Eastleigh (Chris Huhne) attend his first major debate on his new portfolio. His website tells us that:

"Chris is unusual among modern politicians".

I am sure that we will find that that is the case, as he proceeds with his new portfolio. It is worth noting his quote of the month from his defence of Albrook farmhouse in a local publication. He said that it was

"clearly better to be a Beatle than a Beale"

I wish him well in his new position, no matter what his musical tastes are.

Policing and law and order are fundamental to a modern society. We ask the police in our country to perform a wide range of tasks, and we rightly expect a high standard of service. In the past 10 years in particular, we have seen the role of police officers greatly increase. That is partly owing to our growing anti-terrorism operation, but it relates also to the fact that there has been a growth, in the past 10 years, in the domestic agenda that requires police activities and assistance. We ask some officers to carry firearms and to approach people who may be a threat to their lives.

During the de Menezes case, we heard that a police officer had thrown himself on a man whom he believed to be a suicide bomber, to stop the public being hurt—the officer was rightly commended for his actions. Officers quite literally deal with life and death situations. Our law and order agenda, as set by the Government, is wholly dependent on our police force, and it is vital that good relations are built between the people who make the laws and those whom we ask to enforce them. I should like to take this opportunity to pay tribute to the 142,374 police officers in the 43 forces throughout England and Wales.

It is worth bearing it in mind that the Committee began to inquire into the funding that police forces receive, how it is used and what changes can be made to improve efficiency in April 2007. The report made a number of wide-ranging recommendations to which the Government initially responded in October 2007. The most significant question was whether we are getting value for money. Had the increase in funding been matched by a fall in crime trends? The Committee felt, on balance, that it had not.

It was agreed that there had been a general fall in crime, but that was most significant in the years predating the bulk of additional police funding. The fall in crime figures has now levelled off, despite significant increases in police funding for the years 2000-01 and 2004-05. The report acknowledges that crime levels are affected by a range of factors other than police resources and that it is difficult to draw firm conclusions from high-level data on overall crime and funding levels. However, the report concludes that the reduction in overall crime did not seem to be directly related to additional resources.

The Government response was that Home Office research showed that increases in police

"strength, visibility and focus"

have had a

"significant impact on reducing crime".

The Committee welcomes the range of steps that are being taken to assess the effectiveness and efficiency of the police service, but urges the Government to redouble their efforts to ensure that investment in the police is used to maximum effect and that there is a direct relationship between expenditure and the fall in crime. I think the public expect that, and I regard it as the ultimate benchmark.

Efficiency was an ongoing theme of the Committee's findings. We looked at research by the Treasury and the Audit Commission that confirmed that there remains scope for significant improvements in the way in which police forces use the resources available to them. We recommend that those who are in senior police leadership must demonstrate that they are making a concerted and sustained effort to improve the use of the resources that they are given. Perhaps the Minister will tell us when he replies whether he is satisfied that resources are being used in that way?

Our report noted that, in the past 10 years, the proportion of total police funding raised through the council tax precept had risen from 13 per cent. in 1997-98 to 21.5 per cent. in 2006-07. There is no specific cap on police precept increases, but there is a cap on an authority's overall budget. The Government have made it clear that they expect council tax increases for 2007-08 onward not to exceed a 5 per cent. each year. Given that the proportion of police funding raised from local taxation is increasing, the Committee is concerned by the implications of limits on council tax increases for the resources available to the police. During an evidence session, the Minister said that the Government remained

[Keith Vaz]

committed to the overall council tax increase of only 5 per cent. His view was that it was appropriate

"to look not at overall council tax and capping, but to look at the issue of police precept and whether it remains appropriate for that to be capped".

He also gave examples of flexibility in the capping system. The Committee notes the Government statement that they will not hesitate to use their capping powers when necessary, and it shares the Minister's concern at the wide variation between forces in the proportion of total police funding raised locally. It acknowledges that decisions taken locally underpin that disparity and welcomes the Government's undertaking to consider whether it is appropriate to seek to narrow the range of police authority precepts. The Minister told us that the issue of

"local contribution versus national contribution"

in police funding was

"a really interesting debate".

We hope that the Home Office will take steps to inform the debate by commissioning research on that important question.

The Committee's inquiry was published before the comprehensive spending review settlement for the next three financial years. The Committee was concerned about previous Government statements that any shortfall in the funding settlement must be met by increased efficiencies. We feel that the Government need to be clearer on, and more realistic about, how much cashable increases can be. The CSR asked for even greater increased cashable efficiency in the next few years, and the Committee recommends that the Home Office keep its policy of not mandating police forces to share services to cut costs under review. Will the Minister inform us whether that remains under consideration?

Crucially, the Association of Chief Police Officers has said that the CSR settlement is enough to retain day-to-day running of the police, but not enough for any key development. Although the Government confirmed that they did not intend to impose any new burden on police authorities, it seems strange to suggest that there will be no new roles for the police to fill over the next three years. The Government are urged to consider centralised funding for any new initiative.

The total provision for the policing revenue grants in 2008-09 will be £9.2 billion—an overall increase of 2.9 per cent. We accept that that is also the provisional figure for 2009-10. I hope that hon. Members will not mind if I digress slightly to talk about the increase received by my local police force, Leicestershire. The Leicestershire constabulary received a 2.9 per cent. rise in funding for the next three years, which is above the average but not at the top of the scale. It would be churlish and ungrateful of me not to thank the Minister for that increase.

Following a meeting that I had with the chief constables from the east midlands, I wrote to the Minister to ask him to ensure that there was future funding for the east midlands special operations unit. I am glad to say that that has been provided, which is very welcome. The unit is one of the few collaborative efforts between forces that still exist, and it has been very successful. The Government must centrally fund such efforts when they produce such excellent results and allow local forces to concentrate on other funding areas. I congratulate my local chief constable, Matt Baggott, who was made a CBE in the new year's honours list. He is deserving of that award.

Too much bureaucracy and paperwork was considered a major problem for police forces. We acknowledge that there is a minimum amount of time that has to be spent on paperwork, but the time that officers spend on it remains unacceptably high. I recently met a serving officer in a west London police station. He told me that many in the force felt overburdened by the amount of paperwork that they had to complete, and he was keen on the idea of introducing handheld computers as soon as possible. He echoed the point made to me by a number of serving officers about how to reduce bureaucracy by the introduction of new technology – what I call the force behind the force. More needs to be done to ensure that handheld computers are made available to police forces as a matter of urgency.

Mr. David Ruffley (Bury St. Edmunds) (Con): I, too, am interested in mobile working as a means of reducing police paperwork. Can the right hon. Gentleman give some indication of the resources that are, or might become, available that he came across during his inquiries?

Keith Vaz: I thank the hon. Gentleman for that intervention. I am sorry not to have acknowledged his presence on the Opposition Front Bench today; he was very busy yesterday as well in the debate on police pay. He raises a very important point. We did not specifically consider it in the last report, but as I will say when we go on to our new inquiry later this year, it is one of the issues that we need to consider. It needs to be examined, and as the hon. Gentleman has suggested, the police are very keen to have that technology. My right hon. Friend the Prime Minister announced in September that he would make more cash available for that purpose and made a commitment to ensuring that that was done, but unfortunately, there has not been a significant increase in such technology since then.

I recently met representatives of BlackBerry, which already supplies about 15 forces with its devices. They wanted to know how to help the Government to increase their usage. They were concerned that there would be a sudden rush to use them, but wanted to emphasise that it takes time to programme the computers, so they need to begin that work as soon as possible.

In 2002, the Labour Government introduced police community support officers. It was thought that they would provide savings by giving us a much more flexible work force. We found that, although that may be a good idea, many are not used as the Government intended. Many are not used in front-line services; instead, they are deployed on administrative work in police stations. We therefore welcome the undertaking by the Government and the Police Federation to research how PCSOs are used, and we recommend that that should be done as a matter of urgency.

There is no doubt that many questions have been raised about the role of PCSOs, with some police forces reporting that they often get in the way of regular police officers and can be too expensive. Only this summer, we heard about a young boy who was drowning, but a

number of PCSOs allegedly did not help him because they were not trained to do so. That issue and others reported nationally have begun an important debate about the training of those officers, what they are meant to do and, indeed, what the public expect them to do.

I welcome the independent review of policing headed by Sir Ronnie Flanagan, whose interim report has made early recommendations to address challenges concerning bureaucracy and managing resources more efficiently, as our report highlighted. The final report is expected soon, and the Select Committee looks forward to receiving its recommendations. We hope that Sir Ronnie will come to give evidence as soon as possible.

In all, we made 22 recommendations in our report. The Select Committee felt that more issues needed to be examined comprehensively, which is why it decided, when it looked at its programme for this year, to conduct a further inquiry into policing. On 22 February, the Committee will launch its inquiry into policing in the 21st century. The launch will be in Newark and will be hosted by the hon. Member for Newark (Patrick Mercer). Once again, the main issue that we will examine will be funding, of course, but we should also highlight concerns such as terrorism, gun and knife crime and identity fraud. We will also consider the role of PCSOs, the role of technology in the police force, the definition of front-line policing and the recruitment and retention of officers. That will be a major inquiry, as the Committee has not considered the role of the police in such a way for some time.

Mr. David Drew (Stroud) (Lab/Co-op): Could the Select Committee consider the relationship between police forces and other aspects of justice? I was always against the reorganisation of police forces into larger units, but we have reorganised, for example, the magistrates service into larger geographical units, and there is now a very rough edge between the way in which policing works and other aspects of justice. If that could be included in the inquiry, I would be overjoyed.

Keith Vaz: Two other members of the Select Committee are attending this debate. We will certainly want to touch on the issue that my hon. Friend raises. I thank him for his intervention. We are going to Monmouth, Reading and Newark, and we might even visit him in Stroud if he is lucky.

Police and staff pay takes up the largest amount of the annual police budget, at 80 per cent. It is therefore the most crucial aspect of the police budget. As I have previously said, without the dedication and hard work of police and staff, none of the Government's law and order agenda would be possible. Three things struck me about yesterday's debate in this Chamber at about the same time. The first was the sheer number of colleagues who came to express their anger and concern about that issue. The second was the isolation of the Minister in his defence of the Home Office's decision. The third was the complete unity and eloquence of hon. Members present from all parts of the country and from all parties in support of the police officers' position.

At this point, I should like to thank my colleagues on the Home Affairs Committee: the hon. Member for Taunton (Mr. Browne); my hon. Friend the Member for Regent's Park and Kensington, North (Ms Buck); the hon. Member for Hertsmere (Mr. Clappison); my hon. Friend the Member for Keighley (Mrs. Cryer), who is here today; the hon. Member for Monmouth (David T.C. Davies); my hon. Friend the Member for Burton (Mrs. Dean); the hon. Member for Newark; my hon. Friends the Members for Luton, South (Margaret Moran) and for Dover (Gwyn Prosser); the hon. Member for Colchester (Bob Russell); my hon. Friend the Member for Reading, West (Martin Salter); the hon. Member for South-West Devon (Mr. Streeter); and, of course, our senior member, my hon. Friend the Member for Walsall, North (Mr. Winnick). I thank them for extending our programme last year to allow for an extra session. That reflects the fact that the Committee views the subject as both urgent and important.

Lembit Öpik (Montgomeryshire) (LD): Is not that list an indication that this is not a party political question, but a matter of justice? Is it not ironic that the police, who are part of the justice system, are treated so manifestly unjustly in their pay award? Is the right hon. Gentleman aware—it may be outside his remit—that the Serious Organised Crime Agency has similar grievances? Having been promised comparable terms to those of their employment before joining the agency, staff now find the terms of their employment eroded, so that they are worse off, contrary to the promise made to them when they joined an agency of crucial importance in fighting serious crime.

Keith Vaz: No, I did not know that. We will take evidence from SOCA at the beginning of February, when we can explore the issue.

The matter has caused enormous concern, and has become the most controversial part of police funding. As the hon. Gentleman said, it can be seen from the list of Members that I read out that the Home Affairs Committee consists of many different personalities and views, yet its view on the issue is unanimous. As a result of the evidence given, I wrote to the Home Secretary to ask that she reconsider her decision and accept the recommendation in the letter to her agreed by the Committee.

In our June report, we spoke of our concern about the link between pay and recruitment and training, recommending to the Home Office that the matter be reviewed. We are concerned that it will now become an even greater problem in light of the pay dispute, and evidence and testimonies submitted by the chairwoman of the Police Federation, Jan Berry, and the chief constable of Nottinghamshire police indicate that our fear is well founded.

There is particular concern about the loss of experienced officers who have become disillusioned with their jobs. A force cannot function with purely new recruits; it takes time to build up expertise. My letter to the Home Secretary spoke of that concern and of harmful effects on trust between the Government and the police. The Government's decision weakens the arbitration panel's power and role. Without trust and respect for the decision on both sides, arbitration becomes meaningless.

The police are a special case. They are one of only a few types of public service employee who cannot strike, and until now, they have not wanted to do so. With the Government turning their back on their duty of honour,

[Keith Vaz]

the Police Federation has balloted its members on whether it should support a strike. As we heard yesterday, during the past month, Members have been receiving e-mails from constituents and police officers all over the country expressing anger at the Government's decision. Let us consider one of those boroughs, Harrow—the Minister's own local police force—where 354 police officers work. They are, of course, all eligible to vote.

It is the principle that infuriates, and the principle directly affects how we consider police funding. Sometimes, it is morally right to act in a certain way. In response to the Northern Rock crisis, the Government found £25 billion of taxpayers' money. Why put at risk the trust and good will of the police force, which is so important to the running of the country, for the sake of £30 million out of a £9.2 billion Home Office budget?

I listened carefully to the Minister's speech yesterday to put it in the context of what the Committee said in its report on police funding. I have heard him speak many times and have always found him to be firm, strong and decisive. I count him as a good friend—until recently, I lived in his constituency when I was in London—and I rate him as one of this Government's best Ministers, but I felt that his argument yesterday lacked the conviction and intellectual robustness that we expect of him. Frankly, I do not believe that making his defence yesterday was his finest hour.

The Government's case is weakening by the day. During an evidence session, we were told that most of the police forces in the country have budgeted to pay an award of 2.5 per cent., backdated from 1 September 2007. The Home Secretary and the Prime Minister have continuously defended the Government's decision by arguing that pay awards must be kept in line with the Government's targets on inflation—not on police funding, which would have been understandable—yet we heard from the chief constable of Nottinghamshire police that the 2.5 per cent. was in his budget and that he was ready to pay it. The Association of Chief Police Officers described the recommended pay deal as both fair and affordable.

From such evidence, it seems clear that our police forces would not suffer by paying officers the award in full, and the potential effect on inflation seems minimal, especially as the Government have decided to pay PCSOs—who work with officers—and police desk staff the full 2.5 per cent. If I am wrong, I am happy to be corrected by the Minister. He admitted in December that the police are a special case:

> "We have made sure that the police are, in relative terms, considerably better paid than others in the public sector."

How can he defend the indefensible idea that the police should be paid in line with other public sector workers when they are so different?

We explored the issue of the arbitration panel in our arguments with the Minister yesterday, which I shall not repeat. Mention was made of the situation in Scotland, where the award has been paid in full. During an evidence session, the Home Secretary spoke of the savings that would be made by not paying the full award, saying that the amount was equivalent to 800 extra police officers. The Minister confirmed yesterday that the money would not be spent on new police officers—the savings made for police officers would not go to new recruits. It reminds me of the terracotta army—a group of people who will not be paid for, do not exist, cannot move and take a very long time to see.

Some 203 Members from all parties have signed early-day motion 512, which calls for the Government to reconsider their decision on police pay. It demonstrates the strength of feeling in the House, and it cannot be ignored. We hear that there will be demonstrations in Westminster on 23 January and in Redditch later in the month, and the Police Federation has mentioned the possibility of judicial review.

A solution to the police pay dispute must be found soon. It threatens to distract attention away from the reforms that the Minister feels are important for the police force and that the Committee has commented on in our report. We want our officers focused on what the Government want them to do, rather than sending us e-mails or demonstrating. That is why the matter is vital.

The public should see the Prime Minister and the Home Secretary meeting the Police Federation, discussing the issues and finding a way forward that results in the award being paid in full. The Government have made a mistake on the issue; their reasons might be clear from the so-called Kershaw memorandum that circulated in local and national newspapers. The new Prime Minister has said clearly that he wants to listen to Parliament. Through the early-day motion and the speeches of the past few weeks, Parliament has made its voice clear. It is time for this Government to listen and pay the police what they deserve.

Several hon. Members *rose*

Ann Winterton (in the Chair): I call Lembit Öpik, who did not stand. It would be helpful for the Chairman if those who wished to speak indicated it clearly by standing.

2.59 pm

Lembit Öpik (Montgomeryshire) (LD): I am sorry, Lady Winterton. My shy and retiring manner prevented me from standing up. I was momentarily paralysed by fear, but I have overcome it now. May I apologise, too, Lady Winterton, for being on duty as a Bill Committee member? I hope that, as I do not wish to put specific questions to the Minister, he will forgive my discourtesy in leaving before the end of the debate.

I have two specific points to make from a Welsh perspective. First, the Dyfed-Powys police force has an excellent record of keeping crime rates down, especially in rural areas. In congratulating the right hon. Member for Leicester, East (Keith Vaz) on his erudite and clear-minded exposition of issues—those issues have been raised with me, too—may I assure him that the problems that he foresees affect the Welsh constabularies as well? My hon. Friends the Members for Brecon and Radnorshire (Mr. Williams), and for Ceredigion (Mark Williams) and I discussed those matters yesterday, and our concerns were in accord with those that the right hon. Gentleman has just highlighted.

The second specific issue relates to the question of pay. The arguments, which were covered in yesterday's debate, too, are not really matters of party politics, but

of basic justice. Either we take seriously the findings of an independent commission on police pay, or we do not. It is certainly not acceptable to go to arbitration, but then to ignore the outcome of that arbitration when the police themselves have agreed to be bound by it. Of course, they would like to receive more than the arbitration indicated, but they were willing to live with the constraints of what that process offered them. It is the Government who have stepped back from a promise that they implicitly made by entering the arbitration process.

The other side of the funding issue, which I suspect is within the Select Committee's remit, is the terms and conditions of employment for members of the Serious Organised Crime Agency. When I had the opportunity to discuss the matter with SOCA members, they said that they were promised that their salaries and pension would not deteriorate as a result of their helping to set up that very important agency. Subsequently, it seems that the Government have gone back on that. In fact, terms and conditions for SOCA members have got worse, as they are being paid less than they were promised. That is reprehensible, because tackling organised crime is a difficult, dangerous and very important job. We all know that organised crime is a terribly serious and debilitating element of crime as a whole because, by definition, it is organised by some very professional criminals who stop at nothing to protect their interests. People who are on the front line of dealing with some of the most dangerous crimes in the country entered the agency in good faith with regard to the salaries and pensions that they could expect, but the Government have back-pedalled on their promises.

I welcome the fact that the right hon. Member for Leicester, East plans to take evidence from the agency, and I hope that the Government will listen to the points that have been made by agency representatives. It is unjust that the police as a whole did not receive the arbitrated increase, and that members of the agency, who entered employment on certain terms, have had those terms unilaterally renegotiated by their pay masters. I hope that the Minister and his colleagues in the Home Office will contemplate that and right a double wrong, as it is in their gift to do so.

3.3 pm

Mr. David Drew (Stroud) (Lab/Co-op): I am delighted to be able to say a few things, because there seems to be a shortage of speakers, and this gives me a second chance to have a go at the Minister—I had a say yesterday in the debate on the police pay settlement. However, I will ask him to update us when he comes to his final remarks.

I have read the letter from the Home Secretary that came out yesterday. I took it to be helpful because it tried to say—as far as I could interpret—that the door is open and that we will be looking to restart negotiations on the structure of police pay. However, after that it was quite difficult to deconstruct its meaning—a bit like the remarks made by the Minister for Security, Counter-Terrorism, Crime and Policing yesterday. I need some early guidance because I have just sent the letter to all those lovely police officers who phoned me and sent me e-mails and letters. They will be interpreting that letter, so I hope that the Minister will say how the negotiations can be taken forward.

The Minister for Security, Counter-Terrorism, Crime and Policing (Mr. Tony McNulty): Let me be very clear. My right hon. Friend the Home Secretary is referring to the parameters for the next pay round. One of the confusions that I mentioned yesterday is that the police pay deal arrived so late because of arbitration and everything else, so people assume that it is the first of this year's round, rather than the last of last year's round. My right hon. Friend is very clear. If we can use the basis of the arbitration report—the new index—as the way forward, she will be more than happy to talk to the Police Federation about sustained deals, perhaps over two or three years. She will also be more than happy to talk about the commitment from the Government on full funding for the duration of that period. I think that the letter was very helpful.

Mr. Drew: I am pleased to hear that. I always believe that the best way to resolve a dispute is to get round a table and understand what the other side is trying to say. I welcome that intervention and the letter. I will also welcome—when it comes out—the second part of the Booth review. Presumably the work on that has been going on at the same time as the problems that we have been facing.

As I said yesterday—this is the only mention that I will make of it—the problem was going to arise at some time. After the breakdown in negotiations the previous year, it would have been helpful if the Government could have moved their position—I know that the hon. Member for Bury St. Edmunds (Mr. Ruffley) agrees—because the Police Federation was very willing and able to negotiate on new structures of pay. It was less keen to look at pensions and conditions. It just seems that that was a bit of a lost opportunity. Now we have a great deal of hurt to overcome, and the situation is not as good as it would have been if we had had such negotiations at an earlier stage. What the Minister has said on the back of yesterday's letter gives us a bit of an open door, rather than one that was apparently slammed in everyone's faces. I fear that some of us will get the door slammed in our faces when we tell the police about the wonderful things that we are doing for them, so we must move on from that.

Mr. McNulty: My hon. Friend mentioned the second part of Booth. That was published at around the same time—if not on the same day—as the decision on last year's pay round. That took place on 6 or 7 December, and the recommended pay review body is still out for consultation. I concur absolutely with my hon. Friend in that, pay aside, I have found the Police Federation to be eminently reasonably and willing to discuss—and, if needed, disagree on—a whole range of issues over the past year and a half or two years. I wanted to take the opportunity to put that firmly on record.

Mr. Drew: I thank the Minister and I am sorry that this is becoming a dialogue. Hopefully, it will help to resolve these difficult issues. I am sorry if I have misunderstood the nature of the second part of the Booth review. I thought that the work was still ongoing. If the review is now fully published, I must go back and read it.

It was purely fortuitous that I had a meeting with my chief constable last Friday. Interestingly, he was the same chief constable who appeared before the Home

[Mr. Drew]

Affairs Committee. On that Friday, I had to take evidence from him on the flooding situation in Gloucestershire because he had missed our Committee's session due to failing to arrive on time. It is interesting that he did not quite get to the Home Affairs Committee on time, either. I now say to him that he should use the train. Perhaps, after that discussion, he will have learned one lesson. What he said to the Committee, and then to me in private about Gloucestershire, were roughly similar. It is always good to hear that we say the same things in private as in public.

It is fair to say that the chief constable was satisfied with the funding situation, although it is tight. One of the few advantages of the non-payment of the full arbitration award is that it has given us an opportunity to use some of the money, although that is not really that advantageous. Policing is better funded than it has been, although my right hon. Friend the Member for Leicester, East (Keith Vaz) said that the jury is out on value for money. As someone who regularly goes out with the police, however, I have seen enormous improvements, and we should bear it in mind that the police work in an increasingly pressurised world and do a very difficult job.

Let me draw some parallels with what has been said, and I hope that my right hon. Friend the Minister will address some of these points. There is an ongoing worry about the fact that every settlement has as its adjunct the demand for efficiency savings; indeed, the two are like apple pie and warm custard. The reality, however, is that there is only so much that we can get out of a stone—sorry about all the analogies. The implication is that savings will be made on back-office costs by introducing much greater co-ordination among different forces, and that is a worry. As I said, I went through the difficulties of the reorganisation mania and I know that it did not help relations. I read the O'Connor recommendations and I am glad that the Government—in the guise of not the Minister's predecessor, but his predecessor's predecessor—put the issue of reorganisation to bed and set out the desire to leave the status quo in place.

Why do I raise this issue? I was quite critical of the setting up of separate police authorities because I felt that policing was an important responsibility of local government. In these days of terrorism and major emergencies, there are clearly national priorities alongside the regional and sub-regional priorities, but policing is at its best when people see what the police do. The best line of accountability is through local government, and I have never been a fan of police authorities, which just add to the layers of bureaucracy and the number of committees on which some people sit. In my area, county councillors sit on the police authority, which makes it just another authority. Bizarrely, some people can be working at four different levels of local government, if we include police authorities alongside the other three. Authorities are therefore an unnecessary layer.

None the less, police authorities are in place. They do function and they have increasingly defined their independence over time. Indeed, they do some interesting things. For example, four years ago, Gloucestershire bravely decided to go for a huge increase of more than 50 per cent. in the precept so that it could make progress—perhaps it could see the allegation that was coming its way from the Government that it would never be big enough to provide level 2 and 3 policing. None the less, it went for the huge precept increase, which made a big difference to its funding and allowed it to make progress on some of the issues that were becoming its responsibility. That also meant that the balance between the local demand for funding and the central pot was re-skewed.

Those days are gone, however. As the Committee Chairman clearly said, there is now a question of whether police authorities would ever be capped when they had special responsibilities. Gloucestershire has such responsibilities, which include handling our recovery from the flooding. Thankfully, central Government have been very generous—I would like to think that they will continue to be very generous—in making good some of the additional costs involved. However, there are other issues, and such things have an impact on smaller forces such as Gloucestershire. For example, there are issues in relation to police overtime. It was a nice idea that police officers should, like everybody else, give hours of their time, but they were on duty on those occasions. When officers are assigned to be in charge of a water dump for the best part of 24 hours, as has happened, it is pretty fair that we pay them overtime. There are therefore ongoing funding issues, and the Minister might care to make some nice noises about that when and if we make funding requests.

That links to the growth in bureaucracy, form-filling and all the things that go with them. Anything that can be done to get more police officers out doing the things that they do best—meeting the public and working in education and the criminal justice system—rather than sitting filling in forms can only be a good thing. However, such things have been made more difficult by changes in police structures, which was why I intervened on my right hon. Friend the Member for Leicester, East.

Mr. Ruffley: I know that the hon. Gentleman takes a great interest in this issue. Does he share my concern about the average time it takes officers to case-build when dealing with fairly straightforward crimes such as shoplifting? In his inquiries, has he witnessed at first hand the panoply of forms that are used, which seem completely pointless to the layman?

Mr. Drew: Yes, I have. Whatever intentions the Government have to clarify things, this is a core area. People will be at their most vulnerable when things are apparently not done properly, and the response is to fill in another form. We just have to get away from that and to be honest about the fact that things will not always be done by the book and that the urgent need for action will mean that people intervene in a certain way. I would be in favour of anything that would cut through the dreadful growth in bureaucracy, including handheld computers—as long as they work and we do not go for some wonderful private finance initiative contract that costs an arm and a leg in the years to come.

We went through various difficulties all those years ago when we were looking at restructuring police organisations on at least a sub-regional basis. For all sorts of reasons, however, the issue was lost, and I congratulate the Government on coming to their senses. However, that did not follow through into other aspects

of the criminal justice system, and we now have a complete mess with probation. I am never sure whether I have a county probation officer, although people sometimes purport to be him. However, they are never around long enough for us to know whether they are fulfilling the functions of that post.

Other issues include the reform of the magistrates system and the Crown Prosecution Service, which has remained largely on a county basis, although the situation is different in urban areas. Every six months in Gloucestershire, we used to have a meeting of the great and the good so that we could at least have a dialogue with people and understand who they were and what they were doing. We were told about some of the really good improvements in the criminal justice system in Gloucestershire, and it is important that we as MPs keep up to speed on such things. That cannot happen now, however, because, in the case of the magistrates courts, we would have to drag people up from Poole, in Dorset. That does not make it easy to encourage the right level of relationships, which is why I have asked my right hon. Friend to look at the impact of such issues on policing.

My final point is a naked grab for some reassurance about the different funding streams that we use to provide our police officers and PCSOs. I have never been greatly persuaded about ring-fencing those sums, although it is good that that is something that has come from central Government. We have received moneys through the crime fighting fund and the neighbourhood fund for PCSOs, and that is fine, but the implication is that eventually that money will have to be raised locally. Perhaps that will not apply to the totality of it, although, then, grants will be lost in the ether when central Government claim they have been paid and local government, or in this case police authorities, say that they have not received them.

Will the Minister explain the Government's intentions in relation to those different funds? For how long do they intend to provide funding from the centre? That makes a difference in relation to the PCSOs, because even though we do not have several of the budgetary problems that we thought that we might have, there is some likelihood that we shall lose some PCSOs in the next year, because of the way in which budgets will be realigned. That is made more complicated by something else that might be just a Gloucestershire phenomenon—I do not necessarily agree with it, but it is happening. The county council is now funding up to 65 new police officers. Obviously, those who run the county council are not of my political persuasion, but the idea was that every area would have its own county police office. It did not work in that way because, operationally, the chief constable says, "I deploy people if and as I want to." There are thus several different funding streams, which is fine if they are guaranteed in perpetuity. In reality, that is not likely, and I worry that those streams may end suddenly, and together, which will put us in considerable difficulty.

The public have grown used to seeing more police and PCSOs, which is a great thing. I was told by a county councillor of a different party to mine that despite initial criticism, PCSOs had been a revelation, because of their visibility. I have always argued that there are two distinct aspects to policing: visibility, which matters to many of the public; and activity, which is, of course, something different that encompasses solving crimes and so on. We need to create a match between those different things.

I congratulate the Select Committee on its work and I thank my right hon. Friend the Member for Leicester, East for chairing it so carefully—and adventurously, in view of this year's investigation of policing in the 21st century. I look forward to an outbreak of peace on police pay, because that is the great sore. When one talks to the police, it appears that everything else is much more settled than it has been for generations, and the Government should be praised for that. However, the pay issue is a huge barnacle on an otherwise clean vessel.

3.23 pm

Justine Greening (Putney) (Con): I found the Select Committee report very interesting. Police funding, particularly value for money in relation to the police, is a matter close to the heart of many Londoners, as the Metropolitan police, perhaps more than most police forces, face a particularly challenging crime situation. London is a diverse, busy city with a mobile and ethnically diverse population, so there are many communities with which the police liaise. There has been a growth, too, in recent years in terrorism issues for the police to tackle, and in recent months—tragically, we have already seen it this year—there has been a rise in the number of young victims of crime. Many of us who live in London wonder whether that trend will grow in coming years. We have heard, too, of the bureaucratic challenges that the police face.

The backdrop against which we consider police funding is no doubt challenging, but in my area of London we question value for money from two perspectives—what we put in and how much we can see we are getting. Those are the two key equations. The band D precept for Wandsworth, and the whole of London, was £56 in 1996-97. That was confirmed for me in parliamentary answers in the past month. In the current year, 2007-08, the precept that band D council tax payers across London are paying the Metropolitan police has risen to £224 so there has been a fourfold increase in 10 years.

I have described the increased challenges faced by the police, which suggests that they need more resources, but there is no doubt that investment has been put into different parts of the city to different extents. In Wandsworth, although we have PCSOs, the number of uniformed, warranted officers at borough level directed by the borough commander, is lower, perversely, than it was in the 1996-97 financial year, when my constituents and I were paying £56. We may not believe that we are getting great value for money, but that does not necessarily bear any relation to the massive effort that our local police make to keep our community safe. Understanding what value for money we obtain from our police resources is difficult and challenging.

The difficulty arises in several different areas, one of which is reporting. The British crime survey says that reporting and recording of crime cover perhaps 31 per cent. to 33 per cent. of crime that is committed. If memory serves me right, people's propensity to report crime to the police relates to about 45 per cent. of crimes The police record 75 per cent. or 78 per cent. of the crime that is reported to them. That is why roughly

[Justine Greening]

one in three crimes make it into police figures. Inevitably, therefore, we start without as clear a picture of crime as we would wish. The flip side is that even if resources provide value for money, we do not have the full picture, so it is possible that the true value-for-money statistic does not come through in the figures. Perhaps it does, but perhaps it relates to the two thirds of crime that does not make it into the records.

Another challenge in the reporting and recording of crime arises in the attempt to see through the opaque crime record in the British crime survey. The BCS adopts a sensible approach, but it is essentially an attempt at a victimisation survey. It asks people who perhaps would not report a crime about their experience of crime. The survey is increasingly flawed from my perspective as a London MP, given the rise in numbers of young victims of crime. It does not interview people under 16, which creates a danger that it will be less useful to us in time. Additionally, it does not include victims of drug offences, because they are not perceived to be victims. It is difficult to examine value for money in that context.

Finally, the question of local versus national funding is difficult. With the rise of safer neighbourhood teams and panels, which set local priorities, I wonder whether we have a better framework to make links back to the local precepts paid by council tax payers. As a London MP, I am keen on a much closer relationship, with any precept paid to the Mayor for policing in London tied more closely to our local priorities, which the safer neighbourhood panels set for police in each of the London boroughs. I think that we have a chance to link those two things more carefully. It was the lack of a clear formal link that led to our experience in Wandsworth of a quadrupling of precept but not, to our minds, a quadrupling of police resources.

The Minister said that he found the local versus national police resourcing debate interesting. Would he say a little more about how it could develop over the coming months and years, and whether he sees more of a role for local communities, not only in deciding police priorities, but perhaps having a closer tie between the money paid into government and those local priorities?

3.30 pm

Chris Huhne (Eastleigh) (LD): I pay tribute to the hon. Member for Leicester, East—

Mr. McNulty: Right honourable.

Chris Huhne: I am sorry, I should have said the right hon. Member for Leicester, East (Keith Vaz); I stand corrected. I pay tribute to him for calling this debate. I found the Home Affairs Committee report to be thorough and interesting, as was the Government's response.

I thank the right hon. Gentleman for his kind words in welcoming me to this area. I am very much an ingénue in home affairs, having the background of an economist. As we all know, economists were invented to make accountants seem interesting. I lay claim to no special expertise. The reputations of the hon. Member for Bury St. Edmunds (Mr. Ruffley), the right hon. Gentleman and the Minister are well known outside the House, and I approach the subject with some trepidation.

I agree very much with the remarks of the right hon. Member for Leicester, East on police pay. I realise that the House debated the matter extensively yesterday, but it is hard to deal with the question of police efficiency and funding and the stresses thereon if we do not also touch on the issue of police pay. For us, it is a simple matter. If the Government ask a group of their own employees to give up certain basic rights—rights that are available to other employees—in exchange for a set of arrangements that are meant to deliver 2.6 per cent. against the 1.9 per cent. allowed by the Treasury, the results of arbitration ought properly to be accepted. There will be serious consequences for police forces across the country if they are not.

The report found, quite properly, that police forces have no difficulty in recruitment or retention, partly I suspect because of the extremely specialist nature of their work. However, the three traditional objectives that employers should bear in mind when it comes to pay include not only recruitment and retention but motivation. If one is unable to motivate a professional force because one has behaved unfairly towards it, the consequences can be extremely serious. I therefore join the right hon. Gentleman in calling for the Government to think again. Indeed, when the Minister intervened on the hon. Member for Stroud (Mr. Drew), there seemed to be at least some sign that the Government were beginning to move on that front—but they may need to move a little further if they are to assuage some of the feelings that now exist among the police.

One indication of the stress that police funding is under is what has happened to the financing of police forces through the council tax—a point mentioned by the right hon. Member for Leicester, East. The figures are striking, with an increase from 11.7 per cent. of total police gross revenue expenditure in 1995-96 to an estimated 21.5 per cent. per cent. in 2005-07. The percentage has nearly doubled, which is a substantial increase. We should remember that the police authorities did not do that lightly, not least because the council tax is an extremely unpopular and regressive form of taxation. We are asking for an increasing proportion of police funding to come from an inequitable and unsatisfactory source. That is a clear measure of the stress on police funding, and I welcome the report's call for the full assumptions in the police funding settlement to be published. The Minister was not as open in the Government's response to the Committee's fourth report on police funding as one might have hoped, particularly as all those matters are open to freedom of information requests. I hope that he will bear that in mind, and make available the full assumptions behind the settlements.

The Committee calls for a renewed effort to establish comprehensive benchmarks for productivity and police efficiency. One of the first bases is the need to understand the different factors that affect the outcome that we want to achieve—a reduction in crime. The Government's response states:

> "Current Home Office research shows that, when controlling for some of these factors—for example changes in the economy, demography and social factors—increases in police strength, visibility and focus have had a significant impact on reducing crime."

I am out of date on this matter, but I can remember many years ago seeing work that attempted to model the impact of different factors on crime. One factor

then regarded as extremely important was the number of young men in the population. That still seems to be the case. It would be helpful for the deliberations of all Members who are interested in the subject if the Minister placed the Home Office research to which the Government refer to in their response in the Library. Indeed, would the Minister tell us a little more about the modelling work that is under way, and whether it has sufficient sophistication to find out a little more about the impact of extra police resources against some of the others factors that have been mentioned? That is obviously crucial if we are to move forward with evidence-based policy.

In a past life, when I used to rush around attempting to assess the riskiness of various public authorities, I had the honour of interviewing Rudy Giuliani when he was mayor of New York. He was already renowned for making a substantial improvement in the crime figures in New York city through the introduction of a dramatically more detailed reporting system of crime at precinct level, and even at a more local level. Outside London, extensive figures are now available for each basic command unit. I understand that figures are available only at ward level in London, but if we are to probe successfully for best practice, and if best practice is to spread from one police force to another, we need substantially detailed information about resources and crime at ward level. Perhaps the Minister could tell us about progress in that direction.

I do not underestimate the difficulties of dealing with subjective factors such as the reassurance of the population and fear of crime. I am far from believing that we can encapsulate all the output or outcomes of successful policing merely in terms of conviction rates and other numbers. However, it is essential that we have detailed numbers if we are to inform the debate and ensure that there is a thorough, ongoing debate on the efficiency of the police and make sure that best practice spreads.

We are all aware that it is a lot easier to achieve a conviction in Dyfed-Powys than on Merseyside, because in the average village in Dyfed-Powys, people know their neighbours and on Merseyside, quite possibly, they do not. In any big urban area, it is much more difficult for the police to find out whether there have been untoward activities in the street. I do not underestimate the differences or the importance of those subjective factors, but the more detailed local data are, the easier it is to benchmark one area against another with similar social characteristics—and the more important and fruitful the process of improving productivity becomes. That was one of the lessons from New York city and the Giuliani episode—I am sure that it is true here as well. The Home Affairs Committee report is right to say that there should be

"renewed effort into agreeing a comprehensive framework for assessing police productivity".

I hope that Sir Ronnie Flanagan's report will help in achieving that.

I agree with hon. Members who have mentioned the importance of moving away from bureaucracy towards a greater use of new technology. It is sad, in a world where the use of information technology has moved so fast, that we are still way behind in the police force. What I know about this area is entirely due to my excellent local constabulary in Hampshire under Paul Kernaghan and his excellent senior team. Talking to local police officers, the reality is that they note in a notebook the salient details of a particular case, then decant that entirely into a personal computer at the station. It would be enormously beneficial if they could use a single keystroke to get things into a personal digital assistant. There is a programme for rolling out PDAs so that the repetition in the process can be cut down.

It is clear in the report that 42 out of 43 forces are regarded as doing well or adequately, but that none have yet been seen to be doing excellently. If we had more detail, not just locally but perhaps about particular police functions, it would be possible to identify and praise forces that are doing well in particular areas, rather as there are schemes in the local government, for example, for establishing beacon status for particular local authorities that have made a specialism of a given area.

I agree with what was said about moving away from ring-fencing. The Government have, to give them credit, made a commitment on that score in their response to the Home Affairs Committee report. But perhaps the Minister would say more about whether more progress can be made on that front in the next financial year. The Liberal Democrat policy is to try and increase police numbers. We draw particular comfort from the fact that the safer neighbourhood teams in London have been a clear success.

Mr. Ruffley: I do not wish to be churlish, but would the hon. Gentleman clarify his statement that the Liberal Democrats want more police? Does that imply a spending commitment or is he suggesting that more police will be funded from the existing Home Office spending envelope?

Chris Huhne: I am delighted to say that we have a proud record in the Liberal Democrats—I have been personally involved with this, going back to 1992—of ensuring that every manifesto commitment that we make in an election is fully funded.

Mr. McNulty: Rubbish!

Chris Huhne: Indeed, no other party can make that claim, whatever the Minister says. If he would like to put the Labour party's manifesto through the same process that we invited the Institute for Fiscal Studies and various accountants to apply to ours, I would be delighted. However, there are plenty of quotations from independent experts about our manifesto for the last election showing that that is so—hon. Members do not have to take my word for it. Our policy on extra police is predicated on making savings from the identity cards programme. We are therefore making a spending commitment that is offset by reductions in expenditure elsewhere. My party's policy is not to ensure that we have an overall increase in expenditure or taxation, but to ensure that there is a change in priorities.

The safer neighbourhood teams scheme has had an impact on crime in London. That local visibility is crucial, and we have clear evidence of its success. Again, that highlights the importance of ensuring that we have

[Chris Huhne]

good local data, as well as data dealing with particular functions in the forces, in the ongoing dialogue about improving productivity.

Justine Greening: Can I urge some caution, given the hon. Gentleman's sweeping statement about the fact that safer neighbourhood teams have been a success? Teams work to different levels of effectiveness in different areas. Certainly, my experience locally is that the teams that are most challenged in working effectively are the ones in the most challenging areas. Often, residents are less willing to get involved in higher crime areas because they are worried about the consequences. Does the hon. Gentleman acknowledge that there are some clear, ongoing issues in respect of safer neighbourhood teams that need to be carefully considered?

Chris Huhne: There is no doubt that we do not strike into sunlit uplands easily. There are ongoing problems, but it is obvious overall that visibility on the street has had an impact—that has come out, too, in international evidence. I hope that the Home Office and those interested in this area and in benchmarking police performance will not merely look at differences within the UK, but will consider international experience. That lesson about visibility, local presence and the involvement of local communities is clear.

That work is ongoing. We welcome the Committee's call for more work and for the way in which it has focused on key areas where data needs are important. It is crucial that those data are properly provided, if only because, when the Treasury comes to any Department and asks for efficiency savings, a large sigh goes up due to the assumption that that is merely a euphemism for a service cut. Only if we have serious and detailed local data, with a clear understanding of the productivity impact, can we assess whether cuts are matched by efficiency improvements, with genuine improvement in the outcomes that we all hope for, or whether there have been cuts in service delivery. This whole agenda is extremely important.

3.49 pm

Mr. David Ruffley (Bury St. Edmunds) (Con): I congratulate the right hon. Member for Leicester, East (Keith Vaz) on his contribution today and on the very welcome news that, in February, he will begin what sounds like a groundbreaking inquiry on police reform and the future of the police service in the 21st century—something that is long-overdue in the House. I am sure that with his usual enthusiasm, energy and intelligence, he will drive forward a debate that is vital for our constituents and police officers.

How we fund the police is the subject of the report before us today, and it is part of the wider debate about police reform that my right hon. Friend the Member for Witney (Mr. Cameron) opened two years ago, when he created the Opposition's police reform taskforce, which I am privileged to chair. It is an interesting time to be discussing police funding and reform, because of the imminent report by Sir Ronnie Flanagan, whose investigation kicked off last spring. He will report to the Home Secretary and will focus on many of the issues chewed over in this report—red tape, how local accountability can drive up police performance and so on.

I should like to place on the record again what other hon. Members have said today and in the debate yesterday on police pay: the police officers of this country work with distinction, dedication and tirelessly to protect the public. They take risks daily from which many of us would shrink. They have restrictions placed on their working conditions that do not apply to almost any other job that one could think of, such as a no-strike requirement. Furthermore, they have to put up with restrictions on their personal lives when off duty, which others do not have to do. Above all, they are trusted and respected by the British public.

It seems to me that the task of all those engaged in police reform, of which the report is a part, is to work out how we can help the police to do their job better. We should not be kicking them or carping at their performance, but saying, "We can do better; we are in this together; we can tackle crime better and help the police to detect more crime."

Mr. Graham Stuart (Beverley and Holderness) (Con): In my short period as a Member of Parliament—since 2005—no issue has led so many of my constituents, including dozens or police officers, to contact me in such a state of anger in such a short period. Furthermore, 509 people have signed a petition on my website, which I wish was better known. That shows the level of local concern, and it is a sign of the Government's ineptitude: of all the people to pick a fight with, they have chosen hard-working police officers, who put their lives on the line for us every day of the week.

Mr. Ruffley: I am grateful for that typically powerful and punchy contribution from my hon. Friend. I am sure that his constituency experiences are echoed in every single constituency across the length and breadth of the land.

We need to understand one thing in particular. The report talks about the need for better police performance. It does not pull its punches on a central proposition, which is that crime is still too high for the public. Given the amount of resources that have been invested in the police service over the past 10 years, crime should be lower. I shall first tackle the problem of the level of crime as it relates to police funding.

According to a 2006 paper from the Prime Minister's strategy unit, Great Britain spends more on law and order as a percentage of GDP—approximately 2.5 per cent.—than any other country in the Organisation for Economic Co-operation and Development. The majority of law and order spending is, of course, attributable to the police—a total budget of just over £12 billion, which equates to £550 for each household in England and Wales.

Despite those figures, the European Commission's 2007 crime and safety survey—I do not often turn to that organisation, any more than you do, Lady Winterton, I am sure—named the UK as a high-crime country. Victimisation rates—the probability of being a victim of crime—in the UK are higher than in all but one of the 17 other European countries subject to the survey. The UK is the most burgled country in the EU and has

the highest levels of assault crimes, and our citizens suffer the highest victimisation rates from vehicle-related crime. Only Ireland has higher levels of personal theft.

Crime in England and Wales is not only too high, as I think that those figures illustrate, compared with other European countries, but it is high compared with other industrialised countries around the world. According to the 2000 international crime victims survey—the latest version of the most comprehensive international crime survey, which compares crime across 17 industrialised countries—the risk of being a victim of crime is higher in England and Wales than anywhere else, apart from Australia. I do not mean those to be scaremongering tactics or statistics; they are an indication that this country can do better in reducing the fear of crime and actual crime.

Over the past decade, Government grants to the police have increased by about 50 per cent., in the wake of which the Government applauded themselves for achieving some of their targets on reducing vehicle crime and robbery. They always point to the British crime survey as an indication that overall crime is falling. It is not for me to rehearse the usual arguments about the flaws in the British crime survey, compared with recorded crime statistics: drug possession, murder and crimes involving adolescents are not scored under the BCS, and so on. We do not for a minute accept the BCS as the last word on the crime that is taking place on our streets and in our homes in this country. However, the Government talk about having met some of their targets.

Justine Greening: Does my hon. Friend agree that we also need to look at the statistics in a more sophisticated manner? We often hear that people have a one-in-x-hundred chance of being mugged, but, in reality, many crimes are now more age-related. Let us consider my own borough and the number of muggings of 11 to 16-year-olds in 2006, compared with the number of 11 to 16-year-olds. A typical secondary school child had a one-in-20 chance of being mugged, but at the borough level that figure was more like one in 163. Clearly, not all the statistics are accurate.

Mr. Ruffley: I am most grateful to my hon. Friend for an excellent point. It is beholden on all who speak on this subject to disaggregate some of the global figures. In disaggregating the figures in her own borough, she makes a very powerful point. It depends on whom one is looking at. She is entirely right to draw to our attention the fact that some crimes disproportionately affect younger people.

According to the Centre for Crime and Justice Studies—a respected body at King's College London—the targets that the Government boast about hitting are

"being set on the basis of existing trends continuing regardless of Government action."

That point was supported by a leaked draft of the Prime Minister's strategy unit's crime, justice and cohesion policy review—required bedtime reading—which revealed that the Government themselves estimated that 80 per cent. of the decrease in volume crime, which refers to property and theft and so on, was due to economic factors and the UK's economic cycle. That assessment also goes some way to explaining the Home Affairs Committee report that we are discussing. In the report, the Committee makes the observation that

"The significant decrease in overall BCS-measured crime occurred before any significant increase in police funding or police officer numbers."

Justine Greening: I wonder whether I can provide what I believe might be an explanatory factor. The British crime survey is also quite clear in saying that the biggest correlating factor to a reduction in crime is, in fact, reductions coming from property crime and the biggest correlating factor in property crime is steps that individual people are taking to make their cars and homes much safer. I must say that, when I went out and bought my window locks, I do not remember a Home Secretary being beside me.

Mr. Ruffley: I am most grateful to my hon. Friend again for making an important point that partly anticipates what I am going to say next.

Mr. McNulty: It is all right; we have heard it all before.

Mr. Ruffley: I do not think that the Minister has heard all this before, because I only wrote it this morning, so he has probably got that wrong and not, I stress, for the first time.

The BCS measure on volume crime has fallen, largely due to wider trends. My hon. Friend has just alluded to them: individuals taking more personal responsibility, and car manufacturers understanding that people want to buy cars that cannot be nicked, which is to do with technology and very little to do with Government exhortation, I fancy. However, the fact remains that knife crime has doubled in the past two years alone and gun crime has increased fourfold on the recorded measure.

The global statistics show that less than a quarter of recorded crimes in the UK are detected and receive a sanction. In straight numerical terms, that equates as 4.3 million crimes not being brought to justice. So, contrary to ministerial spin and claims, the public do not feel safer when there are so many undetected crimes and the fear of crime is not less than it was in 1997, when this Government came into office.

One of the themes of the report that we are discussing is police bureaucracy; there is too much of it. Indeed, too much paperwork is one of the reasons why police productivity is not as high as it should be.

Mr. Graham Stuart: In fear of anticipating the next part of my hon. Friend's speech, as my hon. Friend the Member for Putney (Justine Greening) has done before, I should like to say that, when I have worked shifts with my local police and seen the bureaucracy that front-line officers must put up with daily, the cause of that inefficiency is quite clear. It is not a lack of zeal on the part of front-line officers, not least those in my local force in Beverley and Holderness, to whom I pay tribute, but the endless tinkering and imposition of targets and other bureaucratic interventions from the centre and from ministerial desks that has led so many police officers to a state of low morale and a failure to be out on the streets when that is where they would devoutly like to be.

Mr. Ruffley: Although my hon. Friend brilliantly anticipates what I am about to say, he is right to draw attention to the fact that police bureaucracy is not the fault of police officers, whether in Beverley and Holderness or any other constituency. They just want to get on with the job, but they are demoralised, in extreme cases, by the amount of paperwork that they have to fill in.

At this point, I think that it is worth plagiarising the metaphor used by Sir Ronnie Flanagan in his interim report on 11 September, when he said that paperwork is like cholesterol and that there is good cholesterol and bad cholesterol. The problem is that there is too much pointless paperwork. It is idle for politicians to pretend that all paperwork can be abolished. No one believes that; indeed, the police would not want it. However, there has not been sufficient focus in the last 10 years on the fact that a lot of double-keying and treble-keying of basic information still goes on because of insufficient investment in IT, poor direction from Ministers at the centre and a risk-adverse culture that Ministers do everything they can to support instead of hacking it back.

The response from the Government to recommendations 1 and 2 in the report states:

"Current Home Office research shows that...increases in police strength, visibility and focus have had a significant impact".

Well, I suppose that Ministers would say that. However, that response does not meet the charge that the police spend too much time back in the station, which is not their fault.

Police officers want to be crime fighters not form-fillers, and it is incumbent on all of us to help them; I particularly look forward to discussing the work that the right hon. Member for Leicester, East does from February onwards on this issue. We need more time-and-motion studies to bring to the attention of the public, as much as we can, how much pointless activity is being shuffled on to officers in the course of their doing routine paperwork, including the recording of very basic crimes.

Keith Vaz: I agree with the point that the hon. Gentleman is making. Regarding the metaphor of good cholesterol and bad cholesterol, it is a question of getting that good cholesterol into new technology, if we can extend the metaphor a little further. If we use new technology effectively, it could enormously help the police to get on with the front-line services that we want them to provide.

Mr. Ruffley: The right hon. Gentleman makes a good point. However, he will know, as I do, that there is now a patchwork quilt of IT systems right across the country, not just between police forces but quite often within forces. There is a legacy of systems, and to junk them on day one in some big bang approach would be, frankly, fiscally unsustainable. That is something that the Minister and I would agree on; there is no magic wand to be waved in terms of IT solutions cutting police paperwork. Would that there were a silver bullet, and even if there were, it would come at a significant cost.

Although I do not blame the Minister personally for a completely shambolic IT procurement strategy since 1997, the fact remains that the problem has been growing over the past 10 years, rather than being improved. *[Interruption.]* I hope that the Minister will not be too churlish from a sedentary position. I have said that it is not his fault that police IT is a complete shambles; I am merely saying that his predecessors have contributed to a complete shambles on police IT since 1997.

Mr. McNulty: I will stop chuntering from a sedentary position and chunter when I stand up. I merely mentioned 1957, not 1997; I agree with the hon. Gentleman that the problem has arisen, but it has done so since the inception of IT in policing, rather than over the past 10 years. I hope that he agrees.

Mr. Ruffley: It is Thursday afternoon in Westminster Hall and I am happy gracefully to take the Minister's point: the problem has been going on for longer than the past 10 years; equally, there has been very little evidence in the past 10 years—certainly I have been given very little evidence by serving officers, from senior ranks and below—that things have got better. There have been lots of good intentions, but not enough action.

Mr. Graham Stuart: Before Christmas, I was fortunate enough to spend a shift working with the traffic police who cover the East Riding of Yorkshire. One sergeant, Martyn Moore, is one of just four traffic police sergeants who cover 933 square miles of the East Riding. The fact that so much money is spent on unnecessary bureaucracy undermines the funds that are available for that type of traffic policing. In rural areas, such as the one that I represent, affording the local priority of visible, local traffic policing, to reduce accidents and encourage public safety, appears not to be happening in an appropriate way. Officers such as Martyn Moore attend a fatal accident in the East Riding every 12 days. They are there, picking up the pieces—often literally—from the highway of people who have lost their lives because we have not managed to put our resources where they are most needed according to local, not nationally set, needs.

Mr. Ruffley: My hon. Friend gives a graphic—almost too graphic—example of why too much paperwork takes officers away from the job that they want to do, which is being out on the street preventing and detecting crime, rather than at the station filling in too many forms.

The Government state in their response to recommendation 22 of the report:

"The Government remains committed to tackling unnecessary bureaucracy."

Again, that is a noble aim, but I am afraid that many of us who have recently drilled down into the subject remain unconvinced about the Government's record. Various Home Office Ministers have said that, under the current Administration, 9,000 forms have been abolished. I have received that information in response to a written question. I have asked the Home Secretary whether she would be good enough to publish a list of those forms, not the forms themselves, because that would be too onerous. Surely, such a list much exist, otherwise she or her officials could not have calculated that 9,000 forms had been abolished.

On behalf of the many officers to whom I have spoken in the past few months during my inquiries into police bureaucracy, I ask the Minister, in the spirit of

transparency and generosity for which he is well renowned, to publish the list of 9,000 forms. If he cannot give an undertaking today to place a copy in the Library within the next month, why not? If he knows that there are 9,000 forms, he must know what they are called and what they are.

The amount of time that patrol officers spend on incident-related paperwork has risen by 1.1 percentage points, from 8.1 per cent. in 2004-05 to 9.2 per cent. in 2006-07, the last year for which figures are available. The amount of time that they have spent on patrol has fallen by 2 percentage points, from 19.1 per cent. in 2004-05 to 17.1 per cent. in 2006-07. In short, patrol officers are spending barely one fifth of their available time on patrol, as we—the public—would understand it, and things appear to have got worse in the past 12 months. The Minister has published extensive written responses to the questions that I and other hon. Members have put down on the subject, and he engages with his officials in rather arcane definitions of front-line policing, to bamboozle us and confuse the simple-minded layman. But it will not wash. The public understand patrol to be what it is, and patrol officers—not all police officers—spend less than one hour in five on it, which is not good enough.

I do not wish to give a long disquisition on what I think about police bureaucracy. That will have to wait for another day, and I shall talk at great length in another forum about it during my activities as shadow Minister with responsibility for police reform. Before I give an example of pointless paperwork, however, I shall again give way to my hon. Friend.

Mr. Graham Stuart: Local police officers have raised an issue with me that is well known, just like the amount of bureaucracy that the Government have imposed. The problem is associated with the nature of the criminal justice system and the amount of time that police officers, when they are not filling in forms, hang around courts, having courtroom days adjourned. The Government have made promises over the years, but from listening to front-line police officers, I know that they feel that far too much time is spent on those negative pursuits. If the Minister were able to demonstrate a sense of missionary zeal for tackling that aspect of the system, I am sure that we would all be grateful, not least local police officers.

Mr. Ruffley: My hon. Friend makes an interesting point, on which I have reflected when speaking to Sir Ronnie Flanagan about his views on the police spending time outside the station unnecessarily. He points to time at court, and I understand that he is mulling over the idea of virtual courts, but we will come to know about that in detail later. It is essentially a teleconferencing proposition, whereby an officer could be in the station saying what he needed to say to a magistrate down a video link.

We are all turning our minds to such technological solutions in the 21st century, but it all comes back to the issue in the report: funding. Members from all parts of the House have talked this afternoon about affordability. The right hon. Member for Leicester, East pointed out in the report that there will be no extra money for doing extra and more challenging work in the next decade. There will certainly be more for the police to do, and they will need the tools to do it, but many of those tools are expensive.

Another area in which police bureaucracy and time-wasting can be reduced is mobile working—palm-held computers, BlackBerrys and so on. In my earlier intervention on the right hon. Gentleman, I, too, noted with interest the prime ministerial announcement on the subject at the Labour party conference, and I scratched my head and wondered how big the roll-out would be. If the general intention is for every response officer to have mobile working capability—I am not sure whether it is, so perhaps the Minister could clarify the matter—when will it be achieved and what is the price tag? Will it be affordable within the comprehensive spending review limits for the next three years and beyond? I somehow doubt it.

I am not trying, and have no desire, to kick the Minister around on the issue, but we need a grown-up debate about the affordability of such expensive technological solutions. Whether it is new kit in the station for filling in MG—manual of guidance—forms, or new kit for filling in electronically what Ronnie Flanagan hopes will be a national suite of standardised case forms with minimum reporting requirements to streamline and universalise a common standard and enshrine best practice, it all costs money, and we need a debate about it. The report throws up such questions, and we have not been honest enough about the costs of such solutions.

I shall provide one example of a pointless form. I have done a time-and-motion study at a station. The procedure did not require form-filling in days gone by; the police managed quite well. My example relates to the procedure for intercepting communications—basic surveillance. Officers are being taken off front-line duties, not in all cases, but their time is being tied up, in order to populate the RIPA—Regulation of Investigatory Powers Act 2000—forms, known in the trade as the "grim RIPA". The time spent filling in those forms is disproportionate to the ends that they achieve.

To undertake surveillance, for example, on a suspected cocaine dealer in a bar, the following RIPA requirements would have to be met: an application form to authorise the procedure—four pages; an intelligence schedule—two pages; an authority form—two pages, with each page having to be hand signed; a review form—five pages; and for surveillance lasting more than five months, a renewal form—five pages. When the police decide to cancel an operation involving a suspected drug dealer, there is a six-page cancellation form. A review of the RIPA regime in 2006 by the Association of Chief Police Officers found that there were unnecessary forms, training was piecemeal and different guidance was being given to different forces.

That is a good example of how the pendulum has swung away from a paperless to a bureaucratic process.

Another example is the covert human intelligence source, which in normal language is what we call a snitch or an informant—a police grass. Under this Government, they now have to be registered by the police. What was once a completely form-free process is now form-intensive. Formalising the relationship between the police and informants obviously provides safeguards for both, and that will be the Government's defence. However, we hear that the process of applying, registering

[Mr. Ruffley]

and tasking an informant can involve a total of 16 different forms. For one operation with an informant, 41 pages of forms needed to be filled out—that comes from a Nottingham case study. If the informant is subsequently asked to undertake further work, more copies of several forms are required.

That information is not just the result of an inquiry undertaken by a redoubtable shadow Minister of State—that is me. The situation was picked up by the Police Superintendents Association, which wrote to the Home Office about two and a half years ago flagging up the disproportionate application of RIPA. A series of recommendations were put to the then police Minister, who is now Secretary of State for Communities and Local Government. As I understand it, no change has been made to how RIPA is operated. Will the Minister share his thoughts on that? Does he think that there is a problem, or does he think that the PSA's concerns have disappeared like mist? I think not.

Getting the police back on to the streets, which I think we all understand is vital, must involve a radical review of the forms, RIPA or otherwise. It will involve more mobile working, which I have mentioned, and the more regular use of video links, which, of course, must be piloted and evaluated. We must also consider proposals that are up and running, and alive and well, in New York city, such as what is referred to in Government circles as "short-term holding facilities". Where there is a large volume of crime, such as at a large shopping centre on a Saturday afternoon, if a response officer needs to collar a large number of shoplifters, it too often involves long treks back to the police station. If there were what I call a mobile jail—some tabloid newspapers have called it a "retail jail", and I think that a large cage in Selfridges was the example cited—a suspect could be apprehended and a swab, photo ID and fingerprints could be taken. There would still be a custody officer of some description there, and there would certainly be a cut in travelling time. Such solutions need to be not just talked about—I know that something along those lines appeared in the March 2007 consultation paper that the Minister issued—but got on with.

Mr. Graham Stuart *rose—*

Mr. Ruffley: Talking of getting on with it, I am happy to give way to my hon. Friend once again.

Mr. Stuart: We need to tackle unnecessary forms, but I wonder whether a change in culture and attitude are also required. Perhaps the Minister will respond to that.

Mr. McNulty: Not to you I won't.

Mr. Stuart: The Minister is even more grudging and miserable than usual.

The principle is that we should trust police officers more and not use a form-based system to check up on everything that they do. We should have a system that punishes those who break the rules or behave inappropriately. Fundamentally, we need to reverse the Government's position of not trusting front-line police officers to be honest, decent people who want to do the right thing.

Mr. Ruffley: I agree entirely with my hon. Friend. Police officers are professionals and, as with those in other areas of public service—doctors, nurses, teachers and so on—we should trust the professionals. That means returning more discretion to the police, as he rightly points out.

We have heard contributions on police productivity. Recommendation 3 in the report states:

"it is difficult to assess how effectively the increased spending on the police in recent years has been deployed."

The Home Office responded:

"It is generally accepted that no single measure of productivity will ever be a definitive source of the relationship between outputs, outcomes and inputs for a complex public service."

Of course, there is truth in that for many Departments, particularly complicated ones. Health issues are at least as complicated as the police service, and I remember spending much of my time when I was a member of the Treasury Committee trying to get my head around productivity measures in the health service. It was fiendishly difficult and it is no less difficult in the police service, but that does not mean that we should not keep on working and trying. It is an important intellectual endeavour with a real point behind it.

The substantial increase in police resources in the past few years does not appear, either to me or according to the report, to have delivered a corresponding increase in outputs. To the man or woman in the street, that would be safer streets, less violent crime, lower crime generally and less fear of crime. Despite the Government's saying in their response to the report that measuring productivity is difficult, they have measured it quite a bit in their own way. In 2003, the Office for National Statistics suggested that a weighted measure of crimes successfully investigated by the police should be used to measure productivity. In 2005, the Government's Atkinson review—it was instigated by the Treasury, as I recall—recommended a wide range of performance data to assess productivity, including the police performance assessment framework and our dear old friend without which no debate would be complete: public service agreements, from which come the dreaded PSA targets.

The Government have introduced a complicated method of measuring police performance involving progress against key performance indicators, reoffending rates and judgments about the inputs required to achieve particular outputs. They have commissioned endless outside research on police effectiveness, and one example that is always worth thumbing through for those interested is "Measurement of output and productivity for the criminal justice system and wider public order and safety: A conceptual framework for the National Accounts", which is an online report of 19 May 2005. I can tell those who have not yet looked at it what a scintillating read it is.

The police performance assessment framework, which is currently operating but will be amended on an ongoing basis, it seems, is the current performance management framework. It is intended to get a handle on police performance and thus productivity. PPAF consists of far too many quantitative performance indicators, which are combined to produce headline performance scores

on tackling crime; serious crime and public protection; satisfaction and fairness; resources and efficiency; the implementation of neighbourhood policing; and local priorities.

The problems with PPAF are legion, and, at base, it seems to measure the wrong things and too much. Even just the collection of the data that officers and enforcers have to send to the centre wastes too much police time. Let me give an example: the practice of attempting to measure senior officers under the framework for qualities such as leadership and training, development, and organisational learning. There is no doubt that they are important factors for any organisation, but should they be assessed centrally? Those indirect performance indicators do not reflect what the public are most concerned about: better crime prevention. They are interested in the absence of crime and in better detection rates for the crimes that are committed. Assessing police performance on factors that can be instrumental to achieving the good goals of policing, such as training, rather than simply assessing them against those goals is at the heart of the matter. We should not have spurious targets on the quality of training. If we are to have targets, let us focus on a small number of core objectives, one of which should be addressing basic crime.

A force can succeed on several performance indicators without doing what it wants to do, and many senior officers have written about that in the past few months. The most recent big PPAF document, which was published before Christmas, put Surrey at the top of the league table for the performance of constabularies. One might expect the chief constable of that constabulary to be cheered at having come top of the class, but not a bit of it. He said:

> "Some of the statutory targets skew activity away from the priorities the Surrey public has identified. We are at risk of claiming statistical success when real operational and resilience issues remain to be addressed."

That is why the framework does not work. Even the chief constable of Surrey, who succeeded under that regime, thinks that the system is flawed. We need a seismic change of course—a serious slashing of pointless indicators, not timid tinkering. The new assessment framework, which we expect in April, is an opportunity for Ministers to carry out that serious slashing of pointless indicators once and for all. It is an opportunity to get on with things and to give the police a simplified framework in which they want to operate.

Before I conclude, I shall touch on two issues that have been raised in this important and interesting debate. Will the Minister answer the implied question asked by the right hon. Member for Leicester, East about funding? On average, 21.5 per cent. of police spend comes from the precept. Is that likely to change? Is that too high an average? Will the forecasts that the Minister's officials will no doubt provide him with for next few years suggest that the figure will rise above 21.5 per cent. in the comprehensive spending review? It would be helpful if he told us his forecasts for average precepts as a percentage of police spend because we are all interested in that.

My next question has been raised by many officers in constabularies across the country, and I know that the Minister is doing important work on this issue. In the wake of the failed forced regional mergers, it is Government policy to have better collaboration among forces. I think that we all, including the Minister, agree that we need to speed up the pace of collaboration. Forces that fit neatly together, probably on a regional basis, because that is a logical fit, should be encouraged to collaborate more on IT procurement, for example, and to collaborate better on air capability, roads, serious organised crime—level 2—and all protective services—*[Interruption.]*

The Minister has been chuntering to himself. I do not know whether he is chuntering about something that I have said, or doing so because he is still upset by the powerful comments of my hon. Friend the Member for Beverley and Holderness (Mr. Stuart).

Mr. McNulty: It was about his ignorance, not his comments.

Mr. Ruffley: I am glad that the Minister is not chuntering at me because I am trying to be constructive. He has had to pick up the pieces from the failed merger policy, and his response has been that there should be better collaboration. Will he indicate, as it is pertinent to the report, what kind of economies of scale and efficiency savings he sees being delivered in the next three years as a result of faster, deeper collaboration? Across which services in which parts of the country will that collaboration occur? I have indicated the kinds of areas in which collaboration could quite easily be speeded up—procurement is the obvious one, but I have listed others. Are there wins to be made that will be such that the spend that the taxpayer puts in will go further? I know that he works hard on this, and I would be keen to hear any figures that he can put on savings over the next three years as a result of the greater collaboration for which he is pressing.

This has been a useful debate on an excellent report. It is a point of departure for the right hon. Member for Leicester, East as he begins, in February, important cross-party work on policing in the 21st century. This is a vital time for all politicians. It is a time when crime is too high, although it can be reduced, so there should be no complacency from Ministers about crime levels. It is also a time when we have a pretty good idea that the threats and challenges to British society, and therefore the police, are likely to grow, particularly in the context of terrorism. Fighting terrorism successfully will involve more than specialist cadres within the British police service; it will involve all the police being ever vigilant in the work that they do to look after British citizens up and down the country, day in, day out. The time for police reform is now, and I am delighted that we seem to have such a large measure of interest in this most important of policy areas.

4.38 pm

The Minister for Security, Counter-Terrorism, Crime and Policing (Mr. Tony McNulty): First, I congratulate my right hon. Friend the Member for Leicester, East (Keith Vaz) on his accession to the Chair of the Select Committee on Home Affairs. I very much look forward to working with him. I regret his demise as a part-time constituent of mine, given that he serves his constituents in the east midlands so well. As the hon. Member for Bury St. Edmunds (Mr. Ruffley) said in his closing comments, the report is as good a prelude as

[Mr. Tony McNulty]

any to my right hon. Friend's wider report on police in the 21st century. I know that he will do his job in an extremely diligent fashion.

I also welcome the hon. Member for Eastleigh (Chris Huhne) to his new role. Who knows? If the polls had been open for an extra day, the much vaunted 1,200 votes that came in after 5 pm may have been hanging chads in his favour rather than his colleague's. I am sure that he will bring some real energy, if not, by his own admission, expertise to home affairs. While I am on the subject of welcomes and departures, I congratulate my right hon. Friend the Secretary of State for Innovation, Universities and Skills on all that he did during his time as Chairman of the Select Committee—he did it in adept and expert fashion—and on his elevation to DIUS, or whatever the Department is called.

The thrust of the report and, to be fair, our reply, is that there are significant improvements but there is scope for further improvement. That is absolutely right—it is right on an entirely non-party basis, because if what we are doing now in policing mirrors exactly what we were doing five years ago, let alone 10 years ago, collectively we are in trouble. The strength—and one of the downsides of what we do in policing is its complexity, but that also makes it interesting—of policing is its dynamism and ever-changing nature. I agree with the rather limited view that the time for police reform is now, if our police are to do the job that they should be doing in five years' time. Police reform, I am afraid, is rather like what Mao called for: an ongoing and permanent revolution just to keep up with what is happening in society.

I take seriously the report's views about leadership at a local level rather than just the chief constable level. I do not offer this as an alibi, but some of the many issues around cream buns, slices of cucumber and so on—I am referring to the question of the police having to get involved in so-called crimes that are nothing of the sort, but which cause people difficulty—are, as the superintendents half-agreed with me at their recent conference, as much to do with the risk-averse nature of local leadership that Ronnie Flanagan spoke about rather than things imposed from chief constable level or from my desk. I have not imposed anything at all from my desk in the past 18 months, other than, clearly, a stern will to get on with the job.

I am grateful to my hon. Friend the Member for Stroud (Mr. Drew) for quoting, as others did, his chief constable, Dr. Timothy Brain, who said, when the settlement for this next period was made, that it was fair but that it would still be challenging. That is right, and I have made no bones about this being a tight settlement period. I have said—and I will come back to the point about collaboration—that over the next three years things will be tight, not least, to be fair, because there have been strong efficiencies by police authorities and forces over recent years. However, there is more that they could do.

Over the next period, for the first time, we want the customary 3 per cent. efficiency to be cashable, and that will be tight for authorities. If I have time, I will come back to that. I have made it clear that anything that forces save on recalibrating their internal processes, whether at operational or functional level, back office or front line, or in collaboration with other forces, I want them to reinvest in what they do, and to do it even more efficiently. There must be a function for me as a bulwark, if I can characterise it like that, between the police forces and the Treasury. If forces make savings because of innovation and collaboration with other forces, whether functionally or in back-office work, they need the time and the scope to be able to get on and invest them.

People have raised interesting points about the local versus national dimension. I think that there is a whole range of issues, not just funding or precepts, to consider. I welcome in part the announcement by my right hon. Friend the Member for Leicester, East about a wider investigation into policing. As he knows, the Home Secretary has already said that rather than just formally respond to Ronnie Flanagan's report, we want to issue a Green Paper. The timing may, or may not, work out in that regard. Certainly, if I have anything to do with it, I want the Green Paper to feature a clear exposition, perhaps for the first time in a while, and not just since 1997, of what should be done nationally, regionally—I am thinking of the point made by my hon. Friend the Member for Stroud about super-regional matters—and at force and local levels. The historical notion that whatever the number of forces—43 now, 110 not long ago and God knows how many before that—autonomy was absolute, and there was an aversion to a national police force of any description. That meant that there could be no national direction, but I do not think that that is right, given my limited experience over 18 months.

Keith Vaz: When does the Minister anticipate that Sir Ronnie Flanagan will produce his report, and what is the subsequent timetable for producing the Green Paper?

Mr. McNulty: With the emphasis strongly on the word "anticipate", rather than anything more accurate, Ronnie is looking towards the end of this month, and the Green Paper should be out a couple of months after that—the end of March or something like that. However, my right hon. Friend will know the fluidity of such dates, given other events.

The Green Paper will provide an opportunity to say what should be done at national or regional level, for example, to pursue the point made by my hon. Friend the Member for Stroud, regarding procurement. What I do not want to do, however, is to fall into the mistake that I think we fell into on mergers, and assume that nothing by way of collaboration and working together has happened before. In the rush to the debate over mergers, we assumed that it was year zero. We assumed that the forces did not even talk to each other, let alone collaborate. There was plenty of work on collaboration prior to the mergers debate, and I would say plenty—and probably more—has been done in the past year or so since the mergers denouement, which happened under my watch, not anyone else's, I should tell my hon. Friend. The mergers denouement happened during the first three weeks of my taking this role. Huge fun.

Mr. Drew: So my right hon. Friend claims the credit.

Mr. McNulty: I do not know. Credit, mis-credit, whatever else, but there we are.

I accept the view that there was a pall, or a sort of sclerosis in the entire policing family for some three to six months after that—it really did stick for a while before people got out from under it. None the less, one of the key things that I said to forces after in what is now called McNulty's Valentine letter—some five or six pages that just happened to go out on 14 February last year—was that I wanted to see significant action and movement. I would say that there has been significant action and movement, all in the right direction. The east midlands special operations unit is a good example, which is why I have insisted that we carry on funding it, although we will eventually taper the funding so that the five forces can pay for it. The east midlands were in particular difficulty with protective services and level 2 services. There are demonstrator sites up and down the country involving pretty much all forces. Quite a lot happened on an all-Wales basis, but I said to people, "I am not terribly bothered, unless someone on high tells me otherwise, that things have to be within Government regions."

Some excellent work is being done by forces across regions: Essex and Kent are doing a hell of a lot together; quite naturally, North Wales and Cheshire are working together in the north-west; and South Wales is working along with Avon and Somerset. I am more interested in what works than in tidy little boxes to put things in. As I said, given that the purpose behind the proposals is not efficiencies, I see my job as saying to forces that whatever they save from collaboration, they can spend wherever they want in pursuit of improving policing in their area, as long as we get the 3 per cent. cashable efficiencies overall—that will suffice.

Establishing in the broader sense what should be done and directed nationally under the Police Act 1996 is a starting point. As for the question of accountability, I would be strung up by the Association of Police Authorities if I came close to agreeing with the characterisation of police authorities given by my hon. Friend the Member for Stroud, but there are issues about what they do and how they do it. Not least because of the roll-out of neighbourhood policing, there are concerns such as those expressed by the hon. Member for Putney (Justine Greening), among others, about what accountability looks like at that very local level.

I take the point made by the hon. Member for Eastleigh about local information. We will insist that forces produce local information, not least to satisfy the requirement for a customer-satisfaction, customer-focus type of approach at the local level. I do not want to introduce a whole new layer of paperwork—I will come on to bureaucracy in a moment—just to ensure that forces are doing something at a macro level that I dictate rather than at the most appropriate level for them. In London, such work will naturally focus on the wards, because that is a real organisational unit.

Chris Huhne: Will the Minister give way?

Mr. McNulty: I will, given the huge amount of time I have left after the hon. Member for Bury St. Edmunds made his Bury St. Edmunds declaration.

In other cases, the work will be done at the locality, basic command unit or neighbourhood level, or at the level of some other organising function, but the notion that local information should inform the debate about local priorities is one that we have taken on board and will move ahead with.

Chris Huhne: The BCU level even outside London is far too big, frankly, so what locality is the Minister thinking of in Hampshire or an equivalent authority?

Mr. McNulty: It depends. Many areas, including Hampshire, organise around neighbourhoods that are subsets of BCUs, which may be the appropriate level. At the other extremity, the county of Warwickshire is the BCU—the only one that organises the whole county as a BCU. The Government need to look at that, but the hon. Gentleman is right that we cannot have informed views on local policing beyond the purely aspirational unless we have information about local performance. Therein lies one of the bigger dilemmas.

The hon. Gentleman was wrong for a couple of reasons—I shall not dwell on them—about the difference between the performance and assessment framework and assessments of policing and community safety. APACS will look different from PPAF; the latter served its purpose in its time, but we are moving to the new system. There is a tension between wanting to know more about all aspects of every business process in which the police are involved and letting them get on with it. That begins to address my right hon. Friend's questions about productivity and efficiency.

We are trying to establish something that is not a million miles away from the local government model, whereby if people deliver and perform, they will be afforded some degree of earned autonomy or whatever to get on with it, and the inspection and performance regimes will back off. That model works only if there is some kind of big stick, so that if a police authority underperforms or looks like it is failing, there would be proper intervention and matters would be taken in hand.

I am keen to ensure that we go for the good cholesterol—I lack the medicinal knowledge that I would need to understand further Ronnie's analogy, so I do not know whether there is such a thing as too much good cholesterol if one gets rid of the bad stuff, but the analogy is useful. When both local people and me are satisfied with the measurements of the new performance framework, I want an appropriate focus on customers and local priorities and for the police to do what they should be doing. Let us be honest: that is not always the local priority, and there is a tension. When the police are doing what they should be doing, there should be a much more strategic or stand-offish approach from the centre. That is clear from the Home Office's new crime strategy and any number of the new strategies that we are putting in place, including police service areas and the new performance frameworks. In such a situation, the tension is about how we afford our police, as it should be.

On over-bureaucracy and paperwork, I shall write to the hon. Member for Eastleigh to tell him why he is completely wrong about Suffolk and paperwork connected to the Regulation of Investigatory Powers Act 2000. That dilemma is about two years old and I thought, rightly, that I had resolved it. If a local force is not doing what it should be doing, it is to do with training. RIPA paperwork—

Mr. Ruffley: Will the Minister give way?

Mr. McNulty: I shall not give way, because I have only about seven minutes left.

The tension between knowing what our police do and affording them discretion and flexibility is real, and the Government want to deal with it. I accept the point, as I have said before, that we need to debate how to strike an appropriate balance between local and national contributions to police resources. I do not know whether local contributions have gone up from 11 or 13 per cent., or whether they have gone up to 21 per cent. the picture is patchy.

Those figures are not based on this year, or even last year—they run around in my head—but local contributions vary from 18 per cent., which was the figure two years ago in Northumbria, to more than 50 per cent. in Surrey, despite the fact that the money pays for a service that is universal, at least partly. Figures from before the last budgetary round vary from anything from £88 to well over £240. It is perfectly legitimate to debate the calibration of local and national contributions, and the difference between, for example, Cumbria and Cornwall. Of course, there will be peculiarities to local policing priorities in Hampshire, Leicestershire or Suffolk, but essentially, the service is universal

Mr. Graham Stuart: On a point of order, Lady Winterton. Perhaps I could help the Minister. Am I correct in thinking that the Minister has until 5.30 pm?

Ann Winterton (in the Chair): The debate is due to end at 5.30 pm.

Mr. McNulty: I knew that. It is not news to me, so I do not know at whom that point of order was aimed.

There are peculiarities, but we would do well by the public to have a proper debate about the financial base and the balance between local and national contributions. We should consider that dimension in our deliberations.

It is not right to say or assume that, given the resource base for the next three years and the fact that the police must do everything they do in the same fashion, there will be no new Government-funded initiative in that period. That is not an appropriate or fair description even of the current police resource base or of the ability of police to change. Policing, as I know from London, is different—fundamentally, in some ways—from 10 or even five years ago. That is not a political point; I am simply saying that eight or 10 years ago, in reality, the Metropolitan police force was a complete and utter mess as an organisation, rather than as a policing operation. People joke that the Metropolitan Police Service only discovered double-entry bookkeeping in 1999, 2000 or 2001 or that that was when it began to get some substantial organisation into what it does and how it is done.

Both as an organisation and as a police force, the Met is now a very different beast from 10 years ago, and I do not doubt that it will be different again in five or 10 year's time. It is a model for how, if possible, neighbourhood policing should move forward, but I take the point made by the hon. Member for Putney about the difference between neighbourhood policing and safer neighbourhood teams within and between boroughs. Deprivation in the communities that the police serve certainly varies. I do not take the point—it may be the case in Wandsworth, but I do not know—that the poorer, more deprived or the harder the criminality the area, the less organised or structured the local public input is. If that was not the hon. Lady's point, I should be happy for her to elucidate.

Justine Greening: The Minister has misunderstood me. I made no reference to income and crime. I said that, in areas where crime is higher, people are often less reluctant to come forward and to get involved visibly in neighbourhood panels, because they are worried that, by identifying themselves as people who help the police, they will become targets.

Mr. McNulty: I take the hon. Lady's point, but I assume that she meant "more reluctant" rather than "less reluctant".

Justine Greening *indicated assent.*

Mr. McNulty: I take the hon. Lady's point, but involvement varies. We are about two years on from completing the roll-out. In time, the measure will develop in all areas. Of course, it is different from ward to ward, but in my experience, there is as much enthusiasm for such organisation in high crime areas as elsewhere.

I told my hon. Friend the Member for Stroud that the Government will do more on protective services. The south-west is taking tentative steps in that direction. In a very imaginative way, people there are trying to take forward much of what they do on a global, public sector basis in many instances. For some back-office functions, including IT, the police are trying to work alongside health services, local government and others. That is happening initially in Avon and Somerset, but it will broaden out. Such working is certainly worth further investigation and interest.

My hon. Friend's local chief constable, Dr. Timothy Brain, was exceptional in his role in gold command in performing above and beyond the call of duty. As was implied, it is not strictly a policing matter at all. Dr. Brain's work is to be commended. My hon. Friend will know that Gloucestershire is making an application under the Bellwin scheme. I have already said, I think, to Gloucestershire police that, as is the norm, if they think that there are more specific policing costs beyond what they receive through the Bellwin scheme, they can at least apply to the Home Office for special grant. Such an application will be assessed in the normal fashion.

Mr. Drew: I thank the Minister for that and I will pass on what he has said. Will he also make some nice comments about the tri-service station because the arrangement has been under some pressure? It is a complete myth that it is being shut, but obviously the loss of some of the fire personnel puts pressure on both police and ambulance personnel. That is a great shame because it would be an interesting model to pursue.

Mr. McNulty: I am happy to agree with my hon. Friend's points about the tri-service model. I apologise for being so parochial and just concentrating on the police. Collectively, the emergency services and the broader society in Gloucestershire certainly did an excellent job.

I want to return to what my right hon. Friend the Member for Leicester, East said. He gave the impression, at least, that somehow the Government were responsible for awarding PCSOs the full pay award. We had no control over those awards; they are a matter for the local government bodies. There was no mechanism at all for the 2007 award to be referred up to us.

Keith Vaz: I am most grateful to the Minister for clarifying that, but is it his understanding that PCSOs have received their award of 2.5 per cent. in full from 1 September? Can he see the problem with two sets of people working together every day, some of whom have received their award in full and some of whom have not?

Mr. McNulty: And all of whom will have had the award from 1 December onwards. A Member said yesterday that it was terrible that the Scottish police were being paid differently. That point was erroneous, too, because that endured only for September, October and November. I repeat what I said to my hon. Friend the Member for Stroud. There is a way forward from the 2008 pay award onwards, which relates to the new index—accepted in full, by the way, by the arbitration tribunal. We are talking about an award that is multi-year, as has been suggested by my right hon. Friend the Chancellor of the Exchequer, and fully funded, as has been suggested by my right hon. Friend the Home Secretary, if it is based on the PAT index, as it has become known. That name is utterly unimaginative and simply means the police arbitration tribunal index and no more. However, there is a way forward in that regard.

I hear what my hon. Friend the Member for Stroud says. I heard it about 18 months ago—about mergers. I know where his position was then and, probably, where it remains. If we can make progress with the collaboration among services across regions or otherwise, that will answer some of the questions that forces have about economies of scale and efficiencies. I do not wish to set any hares running, but I never said that mergers were entirely off the agenda. If forces come to us saying that they would like to merge on their terms, or at least consider that, we will think about that in full.

My hon. Friend made points about funding streams, and other hon. Members made the same points about ring-fencing. The Home Office has a very good record in that regard, in that pretty much the only thing now ring-fenced, at least in terms of policing, is the neighbourhood policing fund, which is the fund that pays for PCSOs from the centre. I will happily have a debate about whether that should be un-ring-fenced. Nominally, the crime fighting fund is still ring-fenced, but that is suspended, precisely to give local forces flexibility. The crime fighting fund was about top-up numbers and, in effect, a fines system if forces fell below particular numbers. For reasons of autonomy of forces, forces getting on with what they need to get on with, and local decision making, we decided to suspend that fund. That position is working okay so far. The only other element of police spend that is ring-fenced is the counter-terrorism budget, and I am not about to un-ring-fence that in a hurry, given that it involves national and regional frameworks and structures that cover the whole country. That is appropriate.

Again, I do not wish to set any hares running, but there is a debate to be had about the British crime survey, recorded crime—even the definition of crime—and the auditing processes and trails inside policing and police stations. I have said that before, because some comparisons that are made, not least by the Organisation for Economic Co-operation and Development and the EU, are utterly erroneous. I have yet to find, in any comparison that I have done, any police service anywhere else in the world that counts crime in quite the way that the UK does. The last but one chief commissioner of police in Boston worked until recently in the Home Office heading up the standards unit and he thought the situation very strange. Representatives of American forces—New York included, by the way—would regularly come over and say, "What the hell are you measuring all this stuff for? We don't measure half of what you measure here." People need to understand that when they make comparisons. The same is true on the continent. There is a slightly different definition of what an assault is and what a violent crime is, and all of a sudden the comparisons become all the more erroneous.

Does that mean that I think everything in the garden is rosy in terms of policing in the UK? Of course it does not, but that debate should be had because I suspect that we do measure too much and that, collectively as politicians, we are probably too scared not to do so now, or to change things. One of the most fundamental problems, as the Smith review showed, relates to the definition of assault and violent crime. It would be a brave politician who would stand up in government and start redefining violent crime. We have done the easy bit. Rather erroneously, trespassing on a railway line was classed as a violent crime until recently. That is clearly not the case, so we got rid of that. Bigamy was a violent crime. I do not know why, but if you looked through the list, those crimes were on it.

Mr. Ruffley: It depends who you are married to.

Mr. McNulty: Maybe so, but there are issues about threatening and harassing behaviour that does not turn into violence. In many other policing worlds, that never gets anywhere near being defined as violence, but in this country, because of the potential threat, it clearly does. All those elements are important because they go to the efficacy, efficiency and professional approach of our police.

When I talk about the link between local and national, I am not tempted by the suggestion, although I think it worthy of discussion, that if very localised teams are well established, as they are in London and will be everywhere else by April, albeit not on a ward basis, would it be worth exploring the idea of some money going straight to that level as part of policing priorities—it would probably be only a small amount—and getting a link between safer neighbourhood teams and funding? Is it worth exploring—I suspect not, but I understand the point—a link between SNTs and a localised precept rather than a London-wide precept? I am not sure. I just know that a serious debate is needed on the whole issue of finance.

Mr. Graham Stuart: Will the Minister give way?

Mr. McNulty: No.

[Mr. McNulty]

I shall not get into the real debate on Giuliani—the hon. Member for Eastleigh addressed the headline debate. That is not wrong; let me say that it is selective. There were huge issues relating to how crime was measured in New York, how resources were put in and who paid for it. It certainly was not paid for by the federal Government. It was paid for by an array of local taxes including sales tax and phone tax. The hon. Gentleman would probably like that, as he likes local taxes. The outputs and the endgame are, to some extent, indisputable, but some of the issues are not. The notion that New York is in a better place because the NYPD, the transit police and the housing police are all now one force makes sense, as do some of the other points.

The point within that about making it compulsory to publish local crime figures is absolutely right. We will do that, and I can give hon. Members more information on what the units should be, when we will do it and what the timetable will be.

A Front-Bench Member—I cannot remember who—mentioned the equivalent of beacon status. The Association of Chief Police Officers has referred to foundation forces and the like. That is sort of what I was suggesting when I said earlier that if there is sustained performance over time, perhaps we could afford more autonomy—with the centre stepping back a bit, fewer performance inspections and so on—and effectively free forces from central perusal, as in the local government model. I am happy to explore that. There is not much funding to un-ring-fence in the event of sustained good performance because, as I said, not a lot of funds that are left that are ring-fenced.

I take the point made by the hon. Member for Putney about the tyranny of aggregation—it is an ugly phrase, but more meaningful than it sounds—and of considering things on a borough-wide level, rather than a smaller one. Even outside London, it is important to look at the lower level, rather than just at aggregated borough figures, to see what is really going on with crime in a particular area. I also take the point that much youth crime is perpetrated on other young people. We need to look at that issue.

I shall gloss over the point that I was going to make about Bury St. Edmunds and foolish partisan drivel. I was obviously having a bad moment, so I shall ignore that. The hon. Member for Bury St. Edmunds always implies—and then goes off course a wee bit—that there can, and should, be cross-party consensus on much of what we do in terms of crime and policing. I agree, and I said that to his predecessor. For all the kerfuffle around the edges, my right hon. Friend the Member for Leicester, East could corral 80, 90 or 95 per cent. of Members to serve on the Home Affairs Committee and get broad agreement. It would probably be useful for us to get away from knockabout politics every now and then on the matter and from the use of bad research rather than good.

Mr. Ruffley: Pot. Kettle. Black.

Mr. McNulty: Well, maybe. I have not yet seen any good, sustained research—research that is not flawed in some way—from King's college. I do not share the view that the centre there is prestigious. Its recent study on knife crime involved thinking of a number, doubling it and extrapolating. Suddenly knife crime has doubled in two years. That conclusion is not sustainable, purely intellectually, not least because of the paucity of accurate figures. That is why we have insisted that police now record crimes committed with pointed instruments.

I take the broad points made about paperwork, bureaucracy and IT. I do not doubt that if the fellows from "Life on Mars" appeared in front of the august Committee of my right hon. Friend the Member for Leicester, East, they would say the same thing about the 1970s. My difficulty is tangibility and getting people to say exactly what they mean—what bureaucracy and what paperwork. This is the same as Ronnie's point about what is cholesterol and what is not.

Mr. Ruffley: Will the Minister give way?

Mr. McNulty: Not for a moment.

It is equally unfair, although I know that I am meant to, to talk about the lack of process and the continued balkanisation, for want of a better phrase—or patchwork, if you will—of IT solutions in policing. That characterisation is probably five or 10 years old. Does more need doing? Absolutely; of course. But, at its core, certainly between forces, IT is developing an impact, although more slowly than I would like. We are slowly moving towards a new police national database that will do far more than the police national computer has ever done, even though the PNC has always had a wonderful branding—everyone thinks that we can just press a button and out pops everything we want to know about a particular individual. I am not complacent, nor am I saying that the issue has gone away. We are still suffering some of the consequences of almost informal solutions used on a force-by-force basis, so the problem is still there, in part, but it is not quite as bad as the hon. Member for Bury St. Edmunds characterised it.

I commend what the hon. Gentleman said about honesty in the finance debate. I have made the point about the Regulation of Investigatory Powers Act 2000 and intercept. There is something there and I have looked at it a couple of times. People are doing things—perhaps they are just covering themselves, as in Ronnie Flanagan's point about risk aversion—but they are doing them to excess in ways that they should not. Matters such as intervention and interception are important, and there had better be a paper trail, but I take the point that that can be over-egged, possibly through the misinterpretation of ACPO guidance and training.

There can, and should, be a way through the complexities of value for money and input-output models but, again, we must be careful. The better the input-output model, the better our understanding of the business processes that make policing work, but if we want to know what those are and how people do them, it will mean more paperwork, more bureaucracy and more people measuring just to get to that stage. If we could get to a stage where I met each chief constable once a year and said, "Your crime is at x level this year. I will see you in three months and I want it down. That's your target: reduce crime," life would be far easier for me and them, but that is not the case. Things are complex, but that does not mean that we should not measure or try to achieve value for money through a range of processes.

Some of those processes are very simple. Our Treasury-sponsored research with PricewaterhouseCoopers and others through Operation Quest is partly about stripping

down an internal process and rebuilding it to be far more efficient and effective in terms of public priorities. It could be something as routine as ascertaining whether call inquiries are level 1, 2 or 3 and that they are fully investigated. Good examples of that are occurring in south Liverpool and Ipswich. Much has happened in the policing world on productivity and efficiency, and much still can happen—on a consensual basis if that is our political will.

The report on police funding is good, and some of the points about how all this would have happened anyway without any Government intervention, or indeed extra money, have an element of truth. However, as I said before, most are specious post hoc rationalisation or casual empiricism at best. Of course houses are more secure now and the cars built today are far more secure than those 10 or 20 years ago, or the old bangers that I used to buy. I was distraught when my first car was stolen, but I was even more distraught to find that it had been left about 500 yd away, around the corner, because it was such a banger that the thieves were most disappointed with it once they got inside. I got my car back, which was the most disappointing thing of all, really.

Moving forward on all these issues is hugely important to each and every one of our constituents. The funding framework will continue and endure. I do not say that it will not be tight, but my point, like Dr. Timothy Brain's, is that the police can none the less work within it. I look forward to the inquiry into policing in the 21st century by my right hon. Friend the Member for Leicester, East. However, before he asks me to go to it, will he give me some breathing space? He has an invite in his back pocket for me to appear before the Surveillance and Society conference, which seems to cover every camera that ever existed in the entire United Kingdom, rather than just the Home Office.

I am very grateful for everyone's interest—hopefully a sustained interest—in policing. Much unites us. Let us step away from the rhetoric and ensure that we get the policing that our communities deserve and maintain its funding into the future.

Question put and agreed to.

Adjourned accordingly at nineteen minutes past Five o'clock.

Westminster Hall

Tuesday 15 January 2008

[MR. BILL OLNER *in the Chair*]

Elderly Mentally Ill People

Motion made, and Question proposed, That the sitting be now adjourned.—*[Liz Blackman.]*

9.30 am

Dr. Vincent Cable (Twickenham) (LD): I am grateful to have the opportunity to open this Adjournment debate. As is often the case, I sought it because of particular local circumstances, and I shall turn in due course to the institution about which I am worried, the St. John's hospital centre for the elderly mentally ill with particularly challenging conditions. It is under threat, as are similar units in other parts of the country. As I have been fortunate enough to obtain a long debate, I shall also take the opportunity to make general arguments about how the NHS approaches elderly mental illness. I wish to express appreciation of the various charities involved—Age Concern, Help the Aged, the Alzheimer's Society, Mind and the Royal College of Psychiatrists—all of which have done admirable work in the field. That work all points to similar conclusions.

I shall continue in this debate a line of argument that I developed in an Adjournment debate last April, which was also a long debate and gave me an opportunity to mention a problem affecting Twickenham in particular as well as the wider treatment of mental health. From that, Members can infer that mental health is probably the most important NHS issue in my corner of London.

I shall make some general arguments before proceeding to the particulars of my local community. We are dealing with a phenomenon on a massive scale. Crude figures suggest that about 3.5 million people are loosely defined under the general heading of having mental illness in old age. Of course, such big abstract figures mean little unless they are translated into the cases of individual human beings. Most of us have ageing parents, and several people in this room will know exactly what elderly mental illness means. My late mother, who died a couple of years ago, spent the last few months of her life not having the faintest idea who I was, talking nonsense in our conversations and, in her brief, fleeting moments of lucidity, expressing the wish to die. Those are all symptoms that many people encounter.

One in five people over 80 have senile dementia, and two in five have depressive illnesses. My mother had both, as many people do, although they are often not properly diagnosed. The numbers are enormous, and all the people involved in work and analysis on the matter are absolutely confident that they will increase to what one charity has called pandemic proportions. Some 600,000 to 700,000 people suffer from the particular condition called dementia, a word that is often used loosely to refer to any form of absent-mindedness and confusion but which actually has a specific clinical connotation. That is expected to double in the next 30 years. Depression among elderly people is much more widespread and will double by the middle of the century to something in the order of 5 million people. There will be a total mentally ill elderly population of about 7 million—an enormous number of people.

Bob Spink (Castle Point) (Con): I congratulate the hon. Gentleman on securing this important debate. I believe that he is referring to the report and analysis produced by the UK inquiry into mental health and well-being in later life. No doubt he will give in some detail the figures involved, so I shall not do that. Age Concern supported that investigation and is deeply concerned about depression and mental well-being linked to the supply of decent-quality stoma and incontinence products to homes, which some people find a taboo issue that is difficult to talk about. Does he share my concern that the Government have taken their eye off the ball on that and, in seeking to save a little money, are putting pressure on elderly people that will cause depression and reduce the quality of their life as they get older? We should consider that carefully.

Dr. Cable: I have had correspondence on that from quite a few constituents. I must say that I have not seen the link with elderly mental illness. That might reflect the hon. Gentleman's creativity in finding an opportunity to bring it into the discussion, or there may well be a genuine link that I have not seen, which I would fully acknowledge.

Bob Spink: I have visited residential homes in my constituency where there were specific problems in that regard, which were clearly causing great depression to elderly people and making them not want to stay alive.

Dr. Cable: I thank the hon. Gentleman, and I appreciate his educating me on that point. I had not seen that link, which is clearly important.

There are several other examples of what the statistics mean in reality. One thing that particularly horrifies me is how elderly mental illness translates to high suicide rates among the old. Apparently, for women, over 75 is the age category with the highest suicide level, much higher than in other age groups. The situation is not very different for men. In turn, that often translates into stress and depressive illness for people who have to care for the elderly mentally ill in their own homes. The problems are not confined to the elderly mentally ill themselves.

David Taylor (North-West Leicestershire) (Lab/Co-op): I congratulate the hon. Gentleman on securing this debate, which is a successor to an excellent debate secured by the hon. Member for Rugby and Kenilworth (Jeremy Wright) a few months ago. As he says, dementia is sometimes considered synonymous with mental ill health among the elderly, but he has rightly widened the debate to include depression, anxiety, delirium, problems with drugs and alcohol and so on. We must transfer the care of mentally ill people in an older age group to general hospitals in many circumstances, as they are often left to vegetate in entirely inappropriate circumstances. Will the hon. Gentleman develop that point?

Dr. Cable: I shall. The hon. Gentleman is right that it is completely wrong that people vegetate in the community with unsatisfactory informal caring arrangements. Many people are simply never diagnosed, so hospital treatment

[Dr. Cable]

is an improvement for them. However, it is often not general but specialist hospitals where the best treatment can be found.

I wish to explore the impact on the NHS of this massive pandemic, as it has been described. I was staggered by figures that emerged showing that, far from being on the periphery of the health service, the matter is at the centre of it. Some 40 per cent. of people who visit general practitioners are elderly people with some form of mental illness.

Jeremy Wright (Rugby and Kenilworth) (Con): I, too, congratulate the hon. Gentleman on securing the debate.

On the burden on the national health service, does he agree that one problem that arises frequently is that older people who are admitted to hospital for a physical injury are then discovered also to have mental conditions. The physical injury, such as a broken hip resulting from a fall, often accelerates the mental condition that was previously undiagnosed.

Dr. Cable: The hon. Gentleman is absolutely right that mental illness comes to light as a result of examinations that take place. I am not a medic and do not understand the mechanism involved, but it also appears that after elderly people have had operations, many of them lapse into confusion as a consequence of the treatment. The problem is enlarged as a result of admission to hospital.

In terms of the burden on the NHS, about 40 per cent. of visits to GPs and 50 per cent. of all hospital beds are accounted for by elderly people who have some form of mental condition. Such people also account for 60 per cent. of all residential home places. So, about half of the health and social care economy is taken up by people who have some form of elderly mental illness. I have found it difficult to get my head around that.

Age Concern did an economic study on the overall impact of elderly mental illness and concluded that the total cost to the health and social care economy was greater than that of cancer, stroke and heart disease combined. When I saw that in print, I thought that it could not possibly be right and that somebody was doing some creative accounting. On reflection, however, it was clear why that is the case: those acute conditions may be deeply traumatic, but often involve only short, albeit expensive, stays in hospital, whereas elderly mentally ill people often need years of either care in residential homes or informal caring at home. Such care implies costs in relation to the loss of work opportunities and to carers and the NHS system. Thus, on reflection, figures that seemed staggeringly implausible appear to be right.

How has the NHS responded to that enormous challenge? There has clearly been a growth in awareness of the problem over time. I was first exposed to the problem four decades ago, when, as a student, I looked for work in the vacation and was directed to the local mental hospital to do some nursing. I was given a posting on the geriatric ward, and the experience has stayed with me ever since. I acquired, among many other things, a lifelong admiration for the professional nursing staff who were, under appallingly difficult conditions, giving dignity to people who had lost their mental, and often physical, faculties. They showed respect for and gave care and attention to people who could not reciprocate or express their appreciation. They soldiered on in difficult conditions and played an admirable role.

The extent to which the problem was swept under the carpet, in that generation, is striking. Even in that enlightened mental hospital, which was doing experimental work on psychotherapy and adventurous work with children, the ward was a forgotten corner of the hospital. When I had been there for a few weeks, I noticed that nobody ever visited the patients; their relatives had long since forgotten them and did not want to know anything about them.

As a society, we have become more aware, open and honest over the years about such conditions. It has therefore obtained much more attention within the health service, and rightly so. None the less, many charitable organisations that have looked at the treatment of elderly mental ill health have expressed considerable concern about the way in which it is being approached even now. Age Concern carried out the important study that the hon. Member for Castle Point (Bob Spink) mentioned, which explained the scale of the problem and concluded that 3.5 million people did not obtain satisfactory support and service. It also noted that half of the mentally ill elderly population was never properly diagnosed, so there were major failures within the system. Help the Aged conducted another inquiry and came up with the rather stark conclusion that age discrimination is explicit within the system, with over-65s being subject to a service regime different from that for under-65s.

The Royal College of Psychiatrists was even more harsh in its assessment of the way in which the system is dealing with the problem. Its review reached two conclusions:

"Older People's mental health services, which have been among the most innovative, are being cynically dismantled;"

and

"There is clear age discrimination within Government health policy."

I was slightly shocked to read that. When I became a Member, about 10 years ago, I introduced a ten-minute Bill on age discrimination in the NHS, which was then rampant and fairly explicit. It is clear that, with ministerial guidance, many aspects of age discrimination in the NHS have disappeared and that there is much better practice and awareness of the issue. However, leading charities are alleging that age discrimination continues on a systematic scale within the field of mental health.

There is a small beacon of hope among all that negative analysis. I look hopefully to the Minister because he made a speech last August that everyone in the field has hailed as a positive breakthrough in the Government's approach on this issue. His speech has been widely and favourably quoted, and I shall pick out a few lines to demonstrate why it is a good framework for judging the way forward. He said:

"I am determined that this disease is brought out of the shadows...By concentrating on improving awareness, diagnosis and managing the disease, we will help transform the lives of those with dementia by improving their quality of life...This is an exciting opportunity to make sure the knowledge and expertise we now have about dementia care and treatment makes a difference to the lives of thousands of people throughout England."

He concluded:

"By the summer of 2008, Ministers will announce a transformation plan to ensure dementia services are improved in all parts of the country."

I think that everyone in the field drew a great deal of comfort and optimism from that positive and helpful statement. I hope that the test applied to my local facility will be whether it meets the strategic approach that the Minister helpfully set out in his August speech.

Our local circumstances are not unique to Twickenham. I discovered from the press cuttings that there are similar problems with the closure of specialist elderly mental health units around the country, including units in north Staffordshire, Truro, Sutton and Tolworth, in the constituency of my hon. Friend the Member for Kingston and Surbiton (Mr. Davey). Perhaps the closure that has attracted the most attention is one in Stroud, Gloucestershire, where the leading champion of the local community is a member of the Government, the Under-Secretary of State for Communities and Local Government, the hon. Member for Gloucester (Mr. Dhanda). He has led the organisation of a large petition and has spoken to Ministers about the issue, achieving some success in communicating the problems with the closure. So, our problem is not unique; indeed it is rather similar to the situation in Gloucester.

St. John's hospital is a small facility in the middle of Twickenham. It was established in the mid-19th century by the Twining family. When Elizabeth Twining died, she said that it was

"forever thereafter to be used as and for the purpose of a hospital or dispensary".

It had a somewhat mixed existence and, in 1995, a purpose-built, new facility was established to cater for the needs of people who are what I call band 1 elderly mentally ill: people with severe dementia and challenging behaviour. There are two wings to the small hospital: Cole Park lodge, which provided respite facilities, and Marble lodge, which provides extended care and initially had 18 beds. I shall talk about Marble lodge. I stress that the facility was newly launched just over a decade ago. Indeed, a key player in its establishment was my Conservative predecessor, Toby Jessel. His sister, Lady Panufnik, was the chairman of the League of Friends. In a bipartisan spirit, I was invited to play a role in support of the League of Friends. It has been seen ever since, by many psychiatrists, as one of the great successes of the local health service.

The unit has a different philosophy from that of many centres for the treatment of the elderly mentally ill. Its underlying philosophy is quality of life without medication. The significance of that is that most elderly mentally ill are, to put it crudely, stuffed to the eyeballs with drugs in order to calm their behaviour. Those of us who visit residential homes will see elderly people sitting around in a dazed state, often full of drugs that are used, in essence, to sedate them.

Jeremy Wright: The hon. Gentleman may know that the all-party group on dementia, which I chair, will begin in the next month or so an inquiry into precisely the point that he raises about the use of neuroleptic or anti-psychotic drugs that are designed primarily for the treatment of schizophrenia, not dementia or other mental illnesses of the elderly. Does he agree that one of the most important issues to resolve is that drug prescriptions should be for the right drugs for the right period for the right conditions, and not simply to keep elderly mentally ill patients quiet for the benefit of staff and other residents?

Dr. Cable: That is exactly the point, but I would go beyond it. The philosophy that underlies the unit is not simply that of finding the right medication but that in many cases medication is actually unnecessary, and that, with sophisticated treatment, patients can be managed in a much more humane way and without extensive medication. The unit at St. John's concentrates on two things: one is the built environment. That may sound rather fanciful, but enormous attention is paid to the design of the building, lighting and colours in order to introduce a calming environment.

Also, the unit is an oasis of peace. Instead of the noise that is frequently oppressive in many residential homes and general hospitals, great attention is paid to trying to keep patients calm at all times. Because the environment is carefully managed, patients are more easily managed. Even extreme conditions can be handled in a much more civilised and dignified way than is often the case when people are simply pumped with drugs.

David Taylor: I am grateful to the hon. Gentleman for giving way a second time. The Richmond and Twickenham primary care trust says that it will be able to halve the cost of St. John's by privatising the service and contracting it out. How confident is he that the existing inspection arrangement will be able to detect a worsening in the quality of care in relation to the use of drugs? My own observations elsewhere in the country are that that type of approach is rather more common in privately run homes than in publicly run establishments. Is that a worry for him?

Dr. Cable: It is very worrying. The hon. Gentleman anticipates the key point that I shall shortly move on to, which is of concern to me and to my hon. Friend the Member for Richmond Park (Susan Kramer), who is also involved in this campaign. The simple point, as he said, is that of course one can halve the cost of treatment simply by sending patients off to an old folks' home and pushing drugs into them. The fear is that that is what is envisaged.

Susan Kramer (Richmond Park) (LD): I thank my colleague for giving way—he is being generous with his time—but I just want to pick up on that issue of cost. In one of the meetings that he and I had with the PCT, it became evident that the cost differential between a service contracted out to traditional care homes versus one in the NHS is partly caused by including in the NHS cost an allocation of a great deal of central overhead costs. I believe that my colleague would agree with that. However, if the service were tendered out to the private sector, that core overhead would not disappear. It would merely be reallocated to other programmes. In fact, it might even be that the service provided by the care homes would be more expensive in total to the NHS—the overhead costs would still be part of NHS costs—than continuing the service in its current structure. The accounting mechanism makes that apparent.

Mr. Bill Olner (in the Chair): Order. The intervention is too long.

Dr. Cable: I thank my hon. Friend, who anticipates some of the points that I want to make in my concluding remarks. She is absolutely right: we are dealing with complex and often misleading systems of cost accounting in the NHS market, and the problem in this case arises from the fact that the costs are not merely irrational but completely opaque, because the NHS providers will not share with us how they have arrived at their cost assumptions.

Before I return to that point in my concluding remarks, may I add to one section of the narrative? Not merely is Marble lodge recognised as an enlightened institution, it was recognised as such in the local strategy for mental health that was developed as recently as 18 months ago. The local PCT, the local mental health provider—the South West London and St. George's mental health NHS trust—and the local council embarked on a major strategic exercise involving a great deal of public consultation. It was an admirable, highly creditable NHS exercise designed to produce a strategy for mental health in the borough.

There were some controversial outcomes. Indeed, I raised the matter in Prime Minister's Question Time with Mr. Blair when he was Prime Minister, but I am not here to deal with those controversies. What emerged from the strategy was that, whatever else had to change, Marble lodge—an admirable institution for the elderly mentally ill—should remain and, indeed, should be added to and strengthened.

That was where we were until a few months ago, when it gradually emerged, not through any formal announcement but through rumours and leaks from members of staff who were being encouraged to go elsewhere, that the PCT and the supplier of services, the mental health trust, had agreed that the facility should close. MPs and the council were not told. The information emerged from the system following an elaborate and very public public consultation that reached the opposite conclusion. I am bringing this to the Minister's attention because of the unsatisfactory way in which that happened.

We became aware of the plans only because of the campaigning activities of an admirable individual, Mr. Paul Lamplugh, who is actually a constituent of my hon. Friend the Member for Richmond Park. The Minister may be aware of his name. His daughter, Suzy Lamplugh, disappeared 20 years ago, and, in their grief and distress, the family established a trust which later gave rise to the missing persons helpline. Its charitable work is acknowledged across the country. Unfortunately, Paul's wife, Diana, who was the driving force behind that charitable work, had a major stroke in 2003 and lost much of her mind. She was recommended for treatment at Marble lodge and has been a patient there ever since. Paul Lamplugh sought to mobilise help from the two MPs for the borough and from councillors and others when he began to see what was happening.

My colleague and I have tried to construct exactly the logic that led to the decision to pull the plug on this admirable institution. It appears that two factors were involved. The first was that, as the hon. Member for North-West Leicestershire (David Taylor) said a few moments ago, the PCT spotted that the unit cost of treating people in Marble lodge was twice that of the typical cost of a residential home for the elderly, which would normally cost £600 or £650 a week. Marble lodge was said to be costing twice that. I do not criticise the PCT for picking up on that. It is, after all, its job to obtain value for money for the health service, and it has a good reputation for purchasing good quality care for residents, and for maintaining financial balance. I do not criticise it for looking at the problem.

What has also contributed to the problem, as my hon. Friend the Member for Richmond Park said, is that the provider has included costs that bear absolutely no relation to the real cost of providing the service. We cannot get to the bottom of this because the provider will not disclose the figures, but it seems to have incorporated administrative overheads from the headquarters in the costs. It also seems, as is often the case with large providers, that it is dominated by consultants and big hospitals with little interest in peripheral, albeit high quality, ancillary operations. It seems to be quite indifferent to the unit's future. The problem is that the closure process is now well advanced. That is why I have brought the matter to a debate. The primary care trust has gone out to tender, despite protests from the council's overview and scrutiny committee and from the carers and Members of Parliament.

Susan Kramer: Perhaps my hon. Friend would comment on the tender. From copies of the tender documents that we have seen, I think that he would agree that they do not even mention the highly challenging and severe nature of dementia in these patients, but in fact read as a standard tender for normal dementia cases.

Dr. Cable: My hon. Friend is right. That is one of the sources of the problem. As a result of the meeting that my hon. Friend and I had with the primary care trust, it has now been agreed that the carers should be represented in the tendering process. I acknowledge that, but none the less there appears to be no mechanism within the NHS for evaluating quality of care in relation to specialist services of this kind. How do we quantify the quality of life without medication? That is an important concept, but it is a nebulous one that does not have a figure attached to it and the accountants who are managing this process cannot get their heads round it or are fundamentally uninterested. How are these complex quality ideas to be built into the tendering process? That is a question for the Minister and for us locally and it is fundamental to the way in which this process comes out.

I am asking the Minister to look at this matter because the process is now well advanced. Tenders were sought in November and those are now being considered. There will be an assessment at the end of February. We are told that the unit will probably close in March. There has been no public consultation. We are told that, once the tender results have been announced, the council's overview and scrutiny committee will be formally consulted. That is extremely perfunctory and very unsatisfactory and contrasts with the admirable public consultation on mental health 18 months ago. It is clear that the people in the primary care trust and the provider have determined that they want to shut this institution.

I want to make a specific request to the Minister. His own strategy will emerge in August in his strategy document. I would ask for this whole process, which is

profoundly unsatisfactory, to be put on hold until there is an opportunity to test what is happening locally against the strategy that the Government are going to produce. I suspect that, having read the Minister's speech in August, the Government have all the right ideas, are saying absolutely the right things and are setting exactly the right criteria. If that is so, we need to be able to judge what is happening locally against that strategy. I want some breathing space in order for that to happen.

Norman Lamb (North Norfolk) (LD): I was struck by what my hon. Friend said about the absence of consultation and by his saying that it looks as if it will be only a formal consultation once we are presented with a fait accompli. Has he considered whether the way in which the bodies involved are proceeding meets with their statutory obligations on consultation with regard to a significant change in service provision?

Dr. Cable: I think that it probably does meet the statutory requirements and that is what is so worrying about it. It is so worrying because it is possible to meet the statutory requirements formally while wholly disregarding the spirit behind NHS consultation. I am sure that the people in the primary care trust, particularly, are well aware of their statutory requirements and will try to meet them. But it is possible to meet them while having minimal real consultation. That is the source of the problem.

The Parliamentary Under-Secretary of State for Health (Mr. Ivan Lewis): I have a lot of sympathy with the case that the hon. Gentleman is making in a powerful and effective way, but I need to understand the question about consultation, because it is crucially important. Does he contend that every ward closure and every change of unit in the NHS throughout the country should be subject to extensive public consultation, as opposed to major reconfiguration of services locally? Is that now the policy of the Liberal Democrats? If that is so, they should say so up front in this Chamber.

Dr. Cable: This particular closure raises major issues. I am making a contrast. I was not directing criticism at the Minister; I was merely raising questions.

Mr. Lewis: I was not criticising the hon. Gentleman.

Dr. Cable: I could not understand why it was possible to have a major consultation—a valid, meaningful one—on mental health locally, which came to one conclusion less than a year ago, while the primary care trust and the health provider came to the opposite conclusion with minimal consultation a few months subsequent to that. There is clearly a mismatch, not just in the decisions but in the processes and in respect of engaging the public. That is what concerns me and why I am mentioning it to the Minister. It would be unrealistic to say that all closures must be stopped. Perhaps at the end of the day something has to happen here, but it is unsatisfactory that the process should be rushed through in this way without an attempt to test it against the criteria that the Minister will establish in a few months.

I am not making this a party political point at all. As I have mentioned, one of the Minister's colleagues is fighting a similar battle in Gloucester. In other parts of the country a stay has been put on the closure of some specialist, high-quality institutions for the elderly mental ill as a result of the local authorities being forced to consider things again.

I ask the Minister to take a personal interest in this matter to help us have it properly considered. Perhaps in a year we will come to the same conclusion, but the process by which this is happening is fundamentally unsatisfactory and shows up flaws in the tendering process, in the way that costs are accounted for and in the way in which quality is measured. I hope that those broader lessons, as well as the narrower ones, will be learnt.

10.6 am

Norman Lamb (North Norfolk) (LD): I have been called unexpectedly early. I was expecting some other contributions.

Mike Penning (Hemel Hempstead) (Con): You can cope.

Norman Lamb: Absolutely.

I congratulate my hon. Friend the Member for Twickenham (Dr. Cable) on securing this debate and on raising again an issue of fundamental importance. He has a track record on this matter. He mentioned that he secured a ten-minute Bill right at the start of his time in this place, demonstrating a commitment to a Cinderella part of a Cinderella service that does not secure nearly enough attention from the public or from politicians of any party.

My hon. Friend presented a powerful case with regard to the facility in his area, Marble lodge, which serves his constituency and that of my hon. Friend the Member for Richmond Park (Susan Kramer). It is extraordinary that, having gone through a full consultation process just 18 months ago and reaching the conclusion that the facility should continue to play a valuable part in local health services, a completely contradictory decision was taken only a short period afterwards. There is, inevitably, concern that the decision was driven more by cost saving than by quality.

I pay tribute to the organisations that fight tirelessly to keep such issues in the public mind, including Age Concern, Help the Aged, the Alzheimer's Society and Mind. They operate in a difficult area and are constantly in touch with the Minister, who has the same view about the role that they play. Their work is of fundamental importance in securing improvements to services that are so vital in a civilised society.

David Taylor: The hon. Gentleman mentioned a longish list of the organisations that are involved, one or two of which believe that there is significant age discrimination in the provision of mental health services, such that older people are not entitled to experience as wide a range of services as those in younger age groups. Does he believe that there is any meat in that allegation? Does he hope that the Minister will respond to that in winding up the debate?

Norman Lamb: I am grateful to the hon. Gentleman for raising that issue, which I was going to cover. I understand that there is clear evidence of discrimination,

[Norman Lamb]

not because the Government want that, but because of the way in which the system has ended up operating in too many parts of the country. The Royal College of Psychiatrists has done a lot of work to highlight key concerns.

I acknowledge the Minister's commitment to improving the quality of the service. My hon. Friend the Member for Twickenham referred to a speech that the Minister made last summer, and I acknowledge his role in seeking to improve service provision. I do not intend to make a knocking, party political contribution; I want to raise issues of genuine concern, which mirrors what my hon. Friend said. I hope that the Minister will accept my comments in that light.

I acknowledge that there have been significant improvements in funding. We supported the increased investment in the health service, which has clearly benefited mental health services in many parts of the country. None the less, increased investment in funding for mental health has lagged behind. I appreciate that it depends partly on how that is measured, but it has lagged behind investment in some other parts of the health service, and that should be acknowledged and addressed, particularly because, as my hon. Friend said, it is self-evidently a growing problem. It looks as though it will be the greatest challenge to face us in funding health care and social care.

The disparity in funding was highlighted in the autumn pre-Budget report; on the same page there was reference to a 4 per cent. increase in funding for the health service, but to an increase of only 1 per cent. for social care. Support services—the infrastructure for support—for elderly, mentally ill people depend not only on funding support within the health service, but on social care support. In many parts of the country, social care is drifting into a state of crisis. The Library's helpful debate pack refers to a report about the situation in Lincolnshire, where social care is pretty dismal, and crisis management is ineffective in partnership with other organisations such as the NHS. We must never neglect the problems of social care within the health service.

As well as funding increases lagging behind other areas of the health service, the drift into deficit has had an impact on many organisations within the NHS where the political imperative is to get them out of deficit. The Select Committee on Health highlighted the extent to which mental health services around the country have been disproportionately affected by cutbacks.

My hon. Friend the Member for Richmond Park talked about distortions based on accounting principles, but I have been told by people working in the NHS that there is another distortion. With payment by results in the acute sector and the impact of targets to reduce waiting times—a worthy ambition—there is a tendency for money to be channelled disproportionately into acute treatment to meet the stringent waiting-time targets. Because payment by results does not operate within mental health, there is less money in the pot for primary care trusts to enter contractual arrangements with mental health trusts for the funding of mental health services, so PCTs ask the mental health trust to negotiate a reduction in the contract or in what it hopes to provide for mental health service funding. That seems to have happened in many parts of the country and, in turn, puts pressure on trusts' mental health services.

I shall talk about the impact of the pressures on mental health services as a result of funding challenges. The Royal College of Psychiatrists provided a helpful briefing for the debate, and highlighted two issues. It said that old people's mental health services are among the most innovative person-centred community services in the country. My hon. Friend the Member for Twickenham used the same terms as the Royal College of Psychiatrists when he referred to services being cynically dismantled. The RCP also raised concerns about age discrimination.

I shall deal first with the assertion that specialist services for elderly, mentally ill people are being cynically dismantled. The royal college said that primary care trusts throughout the country seem to be transferring the care of older people with mental health problems to general psychiatric services. Age Concern has also raised specific concerns about that. Part of the justification for transferring specialist services for elderly, mentally ill people to general psychiatric services is to end age discrimination by providing the same service for all ages. The paradox is that dismantling specialist services for elderly people increases age discrimination, as the services provided are not appropriate, suitable or sufficiently specialist for the particular needs of elderly people with mental health problems.

That can happen in a countrywide health service, and I am not blaming the Government for masterminding the drive to apply general psychiatric services to everyone, and thus being responsible for an increase in age discrimination, but I urge the Minister to address what seems to be happening; and the concerns of many specialists and charitable organisations in the field.

The Royal College of Psychiatrists fears that we will end up with a second-rate service for elderly people with mental health problems, that we will lose specialisms because we will not have people with training in that area of mental health and that the end result will be an inferior service for those with mental health problems in their older years. The royal college draws attention to the fact that the national service framework for mental health has introduced the targeted commission of new services. It refers specifically to early psychosis, assertive outreach, and crisis resolution home treatment teams and says that the £300 million investment in those new services broadly excludes older people, so again the services are discriminatory. I am sure that will be as much a concern for the Minister as it is for us. The RCP also says that the £1.65 billion cash increase for adult mental health services over four years excludes older people.

I am sure we all agree that access to services must be based on individual need, and not on the age that someone happens to be. There are some good, innovative pilots in the country. East Sussex has a particular commitment to ensure that services are suitable for each individual, and that must be the objective we all seek to achieve.

I want to comment briefly on the role of acute care, to which the hon. Member for Rugby and Kenilworth (Jeremy Wright) referred. He seems to have disappeared.

Mr. Bill Olner (in the Chair): He has left the Chamber.

Norman Lamb: Thank you for your clarification, Mr. Olner.

People with severe mental health problems often end up in acute hospitals. An intervention at that opportune moment could significantly improve their care after they leave hospital. However, according to the report "Improving Services and Support for Older People with Mental Health Problems", there is insufficient co-ordination between psychiatric services and acute hospitals. Many acute trusts have no real provision for psychiatric support, which means that at the moment an intervention could make a real difference when someone with a mental health problem is in an acute hospital there is insufficient input. The report said that there was poor screening, diagnosis and management of care. Its conclusion was that nobody, including commissioners, had that matter on their agenda. I would be grateful if the Minister could specifically comment on how we can ensure that there is better co-ordination between psychiatric services and the work of acute trusts. There needs to be a point at which we can ensure that someone who has had no contact with psychiatric services before going into an acute hospital has access to services when they leave. Better co-ordination between services would provide a great opportunity to improve care significantly for the individual, and would save costs for the NHS, because better support in the community will mean fewer emergency admissions to acute care.

I urge the Minister to accept as I know he always does the spirit in which these issues have been raised and to acknowledge that this is the greatest challenge facing us as a society. The figures for the costs and possible social implications to which my hon. Friend the Member for Twickenham referred are quite frightening. We need a national commitment from the Government to transform those services.

10.23 am

Mike Penning (Hemel Hempstead) (Con): I join other hon. Members in congratulating the hon. Member for Twickenham (Dr. Cable) on securing this debate. As we have already heard, it runs on the back of the debate on 24 October 2007, which was secured by my hon. Friend the Member for Rugby and Kenilworth (Jeremy Wright). My hon. Friend has not vanished; he is acting as Whip on the Health and Social Care Bill Committee. I understand that he apologised before he left us.

We need to address this massively serious area of public health. I congratulate the hon. Member for Twickenham on raising not only the very important issue of his own constituency but also the excellent work that Age Concern and others have done in this field over recent months. I want to take this opportunity to praise Age Concern for its report and the work it has been doing. I know that the Minister has read the report, and I wonder whether he will respond to the 35 points that the organisation has raised in its summary and conclusion. Will the Minister let us know how many of those recommendations he will accept and how many he will reject?

I am conscious that this is not a bipartisan debate; it is too serious for that. I am also conscious that, on this issue, we are seeking guidance from the Minister about how he intends to take forward certain issues. I am sure that he will consider the constituency problems of the hon. Member for Twickenham, but there are other issues. Following the speech and the comments made by the Minister last summer, he built up expectation levels among those who care for older people with mental health problems. Some 3.4 million older people may be suffering from mental health disease. That means that about one fifth of the population is involved in caring for such people. That is a very large lobbying group. It is also a very vocal group, who will demand concrete proposals from the Minister to back up the comments that he made in the summer.

I will quickly comment on some of the interventions. My hon. Friend the Member for Castle Point (Bob Spink) raised a very important point, even though the hon. Member for Twickenham did not quite grasp what he was referring to. We all get correspondence about people who need specialist equipment, and this particular issue is very relevant to those who are looking after and caring for people with mental illness in their older age.

My hon. Friend the Member for Rugby and Kenilworth is a member of the all-party parliamentary group on dementia which, as I am sure the Minister knows, is about to take evidence on the usefulness of the medication that is being used in this area. From the evidence I have seen, I have grave concerns about it. A witness statement from the Age Concern report said:

> "I went to my doctor and he suggested Prozac. I told him no medication, especially Prozac. He's a nice enough guy usually, but when I said I just wanted to talk to someone, he totally patronised me."

I partly understand where the GPs are coming from. Given the time scales within which they have to operate, it is very difficult to treat someone who comes in suffering from depression. I think that depression is the forgotten subject in this area and it needs to be highlighted. It is very difficult when someone says to the doctor, "I need some time to talk to you." We need to find ways in which that person can get the help that they need, rather than offering them the simplistic solution of putting them on drugs, to which they will almost certainly become addicted in the short term. In the long term, the drugs could have an even more adverse effect on their health. I look forward to the conclusions of the report from the all-party parliamentary group on dementia.

On Christmas day, I had the honour of visiting my local acute hospital. I visited the 14 wards that were open and the accident and emergency department. On many of the medical wards, half the beds were empty. When I spoke to the sister in charge of the wards she said that wherever possible they had sent people home over Christmas. I think that we all understand that. I noticed that the vast majority of the people still in hospital were elderly and, clearly, in most cases, suffering from some degree of mental health problems. In many cases, people with mental health problems had gone home over Christmas because they had loved ones and carers to look after them. For those who did not go home, the lack of provision within the NHS is stark. All too many of our wards are full of people who should not be there, but in a specialist unit being cared for by experts.

The hon. Member for Twickenham alluded to the time, some 40 years ago, when he first went on to a ward to work. In 1973, just before I joined the armed forces, I spent a year working at my local hospital on the geriatric

[Mike Penning]

ward, as it was known then. That is not a derogatory term; it is exactly what it was. I, too, at such a young age was astounded by the dedication and professionalism of those who looked after the patients. As we have heard, people were often unable to thank them or give them the credit that they deserved. Today, we may change the terminology that we use, but having gone round the different facilities that look after those with mental health problems, particularly among the older generation, in my constituency, I pay tribute to those who specialise in this field, whether in the public or private sector. In my constituency, Robin Hood house specialises in patients with dementia.

There is an issue that we have not had an opportunity to discuss this morning, and perhaps the Minister will write to me if he does not have the relevant figures before him. Each time I visit the different facilities it has been put to me that the age profile of people suffering from dementia, and Alzheimer's in particular, is lowering, so that people in their early 60s are suffering from dementia. I appreciate that dementia is a catch-all term and that there are many different areas, but clearly something is going on. Have the Government been looking into any research in that respect?

We have had discussions about whether consultation has been done correctly and not only in relation to the constituency of the hon. Member for Twickenham. He clearly touched a nerve with the Minister when he mentioned the word "consultation". It is an emotive subject in the community. The Minister is right to say that if a small piece of the NHS, such as a ward, is being moved or small facilities are changing, there cannot be full consultation in the public arena. I think that we accept that. However, when facilities as specialist as those that we are talking about are in the same position, everyone would expect the public and those concerned, particularly the carers, to be involved in the consultation process.

As the Minister knows, I am quite critical of the way in which the consultation process has continued to be operated across the country. We do not want a consultation process to take place in which the public, the experts and the other people involved voice a view, which is then ignored, because that causes even more anxiety and concern. I know that the Minister is aware of that. In my constituency, there was a public consultation in which 86 per cent. of the consultees opposed the relevant closure, but that fact was ignored. That just causes more and more anxiety.

We are talking about the NHS, which is publicly funded by the taxpayer. It is right and proper that major changes in the infrastructure should go out to consultation and that the views expressed in that consultation should be properly listened to. It should not just be a listening exercise, after which those views are ignored. All too often we hear that the decision was made before the consultation process even started, which just causes more problems. The primary care trusts and the different relevant bodies should consider a much more open way of conducting the process early on, so that people have a better understanding of what is happening.

The figures used in today's debate are quite shocking, but other figures, which have not been discussed, are also frightening and shocking. I passionately believe that depression among older people is one of the undiscussed, quiet areas that does not quite receive the publicity that it deserves—it is a major problem. According to figures produced by Age Concern in its report, one in four older people have symptoms of depression, but sadly only one third of those with depression ever seek medical advice or ever discuss it with their GP. Sadly, as we heard from witness statements in the report, even when they do discuss the matter with their GP, they do not receive the type of care that they deserve. That leads to a disproportionately higher suicide rate for older people. We should consider the figures in the report. It cannot be right that the older generation, who have done so much for us—the generations who follow them—have a disproportionately higher suicide rate because they are not receiving the help that they often need.

I fully understand, and I am sure that the whole House would understand, that people are often frightened of talking about the fact that they have depression or that they feel they have the early signs of Alzheimer's or dementia. It is for us as a community to come up with ideas to assist them, so that there is no stigma in any shape or form should people feel that they have a problem or others feel that they are starting to have problems.

We have rightly praised Age Concern, Help the Aged, the Alzheimer's Society and Mind, and there are many other groups—small and large groups in our constituencies that do so much work—which we will not have an opportunity to talk about today. However, I would like to talk in more depth about carers—the carers who do so much for their loved ones. They do so not for money and not because they have been asked to go along and help as a volunteer, but mostly because it is their loved ones who are suffering.

I, too, have family experience. By the time I was 15 or 16, my great-aunt, who was mostly responsible for bringing me up, had no idea who I was. She had no recollection at all of the wonderful life that she had lived in the 62 years before the most difficult stages of her Alzheimer's. Sadly, she lived for nearly another 20 years. That sounds like a terrible thing to say, but she had no life. She destroyed my great-uncle's life, but he would not let her go into a home—he would not let her be taken away. In those days, there was not much respite. There is some respite today, although there are great concerns that some respite care centres are closing as well. In my constituency, there are real problems in that respect.

Without those wonderful people, what would the state do? What would we be able to do without those generous, caring, loving people who look after their loved ones in such a way? So when they do seek help and a little respite care, it is very difficult for them to learn that units are possibly closing and that there is not the necessary back-up from acute services, which we heard about. More training is needed in the acute sector to help people with this type of medical condition when they arrive at acute facilities.

I praise the Government for the increased expenditure that is there today in the NHS. However, it is difficult for the public to understand when units are clearly closing or being reconfigured or care is being transferred to other service providers because of money. There must be a better way of sorting out the situation and funding services through the system. I accept that there

is a conflict between the local government funding side and the NHS side of mental health provision, but we need much more joined-up thinking. Actually, what we need is not more joined-up thinking, but more joined-up action—action that the Minister promised. The talk has happened and perhaps the action will now start.

10.38 am

The Parliamentary Under-Secretary of State for Health (Mr. Ivan Lewis): I congratulate the hon. Member for Twickenham (Dr. Cable) on securing the debate and on setting its tone. We have had a high-quality discussion, free of the usual party politics and, as the hon. Member for North Norfolk (Norman Lamb) said, we have been addressing one of the great public policy challenges that faces our society and all political parties and it is the responsibility of Government. May I also say to the hon. Member for Twickenham that the way he talked about his own experience with his mum was very moving? We should remember that the situation that we are discussing is reflected in an increasing number of families throughout the country. It does the body politic good that occasionally we talk in the language of our own families and life experiences, which shows that we are not as out of touch as sometimes politicians of all colours are accused of being.

As the hon. Member for North Norfolk said, this issue is one of the great challenges that our society faces. I refer to the fact that we live in a society in which people live longer and, in doing so, have increasingly complex conditions such as dementia. In his recent speech on the NHS, the Prime Minister said that demography was one of the top challenges facing the NHS. That is an important step forward because, often, the debate is solely about social care, but demography is every bit as important. As the hon. Gentleman for Hemel Hempstead (Mike Penning) said, if one goes to an acute hospital, one will see an incredibly high number of older people receiving care. That is a challenge for the social care system, but, equally, it is a challenge for the NHS and, arguably, for all public services. If the demography of our society is changing, the future development of all kinds of public policy will have to reflect it.

People's expectations are very different now. The vast majority of people wish to remain in their own homes rather than enter institutionalised care. That does not mean that there is no need for specialist, high-quality residential nursing units—there is, and there always will be—but the reality is that the vast majority of people, given the choice, would wish to stay in their own homes. The baby boomer generation—I shall not fit any particular Member into any particular generation—have much higher expectations of care than our grandparents' generation, both in terms of the quality of care and of the level of personalisation.

As I have said before, I intend to bring dementia out of the shadows. For too long, individual families have struggled and battled with dementia, but public policy has almost been in denial about it, instead focusing on the generic needs of older people without recognising that dementia brings with it particular issues. Anybody who has seen the powerful and shocking documentary in which Barbara Pointon allowed the filming of her husband Malcolm's deterioration could not help but understand the power of the condition for the individual and the family member. I am delighted that I have got to know Barbara recently and that she is playing an active role in the development of our national dementia strategy, and in the Department's work with carers.

I have also focused on making the case for putting the dignity of older people at the heart of our care services, and I shall continue to provide leadership on that. I do not believe that there are easy solutions or magic wands, or that we can run every hospital, GP surgery and social care service, but providing national leadership that says that dignity at all times must be at the heart of care for older people would begin to make a difference and to get the debate going in every care establishment up and down the country.

The hon. Member for Twickenham talked about a number of issues. He was on to something when he put dementia alongside cancer, stroke and heart disease as a condition that challenges the NHS. Dementia should be given a much higher status and reflect the priority that we give to it. He was good enough to say that practice on older people's mental health has improved in the past 10 years, but we are beginning in deficit, because practice is nowhere near as good as it needs to be. However, he said that we have seen advances in the way in which care is provided in the past decade.

The hon. Gentleman raised the issue of Marble lodge in St. John's hospital in his constituency. Quality of life without medication is the ethos of that institution, which provides a calming environment—as he said, an oasis of peace. Those are the qualities, characteristics and attributes that people with dementia and their families in every part of the country would want. However, I must tell him that I cannot instruct local NHS organisations how to do their business. He made a powerful case when he said changes should not be made in advance of the national dementia strategy, without, perhaps, all the evidence on the direction of policy. The people charged with making such difficult decisions—it is a difficult change to make—should consider whether it would be appropriate. I should also like to put on record that the national dementia strategy will be published in the autumn, but a consultation document will be presented in June and people will have the opportunity to comment before the final strategy is produced.

The hon. Gentleman may want to acknowledge that carers have been involved in the tendering process—they have had input and oversight. To say that there has been no engagement or consultation in the case he mentioned is not fair, because significant attempts to engage and consult were made. Indeed, the matter was originally referred to the overview and scrutiny committee of his local authority, which chose not to express any reservations about the change. It subsequently had second thoughts and raised its concerns, but to say that there was no consultation is not fair. The hon. Gentleman did not say that there was no consultation, but the hon. Member for Hemel Hempstead spoke of consultation in a derogatory way. Genuine attempts to engage on the issue were made, but because of the unique nature of the unit, there is a great deal of emotional attachment to it and a great belief that the clinical care it provides is of the highest possible standard. I would be happy to speak privately to the hon. Member for Twickenham about that particular situation.

[Mr. Ivan Lewis]

The hon. Member for Rugby and Kenilworth (Jeremy Wright), who has left the Chamber, does an excellent job as the chairman of the all-party group on dementia, and the group makes an important contribution to the debate.

The hon. Member for North Norfolk made a constructive and helpful contribution, and I echo his tributes to Age Concern, Help the Aged, the Alzheimer's Society, Action on Elder Abuse, Mind and, indeed, to carers organisations such as Carers UK, the Princess Royal Trust for Carers, Crossroads, Partners in Policymaking, and the Royal College of Psychiatrists. Those organisations frequently ensure that older people's needs are placed far higher on the political agenda than they would be by constantly pressuring parliamentarians and using the media, and by championing the interests of older people and their families, so I pay tribute to them.

The hon. Gentleman talked about funding. We spend large amounts of money, in every community through the NHS and local government, both on social care and on mainstream well-being services through the benefits system, but that is not often not referred to in debates such as this. We spend money, for example, on the disability living allowance, the attendance allowance, housing, and, indeed, we spend money through excellent third and voluntary sector organisations. We need to get to a situation in which we have a joined-up, integrated approach to health and well-being in every local community that shifts us toward early intervention and prevention. We signed the "Putting People First" concordat before Christmas with local government and the NHS. I believe that in the next three years, a radical transformation of the social care system in partnership with the NHS, focused on a shift to early intervention and prevention, and on giving people maximum control and power through personal budgets, universal information and advice to people, including those who fund themselves, is massively important. It would begin to transform well-being services in every community in every part of the country.

Norman Lamb: Is the Minister indicating that he sees a need to integrate fully the funding that comes through the benefits system? For example, attendance allowance could be provided through the care system so that there is one mechanism for providing funding and support.

Mr. Lewis: I am open to that view, but that is not what I am saying and it is not the Government's position. As the hon. Gentleman knows, we are about to embark on a major, extensive public consultation that will lead to a Green Paper and scope out the scale of the challenge of the future funding of social cafe and the range of available options. I am not necessarily talking about the need to put all the investment into one organisational framework because, sometimes, tinkering with organisational structure is not the solution. I am saying that those resources should be considered, commissioned and spent in a holistic and integrated way in every community rather than being looked at separately. That is not quite the same as saying that they should all be brought within the same organisational framework. In our view there is not enough money in local communities to ensure that older people, disabled people, those with mental health problems and carers have a much better quality of life. I argue that it is not only about more money, although the demography means that over the next 10, 15 or 20 years we will need more resources just to keep up with demand, but that existing resources could be used in a far more integrated and sensible way.

That is why I ask the House to consider the "Putting People First" protocol. It will be followed in the next few days by a letter to every local authority. Local government has signed up with the Government to a radical shake-up of social care services, in partnership with the NHS, in every community over the next three years, beginning in April.

The hon. Member for North Norfolk made an important point in respect of acute hospitals, and the opportunity for older people who are admitted to them to have access specialist mental health services.

The hon. Member for Hemel Hempstead—I welcome his unusually non-political contribution—rightly spoke about the inappropriate medication of older people. He will therefore welcome the significant expansion of psychological therapies over the next three years. At primary care level, people will have far greater access to psychological therapy than ever. That will be as relevant to older people as to those of all other ages.

Like the hon. Gentleman, I spent Christmas day visiting the two acute hospitals in the vicinity of my constituency. I felt a sense of awe on meeting the staff, who were giving up their whole of their Christmas time to care for NHS patients in a sensitive and professional way. It demonstrates the power and the uniqueness of our national health service and the staff who work on the front line. Of course, we cannot walk away from the growing number of patients in acute hospitals that have dementia, and Lord Darzi's next stage review of the NHS will give serious consideration to that factor.

I could speak about all that the Government have done on these issues over the past 10 years, but much of what we have done is already on the record. In 1999, we introduced an annual carers grant to every local authority, the right for carers to request flexible working and enhanced pension credits for carers—and we will be doing more. That is why the Prime Minister, my right hon. Friend the Secretary of State for Health and I spent several hours in Leeds last Friday talking directly to 70 or 80 carers about what they want from the new deal for carers that the Prime Minister will announce later this year. Rather than a new deal for carers being drawn up in offices in Westminster and Whitehall, it will be based on the real, everyday experiences of carers.

We will consider respite care, a subject raised by the hon. Member for North Norfolk. There should be greater recognition and valuing of the tremendous contribution made by carers. That contribution will grow with the ageing population. Indeed, people often miss the significant implication for families if ever more people are to stay in their own homes rather than going to institutions. Nor, as the Minister for Schools and Learners arrives for the next debate, should we forget the plight of young carers. Together we need to do a lot more as we face one of the new challenges to which society is waking up—that far too many children are spending too great a proportion of their lives caring, inappropriately in my view, for sick or dependent parents.

As the hon. Gentleman said, we must address the needs of carers, and we will be doing so in our new deal for carers.

The year 2008 will be crucial in facing up in a radical way to the challenges of demographic change. We will produce a national dementia strategy, which will focus on raising awareness of the problem among professionals and citizens, so that we can identify the symptoms at an early stage; the earlier we intervene the better. Appropriate diagnosis and intervention are important. Too often, family members or the older people themselves approach a professional, describe symptoms and are told that they are not suffering from dementia or Alzheimer's, and many are given an inappropriate diagnosis. That is bad, because the earlier we intervene in such circumstances, the better and more effective the treatment and support will be.

The final element of the national dementia strategy will be quality specialist care. I agree entirely with those who said that we need specialist expertise, staff training and, when appropriate, specialist services. Simply to say that all older people should receive the same service, as an expression of equality, is a mistake.

The national dementia strategy will be produced in the autumn and we will consult on it from June. It will be incredibly important, and I am delighted that the chief executive of the Alzheimer's Society is playing a central role, with recognised leaders in social care and the NHS, in developing the strategy.

As I said, extensive consultation will take place this year on the future funding of the social care system, and we will produce a Green Paper later in the year. I want an all-party consensus for change on the funding of long-term care. I hope that politicians will resist the temptation to resort to petty politics. We all know that it is not easy to balance the respective responsibilities of the state and the citizen when considering the scale of demographic change and people's rising expectations. Publication of the Green Paper will be incredibly important.

I will be extending my campaign to put dignity for older people at the heart of all care services. We want the subject to be debated on every hospital ward, in every residential and nursing home, and within all domiciliary services, voluntary organisations and local authorities. The question is how to improve dignity for older people in every care setting.

We will review the protection regulation system for vulnerable adults. We know that elder abuse is a growing concern. Twenty or 30 years ago, we were beginning to talk openly about the scale of child abuse. With elder abuse, public debate is arguably at a similar stage so we will review the protection regulations later this year.

In the spring, the Prime Minister will announce a new deal for carers. With a 10-year plan, we will seek to address the growing number of people who spend a significant proportion of their lives caring for older or disabled relatives; and we as a society and as a Government must do more to recognise, value and support their contribution.

Alongside that is the Darzi review of the NHS. Having rebuilt the foundations of the NHS during the past 10 years, the challenge now is to move to a world-class health service, with personalisation at its heart—one in which people are treated as people and not patients, because individuals and families have distinct needs. As the Prime Minister said recently, we need to harness all our expertise and technology and the most recent medical advances to shift towards early intervention and prevention, moving from a sickness health service to a well-being national health service.

The year 2008 is the time for us to consider all approaches to the needs of older people and disabled people, and for the Government to demonstrate their willingness to step up to the plate and tackle the issues head on. I believe that many of them require an all-party consensus, and we will be striving to achieve that whenever possible as those debate become more acute.

Science Teaching

11 am

Dr. Brian Iddon (Bolton, South-East) (Lab): Thank you, Mr. Olner. It is a pleasure to serve this morning under your chairmanship.

Unfortunately, this debate has clashed with a seminar on renewable energy that the members of the Innovation, Universities and Skills Committee are now attending at Imperial college. Otherwise there would have been a much greater attendance at this meeting. However, the quality is here and that is what matters.

First, I should declare an interest, in that I am a parliamentary adviser to the Royal Society of Chemistry. That is a non-pecuniary interest, which I have registered.

My contribution to this debate is not going to be about the supply or quality of science teachers, important as those subjects are, because they have been covered in two Select Committee reports. One was published by the House of Lords in the 2005-06 Session of Parliament and the other was published by the House of Commons in the 2001-02 Session of Parliament.

I intend to concentrate on issues that are used to embellish the teaching of science, some of which I have been closely involved in. Many of us, if not most of us, who became scientists in the past would probably agree that, foremost, it was the enthusiasm of the science teacher that attracted us to pursue such a career. Some science teachers can make the sciences, whether it be chemistry, physics, geology, biology or even zoology, sound extremely complicated, if not boring, probably because they do not enjoy teaching the subject or, in some cases, because they do not even understand the basic principles. Of course, the lack of specialist teachers is part of the problem and that situation has got worse in recent years.

The worst science teachers make no attempt at all to embellish the curriculum by taking their students out of the classroom, for example to listen to an outside lecture or to visit an outside facility that is trying to make science interesting to students and the general public. They are also reluctant to invite scientists or engineers into their classroom to talk about their experiences and they make minimum effort to run practical classes. Indeed, their sole aim appears to be to cover the curriculum so that their students will achieve the highest grades possible in examinations, even by abandoning many of the practical classes if that should prove necessary.

Recent surveys by the Science museum in Kensington and the awarding bodies have shown that hands-on practicals in laboratories and visits and excursions outside school are the most enjoyable aspects of studying the sciences. I am aware of *The Times Education Supplement* published in October last year that revealed that a third of teachers had cancelled school trips, with cost cited as the problem by 40 per cent. of the teachers surveyed and form-filling cited as the problem by 36 per cent. of the teachers surveyed. However, to be fair to the Government, they have responded to that criticism by publishing a manifesto entitled "Learning Outside the Classroom" and pledging £2.7 million towards encouraging school trips, for which I am extremely grateful, as I am sure are others.

I would like to pay a tribute to the 12,000 or more volunteers who take part in the science and engineering ambassadors in Schools, or SEAS, programme, which is organised in partnership with the Science, Technology, Engineering and Mathematics Network, or STEMNET, as we should now call that organisation; previously, of course, it was called SETNET. Those volunteers are mainly young people who are encouraged by their employers to convey the excitement of their work to secondary school children who might be attracted as a result to pursue a career in science or engineering. Unfortunately, pressures from the research assessment exercise in recent years have reduced the number of younger university academics willing to visit schools.

My own interest in science began with an opportunity, at the age of 11, to purchase a rather complicated chemistry set from another boy in my village who had become rather bored with it. It was accompanied by a very old practical textbook. The front porch in our house, which was only used on significant occasions such as funerals, became my laboratory. The absence of a fume cupboard did not deter me from carrying out the experiments, much to the consternation of my parents, I might add.

In those days, chemicals and basic glassware, such as round-bottomed and flat-bottomed flasks, retort stands and clamps, beehive shelves and thistle funnels, could be purchased from a chemist's shop, believe it or not. All my purchases were made from Caves the Chemist in Neville street, Southport, the town where I attended secondary school and, later, the technical college.

In those educational establishments, my enthusiasm for practical science was fired by two very fine teachers, Mr. Jones and Mr. Crossley. They made full use of the demonstration bench at the front of the class. If they were talking about chlorine, they made chlorine before the very eyes of the students who were watching in fascination. Indeed, whenever they talked about a chemical, the chemical was there on the demonstration bench and many reactions were carried out, with wonderful colour changes, lots of smells and a few flashes and bangs. I must say that watching a teacher perform the thermite reaction was one of the highlights of the chemistry year.

I suppose it was those experiments that attracted me to become the first senior demonstrator in organic chemistry at Durham university, at the age of 24. That brought me into contact with the great demonstration lecturers of the day, for example, "Flash Porter", otherwise known as Professor George Porter of the Royal Institution, and the famous B.D. Shaw of Nottingham university, who gave his famous lecture on explosives until he was well into his 90s; he also gave it on television. As a result, for 29 years I presented a demonstration lecture which was 90 minutes long and called "The Magic of Chemistry". I presented it at least once a month and many more times during the Christmas period. Indeed, Christmas lectures have been a tradition in many of our towns and cities in this country, especially here in London at the Royal Institution in Albermarle street.

I was on the "demo circuit" and came to know some of the "greats" in the business, people such as the Rev. Ron Lancaster, with his "Fireworks" lecture, and Dr. John Salthouse of "Son et Lumiere" fame. Ron, whose son is now a Conservative MP and is today sitting not very far from me, was a chemistry teacher at Kimbolton school in Cambridgeshire and became the only private individual in his day to gain a licence to manufacture fireworks. Kimbolton Fireworks is one of the few remaining manufacturers of fireworks in Britain today, and is well

known for its public displays. In "Son et Lumiere", John Salthouse takes the line of "Look what happens when you mix this with that"; the result, of course, is a flash, a bang or a wallop, and plenty of noise or light, or both. Now, imagine how much more interesting the teaching of science is when you have people such as that around the classroom.

Sadly, the classroom and teachers have changed. Of course, the fear of litigation should something go wrong and the health and safety regulations, such as the introduction of the control of substances hazardous to health—COSHH—regulations, have helped to put a damper on some of the more exciting experiences that a student can have in the classroom. However, teachers very often use those regulations as an excuse. It is still possible to present science in an extremely exciting way, but the teachers are not trained to do it and few take the opportunity to engage themselves in reading the relevant and excellent textbooks on presenting demonstration lectures in the classroom. If they are not confident or able enough to present such lectures themselves, there are many visitors who can do so and they should be invited into the classroom or laboratory to fascinate the students with such demonstrations.

It is, of course, important, even mandatory, that risk assessments are carried out on all activities that are undertaken with young people, especially those working in a school laboratory. Learning about the hazards presented by all chemicals and the risks involved in their use is considered now to be a part of chemical education. However, recent statistics available from both local authorities and the Health and Safety Executive show that school science laboratories are one of the safest places in the school in terms of the accidents that may arise from science experiments.

In an interesting publication, "Surely That's Banned?", published by the Royal Society of Chemistry in 2005, the Consortium of Local Education Authorities for the Provision of Science Services, or CLEAPSS, and the Scottish Schools Equipment Research Centre, or SSERC, detail what is banned in school teaching. In fact, very little is banned, contrary to the perception of a significant number of science teachers. If teachers are unsure about what is banned, they can seek advice from those organisations and their publications, or from the Association of Science Education—the ASE—and the learned societies, or consult those societies' publications.

Solvents such as benzene, which is a carcinogen, tetrachloromethane and 1,1,1-trichloroethane, which are ozone depleters, are banned, and there are restrictions on the quantity of thorium and uranium salts that can be kept in the laboratory. Not surprisingly, the amount of explosive materials that can either be made or stored in a school laboratory is also restricted.

I have been following closely the introduction of the new ways of teaching science in the classroom, and particularly the 21st century science syllabuses, of which there are a number. I recently visited two schools in Bolton—one in Turton and one in Westhoughton—that are teaching science using the new syllabuses and I was impressed by the enthusiasm of the two young teachers and the students I observed. I was also impressed by the way in which those teachers had prepared their lessons and I witnessed good use of modern whiteboards, plenty of interactive handouts, a laptop computer in front of every science student and excellent use of the large amount of material that is available on the internet.

Bob Spink (Castle Point) (Con): Does the hon. Gentleman share my concern that part of the problem in schools is that specific sciences are often not taught by specifically science-qualified teachers, but by generalists or non-science-qualified teachers? That is part of the reason why teachers are afraid to go down the "flashes, bangs and smells" experimentation route, which is a great sadness.

Dr. Iddon: I agree with the hon. Gentleman and I referred to the shortage of specialist science teachers, although the best schools are trying to recruit them. What the hon. Gentleman says is, however, important.

Unfortunately, some teachers have used the teaching methods that I mentioned to replace practical classes. Watching an experiment being conducted by video link is not the same as the excitement of performing that experiment in the school laboratory. In one lesson that I attended, I was fascinated to see that pupils were learning about embryology, and I was able to explain the contributions that some of us in the Chamber have made during Science and Technology Committee meetings on the legislation that is currently before the House on that important issue. Such anecdotes, and the fact that people such as me and others can attend lessons to relay them to students and pupils, can bring subjects to life.

When I spoke to pupils after the classes in the two schools that I visited, however, one thing came over loud and clear: "Please can we do more practical work?" Nothing is more off-putting than walking into a school science laboratory that looks like the pictures of laboratories in Victorian science textbooks. If we are to attract young people to study the sciences, their places of study must look 21st century, not early-20th or even 19th century. In its "Science And Innovation Investment Framework 2004-2014", the Government committed themselves to providing

> "capital funding to schools and authorities...to meet the Roberts Review target of bringing school labs up to a satisfactory standard by 2005-06 and to bring them up to a good or excellent standard by 2010."

Their "Next Steps" document, which was published in 2006, makes the following commitment:

> "The policy priority is to improve the state of school science accommodation by making school science laboratories a priority."

Hon. Members should note the lack of dates in the second of those two commitments. Together with others I have questioned successive Education Ministers on the state of school science laboratories, but we have always been told that the building schools for the future programme is addressing those commitments. However, progress is just too slow, and none of the money that is currently allocated is ring-fenced for laboratory provision.

Sadly, even when refurbishment does take place, the quality of the work is not always good. There are reports of furniture that falls apart in a few years and bench tops that are not designed for the purpose, along with inadequate utilities and information and communications technology provision. The lessons to be learned are that school science staff must be involved in the design of new facilities and that adequate advice must be available from the local education authority or others to guarantee a good-to-excellent standard of provision.

In October 2006, with the support of the Royal Society, the Royal Society of Chemistry published the results of a survey of school science laboratories carried

[Dr. Iddon]

out by CLEAPSS. The survey estimated that there were 26,000 laboratories in secondary schools in England in 2005. At the time, the average cost of refurbishment—I should add that that was to an unspecified standard—was £38,000 per laboratory, with costs ranging from £2,000 to £125,000. The average cost for a newly built laboratory was £120,000, with costs ranging from £11,000 to £375,000. Those are high costs indeed. With only 34 per cent. of school laboratories in the sample surveyed rated as good or excellent, 41 per cent. rated as basic and uninspiring and a massive 25 per cent. rated as unsafe or unsatisfactory, the survey did not make good reading for the Government.

In addition, 13 per cent. of science classes are not even taught in a school laboratory, and teachers reported that an extra science laboratory was needed in each school, which equates to an estimated 3,500 extra science laboratories. Even when the laboratory space in schools has improved, the areas used by the technicians to prepare the science classes have often been ignored

The bottom line is that upgrading school science provision all round to a good standard in England alone would require an estimated £1.38 billion at 2005 prices. Indeed, a recent published estimate suggests that £2 billion would be required across Great Britain to upgrade school science laboratories that have not already been upgraded.

Bob Spink: This is a most important debate, and I congratulate the hon. Gentleman on introducing it. May I help him to set the scene and to explain why it is so necessary to improve our laboratories? Industry in this country relies heavily on scientists from abroad, but the supply of such science-qualified graduates, particularly from the sub-continent and China, may start to dry up as the economies there develop and mature. It is therefore essential for us to fill the planning gap by ensuring that we have decent science teaching, that we encourage women into science teaching and that we have good-quality science labs that will encourage students and teachers in schools and support science teaching in our economy.

Dr. Iddon: Indeed. I agree and I shall produce some figures in conclusion to underline what the hon. Gentleman has said.

Let me turn now to another aspect of science teaching that has been on the wane in recent decades—field trips. Unfortunately, initial teacher education does not show fledgling teachers how to exploit the wealth of knowledge in the outside laboratory. I pay tribute to the Field Studies Council for the work that it does in that respect. It not only promotes outdoor education through its publications and lobbying, but walks the talk, too, by running 17 field centres in some outstanding parts of the country, such as Malham Tarn, in north Yorkshire, Brockhole, near Windermere in the Lake district, and Flatford Mill, which was made famous by Constable's painting.

I still remember being taken into the countryside by my primary school teachers, who helped me to identify wild flowers, insects, birds, wild animals and trees. For a while, I was the proud owner of a flower press and I had quite a good collection of dried and pressed wild flowers, which I was able to identify.

An education officer at the London outdoor education centre has remarked:

"All we see these days are primary schools. We never see science groups from local secondary schools any more".

The Government have argued that outdoor education is thriving in our schools, but the FSC's evidence suggests otherwise. More than 96 per cent. of GCSE science pupils will not experience a residential field trip, while nearly half of all A-level biology students will do no field work, with the possible exception of half a day's experience near their school.

Last year, the ESC and the ASE jointly published a report on the training of pre-service teachers to support the development of outdoor teaching in secondary science education. The report contains nine recommendations on how to halt the decline in the use of field trips to teach science outdoors and, inter alia, lists the barriers to such teaching, such as the lack of minimum requirements, the failure to recognise the potential of fieldwork, the lack of training among initial teacher education tutors and teacher mentors, the lack of a communication and organisational structure to promote fieldwork, the low status awarded to fieldwork by Ofsted inspectors and, inevitably, the cost of field trips. Let us hope that the new standards set by the Training and Development Agency for Schools will be fully implemented by those responsible for initial teacher education, and that the Malham protocol, a set of minimum standards for teaching science outdoors within ITE, will be adopted by the TDA.

In May the Institute of Biology published "Dissection in Schools", a survey funded by the Association of the British Pharmaceutical Industry. Eighty-five per cent. of the respondents believe that less dissection work has been carried out in schools since 1986, when the new national curriculum and compulsory science at GCSE were introduced. Time pressures because of the current nature of the curriculum, costs, doubt about what activities are permissible, difficulties in acquisition of materials, a shortage of skilled technicians and the need for a resource handbook were commonly cited reasons for that decline. Again, there appear to be problems with ITE. If dissection is not a minimum requirement of the curriculum, it will not be carried out by the teachers.

There are, again, incorrect perceptions of health and safety regulations. For example, contrary to a commonly held belief, cheek cell and saliva sampling is permitted, as long as students work only with their own cheek cell and saliva samples, the cotton buds and disposable cups are disposed of appropriately, and the glass slides are sterilised in a chlorine-based disinfectant. The taking of blood samples is not ruled out either, providing that the COSHH regulations are adhered to. Dissections of eyes can be carried out, but there are some rather complicated restrictions. There can be regional differences. Unlike those in the rest of Britain, pupils in Northern Ireland cannot take samples of their own cheek cells, saliva or blood. Dissection was encouraged in only 69 per cent. of the institutions surveyed. Only 17 per cent. of respondents cited dissections as a cause of students being turned off science. There appear to be increasing concerns, too, about animal welfare. The Department

for Environment, Food and Rural Affairs has recently introduced requirements about the disposal of live material, which has caused biology teachers some concern.

Dissection is, however, regarded as bringing science to life. It enhances a student's knowledge and understanding, makes it possible to understand the complexity and efficiency of animal anatomy and engenders an appreciation of the fragility of tissues. Students can relate animal anatomy to an understanding of how their own bodies work and dissection improves hand-eye co-ordination. Ethical issues about the use of live animals in research can of course be discussed in the context of dissection.

When the Connexions service was established, its staff concentrated, unfortunately, more on those with learning difficulties than on the most able pupils. Consequently, high-quality schools career advice failed to reach many of the most gifted pupils, who were unable to realise the breadth and excitement of the careers that can be pursued with a science, technology, engineering or mathematics background. Regrettably, according to the report of the House of Lords Select Committee on Science and Technology, "Science Teaching in Schools", few careers advisers have a STEM background. In any case, the sciences are perceived to be difficult by teachers and pupils alike, and schools consequently adopt "softer" options to take their schools high in the league tables, which now seem to determine which schools are good or bad. In "Next Steps", the Government largely neglected careers advice, and it has now become urgent that they address the deficit in good careers advice for the most able students.

By 2014, according to the National Endowment for Science, Technology and the Arts, the demand for science and technology professionals will increase by 20 per cent. compared to an increase in demand for all other occupations of only 4 per cent. That is the point that the hon. Member for Castle Point (Bob Spink) was making. A recent study of our 15 year-olds' ability by the programme for international student assessment of the Organisation for Economic Co-operation and Development revealed that British teenagers have slipped 10 places in six years to a lowly 14th place in the world's most prestigious league table charting scientific knowledge among schoolchildren.

The Minister for Schools and Learners (Jim Knight): It is worth reading out what the OECD said in its report on PISA 2006:

"As the first major assessment of science, the PISA 2006 assessment establishes the basis for analysis of trends in science performance in the future and it is therefore not possible to compare science learning outcomes from PISA 2006 with those of earlier PISA assessments as is done for reading and mathematics. Indeed, the differences in science performance that readers may observe when comparing PISA 2006 science scores with science scores from earlier PISA assessments are largely attributable to changes in the nature of the science assessment as well as changes in the test design."

Dr. Iddon: I am glad that the Minister has made that point, because I did not know that, and neither, obviously, did many people who have made the comparison.

In *The Guardian* of 3 December 2007, Dr Richard Pike, who is the chief executive of the Royal Society of Chemistry, said:

"The dramatic slippage of the UK to the 14th place in the league for science teaching should be seen against the backdrop of numerous, often failed, uncoordinated initiatives, and a reluctance within the whole community to stand back and look at education from a holistic viewpoint"

which is what I have tried to do this morning.

I have tried to highlight the decline in what are regarded as important aspects of science teaching, and give possible reasons for that decline, which I hope that the Minister will address in future planning of science education. There is a lot of good will out there, in industry and commerce and in the teaching fraternity, and we need to tap it to the advantage of all those students who show an interest in pursuing a science career. Let us make science teaching exciting again in the classroom, as it once was, in my day.

Mr. Bill Olner (in the Chair): Three hon. Members wish to participate and I intend to start the wind-ups at 11.55, so if they have done their science and mathematics they will know how much time they each have.

11.26 am

Dr. Ian Gibson (Norwich, North) (Lab): I am delighted to take part in this debate once again. We have pushed this issue half a dozen times, because it is recognised as important, and I shall quote something from the Sainsbury report about why that is. I congratulate my hon. Friend the Member for Bolton, South-East (Dr. Iddon) on once more bringing the matter into the arena of debate. We have similar backgrounds, except that I was in Scotland and he was in England. We always get more money in Scotland, for some reason—or perhaps we use it better; who knows? That is another argument, for another time and place. Nevertheless, Scottish science has produced some excellence, as has English science, and we compete well in the world.

Lord David Sainsbury has just produced a document entitled "The Race to the Top: A Review of Government's Science and Innovation Policies", in which he talks first about the need for a

"major campaign to enhance the teaching of science and technology",

including raising the number of qualified science teachers, increasing the number of young people studying triple science, improving careers advice, establishing a national science competition and rationalising the many schemes to inspire young people to take up careers in science and engineering. Indeed, although we are worried about the future, there is much going on in different localities, about which I shall say something in a minute.

Lord Sainsbury also points out in his review that although it is not clear where in the future the jobs will necessarily come for scientists, there will be many opportunities for UK companies, and therefore there is a need for science education and research. New industries will appear in

"aerospace, pharmaceuticals, biotechnology, regenerative medicine, telemedicine, nanotechnology, the space industry, intelligent transport systems, new sources of energy, creative industries, computer games, the instrumentation sector, business and financial services, computer services and education."

That is not a bad challenge for a small island and we play, I think, quite a hard-hitting role in those fields internationally now. We are of course worried about what will happen in the future, as we watch the emerging

[Dr. Ian Gibson]

economies of other countries, such as China, with a university in every street, everyone getting a degree and large numbers of people flooding through. One need only go to Singapore to see scientific excellence being developed. The journey to such developments starts with early school days and continues through university and into the job market, whether the jobs are in research or industry.

I want particularly to mention the field of cancer. In the 10 years I have been in the House, that has been a major commitment for me. I have seen how well things have developed through Government support. There is now a cancer reform strategy, which recognises that science is moving on and driving a need for new policies. That is very important. We know that more will happen in that context. For example, personalised medicine will be a key factor in a world in which we target drugs to people to the advantage of their genetics, around which are many issues, such as how drugs are produced and paid for, the reaction of companies, the kind of partnerships that we adopt and how academia and the industry can merge, in which regional development agencies and many other organisations will have a role to play.

I am told that in the cancer field—this comes from anecdotes from a dinner party on Saturday night with consultant oncologists—many medics now have never seen a tumour. They might see one on a video screen, but they will not see one for real until they are thrust into their oncology work. In many ways I think that that is true across science. Many people no longer learn the kind of hard science that I had to do. I do not want to be too crude—I must watch my parliamentary language—but there is nothing like seeing a real heart throbbing, and operating or working on it, to get a feel for handling the job. It is no use just seeing it on the screen and saying, "It will be all right on the night."

Furthermore, as my hon. Friend said, it is no use students thinking that they know how things work in the world outside without actually seeing it. A generation of young people has been brought up watching Attenborough programmes, which I find fascinating. I watch big cat programmes and am amazed at how lions get chased by creatures that they fancied eating. Those educational relationships are good for young people and allow them to pick up on, and try to understand, the behavioural patterns of animals and plants, which they can reflect on to themselves. That is somewhat anthropomorphic, but is important because it gets them asking questions.

Young people are stimulated by all sorts of things at a very early age. We have been talking about how different people are not working together or united, and about various initiatives and publications. I know of a nice book for young people, called "Have a Nice DNA", by a friend of mine, Professor Balkwill, at Queen Mary's college. I also know of the school garden which is pupils' new classroom project, which has helped pupils to build a willow tunnel, research life forms in the pond, and build a bird hide to watch wildlife, giving them first-hand experience of ecology. That project was not set up by a teacher, but by a science technician—a dying breed. A Committee that I used to chair once looked into patterns in schools on either side of the Scotland-England border and found that, in Scotland, technicians are still valued. They are the backroom people who prepare the experimental classes, ensure that the equipment is available and make noises if it is not. In a way, that also aids young people's education when experimenting in laboratories.

I sometimes joke about a school in my area—Sprowston high school—that produces good drummers. In fact, one is marrying KT Tunstall, although I doubt if any Member here knows who she is—

Jim Knight *indicated assent.*

Dr. Gibson: The Minister obviously does.

I would much rather that the person marrying her was a scientist than a drummer—but there we go. It reflects the education in that school; the music department is well run, has all the necessary equipment and attracts young people. The science department could do the same, but its laboratories use those dull brown-topped wooden desks with "Tony loves Cherie" and other such messages scratched on them, because young bored people spend time listening but not really taking anything in.

The school garden in Norwich that I mentioned is important and is really developing. One young person said of it:

> "It makes more sense actually seeing and touching things than reading about them in a textbook. We are even going to go to the junior school and help them with their own garden."

My Committee found the same thing. That is the kind of experimentation that we want.

Young people are also fascinated by boiling things and get a kick out of making colours in test tubes, as my hon. Friend the Member for Bolton, South-East said. I had a chemistry set as a child and remember applying to a medical school and saying, "Ever since the days of my first chemistry set, I have been interested in understanding how the world works." However, that argument did not wash with the great deans of Edinburgh university, where applicants needed parents who went to the right school. But that is another story; hopefully those days are over, but I doubt it.

Professor Balkwill is also developing, at Queen Mary's college, an outfit where a cell will be manufactured architecturally so that people can come in off the streets and get involved. I have always wondered why science and art museums do not mix. However, I shall come on to the interaction between science and the arts later. I do not have to tell Members about the fascination with dinosaurs and the Natural History museum, where people can learn what a dinosaur was and discuss, until the cows come home, how and why they died out.

I have some other books with me. One is "Why Can't I... Jump up to the Moon?: And Other Questions about Energy"—perhaps the Minister will tell me why he cannot jump up to the moon—and another is "Why Can't I... Sleep on a Bed of Bubbles?: And Other Questions about Materials". They have been written for young people, but do not seem to have got into the classroom to the extent that I think that they should have. I know, too, about an anthology of poetry and artwork around science by children from Rockland St Mary county primary school and Framingham Earl high school, which is just outside Norwich. It is quite brilliant how they developed poems around scientific structures seen down an electron microscope and so on.

It is wonderful to see the interest in the questions and the enthusiasm that it generates. That happened because a young woman doing a post-doctoral fellowship at the John Innes centre decided to do it. She is a high-flyer in her research field, but wanted to put something back into the community because she could see that there was a need for it.

We often talk about the shortage of teachers, but sometimes we could use people in universities, such as post-doctoral and PhD students, who are the lifeblood of research in this country. I learned that first-hand from Paul Nurse, who is one of our Nobel prize winners. They do all the work; they stimulate ideas, lecture among undergraduates and help them in practicals and so on. We should use that force, until we get the numbers that we need in physics, chemistry and biology. I speak from practical experience. I once went on a course to Murray house in Scotland for three months. I think that I passed, although I was told off for not wearing a tie—such is rebellion in Scotland. However, instead of teaching religion to a class, when I visited a school, I took the children outside to show them how to take corner and penalty kicks. I do not think that the two of us doing it were sacked, but we were moved on. Nevertheless, many stimulating activities can be undertaken.

I shall move on from the enthusiasm in practical school classes to postgraduate and undergraduate students, who to some extent get a rough deal. They cannot always see a career in front of them, because of the limited number of grants, which can be for one or three years, but not for five years. That is changing gradually; bright young people who want to stay in science are being given a career structure, which is necessary in that field.

Finally, one of the reasons why those students are giving up is that they cannot do exciting experiments on a Friday afternoon after they have been to the pub—hopefully not for too long. Nevertheless, they try things out—"I wonder what would happen if...?". Science is about asking such questions. To a large extent, that has been taken out of their training. Research assessment exercises now require a safe pair of hands and safe experiments so that they can get the paper out. Much of the paper work is done by postgraduate students—although their names still appear last, after the senior professor and so on. They are not recognised properly in our society for their value to science education. We could do much more with them. Hopefully, at last, something will happen, because we have been talking about these things for some years. Things are happening in certain places—I gave a few examples—but not nationally.

11.38 am

Mr. Mark Lancaster (North-East Milton Keynes) (Con): I intend to make the briefest of contributions. I congratulate the hon. Member for Bolton, South-East (Dr. Iddon) on securing this very valuable debate and pay tribute to him for his lifetime's contribution to the world of science, which was reflected in his speech. I was delighted to be with him when the Royal Society of Chemistry presented him with the president's award for a lifetime's contribution to science. That was very well deserved.

I declare an interest as a parliamentary adviser to the Royal Society of Chemistry. When I first came to this House, I thought that I had the honour of being the first Member of Parliament who was also a fireworks maker, which is rather appropriate on the 400th anniversary of Guy Fawkes' execution. However, I then discovered that the hon. Gentleman had beaten me to it; I understand that back in 1997 he dressed up as Guy Fawkes and blew up gunpowder in the Jubilee Room. I am not sure whether the Serjeant at Arms would let me do that, but I certainly intend to try. My plea to the Minister is, simply, let us make science fun again. It is certainly not his fault, but there has been a general decline for various reasons that I shall consider shortly. Science is not as fun as it used to be, and that has to be a crying shame.

I am a lucky chap. We have discussed having chemistry sets when we were young, and my set was probably the best in the world. It was a firework factory. One of my earliest memories is as a young lad, pecking over my father's work bench to see him mixing wonderful coloured chemicals, and with a glint in his eye, he would take me with him to blow them up in the garden. We would bury them to see how big a hole we could create. My mother would be absolutely horrified when my father got slightly bored on a Friday afternoon, because he would give me the nod and we would creep out and blow holes in the garden. It was a wonderful way to start.

I shall never forget doing Nuffield physics as an A-level student and being able to do practical experiments. Much of my A-level was practical, and that was the joy of Nuffield—going out into the school fields and firing tennis balls out of 3-in mortar tubes to investigate the optimum firing angle. I was very lucky, because the Lancaster household is a strange one, and all I had to do to get hold of gunpowder was to go the bread bin, where my father used to keep it. I also discovered through that practical process that although 45° was the optimum angle to send one's tennis ball across the fields, it would go just as far if one put it at 60° or 30°. If one put it at 60°, it went much higher and one could dislodge the tiles from the headmaster's roof. If one put it at 30°, one could get it under the trees and bounce it off the windows. Those are the lessons that only practical science can teach us.

There are no barriers preventing such experiments in the classroom, although I always remember the advice about pipettes and burettes and not to suck too hard because it might take the enamel off one's teeth, but it is important that we educate people. That is why the Royal Society of Chemistry's publication "Surely that's Banned" is so valuable. I encourage the Minister to try to get it to as broad an audience as possible.

There are, however, practical barriers. The hon. Members for Bolton, South-East and for Norwich, North (Dr. Gibson) referred to the importance of having more or better laboratories in schools, and although I recognise that the Minister will probably tell us that the Government's building schools for the future initiative may go some way to address that concern, that better schools programme will not hit my constituency until 2013. He knows that my constituency faces considerable financial challenges already, and I am delighted that he has promised to do something about it. Generally, however, more must be done sooner.

I ask the Minister to recognise also that science is a changing subject. It is vital that teachers receive the opportunity constantly to retrain, which is why it is slightly disappointing to discover that science teachers are not entitled to science-related continual professional

[Mr. Mark Lancaster]

development. That is another area for the Minister to examine. Indeed, I should tie that issue to the debate last week about equivalent or lower qualifications, about which the Minister knows I feel strongly because of its impact on the Open university. I ask him to talk to his ministerial colleagues and press the point that if the Government pursue the policy of withdrawing ELQ funding, it will have a significant impact on science teaching.

11.43 am

Dr. Evan Harris (Oxford, West and Abingdon) (LD): I am delighted to have the opportunity to speak, although as I fear that I may not be able to stay for the closing speeches the Minister will be relieved to hear that I shall not ask too many questions of him. There is science business in the House of Lords today, and it may take me away.

Instead of going on the trip by the Select Committee on Innovation, Universities and Skills to a seminar, I wanted to attend today's debate in order to support the hon. Member for Bolton, South-East (Dr. Iddon) and congratulate him on his work on the subject under discussion. This is one of a series of tributes that I have paid to him for his efforts in raising the profile of important science issues—not just chemistry and teaching—in the House. I agree with almost everything that he said today, so I shall stress just a couple of points.

There is a fundamental problem: the shortage of specialist teachers. It creates a vicious circle; if students are not inspired to study science subjects at university because they have not had an inspiring specialist teacher, they will not graduate in that subject and at least consider the option of a teaching career—in the state sector especially. The real issue is that the Government have to break that vicious circle. We must recognise that numerate graduates who understand science and are well trained in its methods are attractive not only to industry and teaching, but also in the City and in jobs that pay far better than public sector jobs such as teaching.

The Government must consider whether the huge burden of student debt imposed as a result of their student funding policies is a factor in the career choices of well-qualified science graduates. There is evidence of that, and although the Minister is quite right to point out that some statistics are misleading—as he claimed about the programme for international student assessment studies—one rarely hears the Government point out misleading statistics when it is not in their favour to do so. The Minister is smiling. I suspect that all political parties are guilty of such practice, so I accept that point, if it is the point he makes, but I campaign within my party to ensure that we improve our performance in that regard. There is, none the less, an undoubted impact when people are burdened with debt and have either the opportunity of a golden hello or the prospect of not being able to afford to buy their own house because they are in a less well-paid public sector job.

There are also issues about women in science teaching, women in science careers and female science graduates staying in science. There is clear evidence that debt has a particular impact on female graduates, and we will not solve the problem until we address the issues for women in science.

The Minister ought to consider the impact of the closure of science centres, which are an inspiration to many students, and indeed, to teaching staff, but are not Government-funded. The centres have an uncertain future because their business plans were approved without adequate scrutiny during the millennium handouts, and unlike museums that promote arts subjects, they do not receive Government funding, whether or not they have collections. I look forward to the Government's response to the report by the Select Committee on Science and Technology on science centres.

There is an anti-science culture, and it may have an impact on the willingness of students—particularly the brighter ones with many options before them—to take up or at least to be enthusiastic about science. There is an anti-rational movement in this country. Today, there is a demonstration outside the House of Lords against certain aspects of embryo research, where people will wear rabbit and cow costumes or masks to imply that early-stage, inter-species embryos, which will be needed to study embryological and genetic matters, are somehow equivalent to the creation of chimerical monsters. That is ridiculous, but it is the sort of idea that the media promote, and we must ensure that in schools there is a fight against such anti-genetic modification propaganda and, for that matter, against some of the anti-vivisection material that gets into schools.

The Government must draw a line in the sand and say that they will not accept the teaching of creationism in schools, either in science lessons—as they and the official Opposition have said—or as fact in religious education lessons. In RE lessons, it might be taught that some people believe in creationism, because it is a sincere belief, albeit one that I think is wrong, but there should be no instruction that creationism is equivalent to evolution, only that it is a belief. It is not science, and it is not knowledge in that sense.

The hon. Members for Bolton, South-East and for Norwich, North (Dr. Gibson) mentioned the need to ensure that dissection can be performed in schools. Even if it puts off a few, it can encourage others, and the Government have a challenge to reintroduce such measures in schools.

I know that the Minister is interested in these matters, and I was delighted that he held his seat at the last election. He is one of my favourite Ministers, and I hope that he will look favourably on the subject of the debate.

11.49 am

Annette Brooke (Mid-Dorset and North Poole) (LD): I congratulate the hon. Member for Bolton, South-East (Dr. Iddon) on securing the debate. I have found it incredibly interesting, and it has been a great privilege to share the enthusiasm for science that has been expressed. It is a strong indication that we can and should do better.

There has been growing concern recently about the decline in the number of pupils taking up science at A-level and university and the high number of pupils failing to achieve the required standard in GCSE sciences. It must be recognised that that is a symptom of a long-term decline. The latest Government figures show that at more than 1,500 state schools—about half the

schools in England—fewer than 50 per cent. of pupils reach the required standard of two grade Cs or above in science. An accompanying downturn in the number of state education pupils taking science A-levels has been reported by the Cambridge Assessment exam board: although 33.3 per cent. of grammar school and 27.7 per cent. of independent school pupils go on to study chemistry A-level, only 14.8 per cent. of pupils at comprehensives do so.

The falling number of pupils coming through science A-levels has meant that many universities have cut science courses. The University and College Union revealed last August that 10 per cent. of UK science and maths degree courses had been axed in the past decade. The sharpest decline has been in chemistry, sadly, in which 31 per cent. of courses have been cut. The continuing downward trend in the number of science graduates threatens our status as a leading knowledge economy, leaves us vulnerable to emerging economies and is having a direct impact on the number of specialist science teachers in schools.

I should like to mention the vicious circle described by my hon. Friend the Member for Oxford, West and Abingdon (Dr. Harris). Way back in a debate in 2004 I used a little equation: unqualified teachers plus uninterested students equals a drop in the number of people taking A-level science; fewer science graduates equals fewer qualified teachers; and round and round we go. I am sad to say that the trend has not been reversed since that debate, and we are still struggling to recruit the teachers whom we need to inspire children and encourage them to study science and maths at higher levels. I believe fundamentally that all children have a right to be taught by a teacher who is qualified in the subject or area being taught. In conjunction with that, all teachers should have a right to professional development, in which they should be supported. That is important, and it is coming to the fore at last, but it is still a long way down the line.

Lord Sainsbury's review of science and innovation, published last October, warned that Britain would be involved in a race to the bottom of the global economy unless more was done to promote science, technology, engineering and mathematics—STEM—development. Similarly, the Confederation of British Industry estimates that more than 2 million graduates in STEM subjects will be needed by 2014 to avoid jobs going abroad. The Government have responded belatedly with the announcement of conversion courses for teachers to retrain as science specialists, and there is a £5,000 incentive. We also need supply cover if teachers are to be released for such important continuing professional development courses.

The Government are moving in the right direction, but it is too little, too late. We are four years on from the Treasury's original proposals to increase investment in science and technology, and only a handful of teachers are being retrained. It is time that the Government understood the principle of compound interest: start small and early and the target is attainable, leave it late and it becomes unachievable. That is what is in danger of happening to their target for science teachers.

Crucially, the Government are still failing to make teaching a more universally attractive profession that is valued in society. Instead of one-off financial incentives and differential pay scales, which cause resentment and unhappiness and even risk some teachers facing salary cuts after their incentives have run out, teachers' salaries in general should be addressed and consideration given to the many reasons why so many are demotivated—teaching to targets and so on, and being unable to carry out practical work. That would help to tackle the poor retention rates as well as aid recruitment. After all, about one in five science teachers who find a job in a maintained school have left the profession after three years, according to the Government's own figures. We must work on generating enthusiasm at primary school level, and consider extra training for primary school teachers. Has the Minister made particular reference to science in the primary review that will be undertaken by Professor Rose?

Although the Government have made a lot of noise about curriculum changes designed to make science more accessible and attractive, movement has been slow. We have heard this morning about the new GCSE syllabus, and I hope that it enthuses students, but it will not be enough just to have exciting topics: there must be practical work. The Royal Society has congratulated the Government on the new syllabus, but we must consider that against the fact that it is still not possible for many pupils to take three separate science GCSEs—68 per cent. of state comprehensives do not even offer three sciences at GCSE, and the science diploma will not be introduced until 2011. Diplomas have been trumpeted as

"the biggest development in examinations anywhere in the world",

but their staggered deployment, with science to be one of the last available, seems to continue the undervaluing of the subject.

The Government have also been slow to invest the £2 billion needed to upgrade school laboratories, about which we have heard a lot this morning. That investment is absolutely essential. Taking part in experiments and going on school trips are widely recognised as both engaging children in science and aiding their learning, a fact clearly recognised in the revamped gallery recently opened at the Science museum. Sadly, high levels of bureaucracy and a lack of resources mean that more and more teachers are cutting back on such activities. As has been said, a lot of attention needs to be given to making it easier for field trips to take place safely, and to initial teacher training.

Pupil engagement with science through more innovative teaching practice is still only part of the battle. We must get careers advice right. Again belatedly, initiatives are coming through, but I can only plead that much more needs to be done. The science ambassadors are of great importance, and I might mention that a retired scientist came to me recently and asked why we in Dorset were not making more of the Olympics and the sailing school through science and technology projects. I have suggested that to the county council but not had much of a response. We need governors and local education authorities to be engaged in the mission to make science more relevant and, most of all, more exciting.

Data management is still woefully inadequate. The Royal Society's state of the nation report last year on the UK's science and teaching work force concluded that

"Governmental statistics do not capture fully the acute problems faced by schools and colleges in maintaining a strong science and mathematics teaching workforce".

[Annette Brooke]

and that

"no accurate estimate of the population of science and mathematics teachers in the UK exists."

We must have good data on the supply of, and demand for, specialist teachers before we can have policies that work.

If data management is bad in the schools sector, with the new staffing survey overdue like its predecessor, it is effectively non-existent in further education. We worry about the loss through retirement of the physicists who entered teaching in the 1970s, but what about their colleagues who went into the FE sector? Does anyone in Government know the state of STEM subjects there? Does there need to be a retraining programme to match the one in schools, or are pupils studying in schools without sixth forms, who progress to FE post-16, of no importance to our economy? In light of the Education and Skills Bill, we need urgently to ensure that we provide parity in the FE sector. Many colleges will provide the technicians to support our future Nobel prize winners and their needs, and it is important to take them into account.

Time is running out, with even selective schools unable to recruit physicists when they advertise in *The Times Educational Supplement*. There is so much more for the Government to do, and they would do well not to ignore the warning signs from such august bodies as the Royal Society.

11.59 am

Mrs. Maria Miller (Basingstoke) (Con): I join other hon. Members in congratulating the hon. Member for Bolton, South-East (Dr. Iddon) on securing this important debate. He has contributed greatly to the discussion of science and maths in this place, and we have been privileged today to hear from parliamentarians from all parts of the House, who have brought into Parliament not just their expertise in science but their passion and enthusiasm for the future of science in our schools—none more so than my hon. Friend the Member for North-East Milton Keynes (Mr. Lancaster). He gave us an exciting insight into his own childhood, including the keeping of gunpowder in the bread bin—not something that I shall mention to my own son—and, more importantly, into the practical physics and science experiments that he undertook, such as firing tennis balls at 45° angles to see where they hit and how far they went. I am sure that he took a practical application of that into his career as a bomb disposal expert in the Army, and that his practical science experience came to good use in his military career.

The importance of science is not to be underestimated. It is an important part of education, in the same way as history or modern languages, equipping the next generation to think about and deal with some of the most important issues facing the country—whether biofuels, energy, climate change, genetic modification or mapping the human genome. Those are all science-related issues, and we need young people, whether they are budding scientists or destined for other careers, to appreciate the importance that science has in all our lives.

Of course, science also has a vital role in our economy. My constituency, in north Hampshire, has one of the largest centres of employment. The pharmaceutical industry is at the heart of the success of my constituency, so I know at first hand how important science is to local business employers. The Leitch report clearly says that the demand for science and technology professionals will increase by 18 to 30 per cent. between 2004 and 2014—far higher than for any other occupational group. As my hon. Friend the Member for Castle Point (Bob Spink) has pointed out, we cannot rely on overseas expertise to ensure that business needs are met, because those people can too easily return home, taking their skills with them.

The hon. Member for Bolton, South-East focused on the importance of practical science, but the pathway to achieving high-quality practical science in our classrooms has to be through our teaching staff and teaching professionals within our schools. It will be difficult for the Minister to disagree that there is a crisis in science in our schools today. Many hon. Members have stated their concerns about science teaching in our schools and the ability of schools to secure specialist science teachers. We have heard figures on the shortfall in the number of specialist science teachers: only 19 per cent. of science teachers have specialisms in physics, and only 25 per cent. in chemistry. Indeed, one in four schools in the state sector do not have a specialist physics teacher. That is another issue of which I have first-hand experience of problems in my constituency.

The failure to attract new science teachers is worrying, particularly given that many science teachers are nearing retirement. We must also make international comparisons. When one considers that 90 per cent. of teachers in China have some sort of science degree, one realises that, in this country, science simply is not as ingrained in the teaching of our young people as it is in our economic competitor countries. It is important for us to examine that issue and to hear from the Minister what he intends to do about it.

The hon. Member for Mid-Dorset and North Poole (Annette Brooke) spoke about the impact that the situation has had on the results achieved in schools, and on GCSE numbers. The number of young people who are able to take three separate sciences is low indeed: just 26 per cent. of comprehensive schools are able to offer the three sciences separately—clearly as a result of the shortfall in the number of specialist teachers. That has had a knock-on effect on the number of students able to study at A-level and a further knock-on effect on the number studying science at university. There has been a 40 per cent. fall in demand for undergraduate places in physics, and I know from my experience in south-east England that the physics department at the university of Reading, which provided an excellent opportunity for students in my area to study physics close to home, has recently closed.

The Royal Society of Chemistry has warned that too many science students need remedial lessons when they arrive at university, which causes significant problems for university teachers. Most sobering of all, it says that 30 per cent. of university physics departments have closed since 1994, and that only 47 out of 125 universities now offer physics places. It is estimated that only six chemistry departments will be left by 2014.

What has been the Government's response so far? We should not be surprised that it has been to set a target. The target is that by 2014, 25 per cent. of science teachers will have a physics specialism, and 31 per cent.

a chemistry specialism. Those are admirable objectives, and I am sure that the Minister will touch on them in his remarks, but the Royal Society felt that those targets were somewhat short on detail when they were announced. Indeed, the Institute of Physics did not feel that there was a well-defined strategy in place for achieving the goals that the Government set out. Perhaps we should not be surprised that in the past decade, parliamentary answers obtained by my hon. Friend the Member for Havant (Mr. Willetts) have revealed that, year on year, the Government have failed to meet their targets on the recruitment of more science teachers into this area, despite the considerable effort put into golden hellos and bursaries, which simply have not been hitting the targets on improving recruitment or other targets that the Government wanted to achieve.

The most concerning statistics of all must be that 40 per cent. of science and maths teachers who qualified in 1999 were not teaching a year later, and that 50 per cent. were not teaching five years later. Those figures come from the Royal Society. Why are we not retaining the scientists whom we have enticed into the teaching profession? Perhaps the hon. Member for Bolton, South-East hit the nail on the head by making the lion's share of his speech about practical work, which brings science to life, not only for students but for teachers. He talked about his experiences, in his early years, when he got a chemistry set from his friend and undertook his own experiments, thus finding out how exciting science can be for young people. For me, the highlight of biology at school was dissecting a cow's eye, but I hear that, unfortunately, such dissections are not always offered in schools in my area.

The practical role of science was highlighted in the House of Lords report as an essential component of effective science teaching. The Lords also picked up on the problem of health and safety inhibiting teaching. Several speakers, including the hon. Members for Mid-Dorset and North Poole and for Bolton, South-East, have discussed the conditions in laboratories. I share the concern of my hon. Friend the Member for North-East Milton Keynes that building schools for the future will not be available to many constituents until five years hence, which will be too late for the work that needs to be undertaken in our science laboratories.

Science teachers might feel let down by the Government, because many students do not have basic English and maths when they reach secondary school, and that affects the teaching of science in schools. How does the Minister feel about that? Surely, if children do not have a grasp of basic English and maths, it will be next to impossible for them to access physics, chemistry and biology. Does he not share our concern that that is a fundamental issue and that the Government must start to take it far more seriously?

I noted with interest that the Minister picked up on the fact that there have been some discussions on the Organisation for Economic Co-operation and Development rankings of the UK in science. I am sure that he is not complacent in that area at all, and that he is as concerned as Conservative Members are that, in absolute terms, China—one of the countries that we must keep in mind as a key competitor in the future—significantly outperformed the UK on science and maths in 2006. I would appreciate some thoughts from the Minister as to how he will reverse that situation in the coming years.

The Opposition want specialist science to be taken seriously by the Government. Too little progress has been made on recruiting and retaining suitably qualified teachers for core academic science subjects. The Government need to share our pledge that all secondary school pupils capable of doing so should be able to do the individual science GCSEs if that is their choice. The hon. Member for Mid-Dorset and North Poole also picked up on that.

The hon. Member for Norwich, North (Dr. Gibson) mentioned the importance of firsthand experience for children in schools, and echoed many of the thoughts of other Members. The hon. Member for Oxford, West and Abingdon (Dr. Harris) discussed the importance of inspirational specialist teachers. There is a great deal of agreement on the issues that face us.

Will the Minister pledge that students who wish to study individual sciences will be able to do so? When will the Government be able to meet their recruitment targets and perhaps make up the shortfall of the past decade? The Government's promise in the 2005 general election campaign of £200 million for school science labs has not been delivered, much to the annoyance of some sectors. Given the declining number of science students, how will the Minister guarantee that building schools for the future money will actually be used to improve science labs in schools? What will he do to help more teachers access the regional science learning centres?

Last but by no means least, will the Minister undertake a review of science teaching and take up some of the issues that the hon. Member for Bolton, South-East raised, to establish what can be done to enhance the excitement of teaching science in our schools? Science is the lifeblood and one of the most important aspects of the economy and the future of this country.

12.12 pm

The Minister for Schools and Learners (Jim Knight): Like others, I congratulate my hon. Friend the Member for Bolton, South-East (Dr. Iddon) on securing this important and engaging debate on science teaching. There is no greater champion of science in this House, and we have seen that not only today but through his work on the former Science and Technology Committee and now on the Innovation, Universities and Skills Committee. I shall comment later on some of the points that he made.

We had excellent contributions from all the speakers. It is unfortunate that my hon. Friend the Member for Norwich, North (Dr. Gibson) has had to go to a Public Bill Committee—I shall say one or two things in response to his comments shortly. I was taken with the engaging contribution of the hon. Member for North-East Milton Keynes (Mr. Lancaster). We all enjoyed hearing about the holes in his lawn, and I agree that it is a crying shame that every young person is not taught science in a fun and engaging way.

I was pleased that the hon. Member for Mid-Dorset and North Poole (Annette Brooke) thought that we were going in the right direction, and I share her desire and impatience for us to go further and faster. She thought that we needed to make teaching more attractive and spoke about teachers' pay. I hope that she has had a chance to see the ministerial statement on teachers' pay that we published at 9.30 this morning. It outlines the

[Jim Knight]

three-year settlement of 2.45, 2.3 and 2.3 per cent., which, according to the comments that I have seen to date, has been broadly welcomed by all but perhaps one of the teachers unions. Average teacher pay is up 19 per cent. in real terms over the past 10 years; for head teachers, it is up by more than 25 per cent. We have made some good progress on teachers' pay.

Among his other comments, the hon. Member for Oxford, West and Abingdon (Dr. Harris) spoke about his worries that top-up fees would have a detrimental impact on recruitment of science students in higher education. A provisional figure from the Universities and Colleges Admissions Service for 2007-08 shows that, in comparison with the previous year, there have been increases in first-degree acceptances for physics of 10.3 per cent., for chemistry of 8.8 per cent., for biology of 3.3 per cent. and for mathematics of 9.2 per cent. I am sure that all Members who have shown their enthusiasm for science will welcome those significant increases. They follow the signs of recovery in A-level recruitment into physics, which I shall discuss later.

Annette Brooke: I believe the Minister will concede that my hon. Friend the Member for Oxford, West and Abingdon made a particular point about the position of women and the burden of debt. Throughout this debate there has been great concern about the gender imbalance and the fact that more science teachers could be recruited if there were equality between the sexes. I would be grateful if the Minister addressed that general point.

Jim Knight: I agree that there is a continuing need to redress the gender gap, particularly in respect of girls studying physics. There has been a slight narrowing of it, but it is not sufficient and we certainly need to do more. As ever, there is a bit of a chicken-and-egg situation with such issues. If we could get more girls to study physics to A-level, there would be more chance of their going on to study it in higher education and then going into teaching, but which comes first is something that we have to address. I will say more about that as I go on.

The hon. Member for Basingstoke (Mrs. Miller) made an interesting contribution as well and asked all the right questions. Beyond what I already said in an intervention on my hon. Friend the Member for Bolton, South-East on the programme for international student assessment, it is worth noting that only seven countries had mean scores that were significantly higher than England's, and that England has the third highest proportion of students at the highest level of attainment in the world. There are some cultural as well as substantive issues—for example, gender was just mentioned—that we need to address. Only 38 per cent. of students said that they like reading about science, and only 55 per cent. said that they generally have fun when they are learning science. Those are the sorts of things that we have been talking about and that we want to deal with in our reforms. However, 61 per cent. of students—higher than the international average—agreed that when they leave school there will be many opportunities for them to use science. Some of the messages are starting to get through.

I agree that science should be exciting and engaging. I well remember my experience in school of lighting the magnesium, of wrestling with the ticker tape timer, and, in the days when I had hair, of static electricity having the necessary effect. I was delighted when I went back to my school last year that Paul McCartney, who taught me chemistry, and Jan Pringle, who taught me physics, were still there and still doing the great job that they did when I was a pupil.

I share the enthusiasm of my hon. Friend the Member for Bolton, South-East to make science a more attractive option for young people to study and for schools and teachers to teach—almost as much as I share my enthusiasm for KT Tunstall's latest album, "Drastic Fantastic", with my hon. Friend the Member for Norwich, North, who is an enthusiast. Perhaps it describes how we want science teaching to change: drastically and fantastically.

We want more students to continue to study science, to make it their career and to engage with scientific issues as citizens. I want to explain today how we will achieve that by inspiring young people with science throughout their journey through the various stages of school.

The key to good learning is, of course, good teaching. We know that to help students enjoy and achieve success in science we need more specialist teachers, as has been pointed out—specialists who can communicate their love for and depth of knowledge of their subject. We are encouraging people to train and to qualify as science teachers, as the hon. Member for Mid-Dorset and North Poole said, by offering a teacher training bursary and a golden hello in the subjects that we need. That is working: the number of trainee science teachers recruited in a year has just reached more than 3,000 for the first time for conventional initial teacher training. Add to that the employment-based routes, and we are now recruiting well in terms of science specialists.

There is not an overall crisis in terms of the future numbers of science teachers, because the numbers entering training has risen by almost a third in seven years, but the hon. Member for Basingstoke is right to say that there are still not enough specialist physics and chemistry teachers. We are doing more so that teachers in other subjects can gain the specialisms that they need in science, through funding the development of the new accredited training courses that were mentioned. To ensure that those courses deliver the quality that is needed, the Training and Development Agency for Schools has worked with the Institute of Physics and the Royal Society of Chemistry, and together they have developed courses that allow science teachers—normally biologists—without a physics or chemistry specialism to gain the knowledge and teaching skills that they need to teach these science subjects well. In gender terms, that is significant, because many of those biologists are female, and we are now, through the use of this qualification, engaging them to become specialists, especially in physics, so that we can then address the gender imbalance in the physics teaching profession, which I hope will encourage more girls to stay on doing A-level physics and go on to study it in higher education.

In the children's plan, we announced a further new programme, "Transition to teaching", which will be a partnership between employers and the TDA intended to attract staff with science, mathematics or technology backgrounds who may wish to take up teaching to come

out of industry and take on a second career in teaching. That programme is being developed under the leadership of Larry Hirst from IBM.

We do not just need more specialist teachers, we need to ensure that science teachers get the continuing support and development that they need to remain inspirational teachers. Continuing personal development is important, as all hon. Members have said. We fund schools to provide CPD for staff. Today is the fifth anniversary of the social partnership that the Department for Education and Skills developed with teaching unions, one of the main outputs of which has been the work force agreement, giving more planning preparation and assessment time for the teaching staff, and using Baker days—the in-service training or INSET days—that were developed by the previous Government. The combination of funding and time ought to be able to improve CPD, but we do not prescribe nationally how that should be developed.

In partnership with the Wellcome Trust we have set up a national network of science learning centres, as hon. Members have mentioned, to provide professional development for science teachers and technicians. Those centres focus on high-quality, innovative and inspiring courses, ranging from "Putting the wow into year 2", through to "Creative brain warmers" for 14 to 19-year-olds, to ones using cartoons and puppets to encourage pupils to discuss scientific issues. However, I am not sure that those courses extend to blowing holes in the garden.

The take-up of CPD at science learning centres has been strong, and although it is not quite up to half of science teachers attending the equivalent of a day at the centre last year, it is not far off. However, the best measure of the success of science teaching is beyond that, in the classroom. The journey into science begins in primary school. We agree that it is really important, across the whole range of subjects in the curriculum, that young people have a mastery of reading and mathematics. That is where we put the priority throughout the past 10 years and why 100,000 more pupils every year are now leaving primary school with the national competency that they need in English and maths. That is 100,000 more than in 1997, when we took over as a Government, but we accept that we need to go further. That is why we are introducing the synthetic phonics, developed by Sir Jim Rose, in the "Letters and sounds" programme and why we are developing "Every child counts" to further improve mathematics and extending the use of one-to-one classes for catch-up for those that need it.

We have seen the enthusiasm of young children enjoying the hands-on science or looking in awe at the rockets on display in the Science museum. Teachers have been harnessing such enthusiasm with increasing success. In 1997, seven out of 10 pupils were achieving level 4 at the end of key stage 2, and now it is almost nine out of 10. Again, that is a good improvement. Building on these excellent results, we look forward to teachers having more opportunities to inspire children.

Hon. Members asked about Sir Jim Rose's review of the primary curriculum, which he began last week. That will have a strong focus on scientific understanding, as well as literacy, numeracy and the effective use of information and communication technology. We have to ensure that the enthusiasm of primary children, who are doing so well, survives the transition to the next stage of their journey through education to secondary school. That is why the secondary national strategy is working with schools to promote high-quality interactive teaching, including imaginative use of practical work. At the moment, almost three quarters of pupils achieve level 5 at the end of key stage 3, and 41 per cent. achieve level 6. Those figures are much better than 10 years ago, but they are still not good enough—I am confident that the hon. Member for Basingstoke will agree.

Mrs. Miller: I should like to pick up on the point that the Minister made about the importance of imaginative practical work. The National Endowment for Science, Technology and the Arts has estimated that 87 per cent. of science teachers have been prevented from letting their students undertake practical work because they believe that health and safety regulations prohibit them from doing so. What work are the Government doing to help science teachers in this area, which is critical to the issue that the hon. Member for Bolton, South-East has raised?

Jim Knight: I was going to address that. To help smooth transition and keep the excitement in these subjects, from this September schools will start teaching the new key stage 3 curriculum to their year 7 pupils, which some of the hon. Lady's colleagues have been less than enthusiastic about. That will let the teachers engage the pupils by focusing more on the applications and implications of science and its relevance to and importance in everyday life. The new key stage 3 curriculum clearly says that there should be opportunities for pupils to experience science outside the school environment.

We agree that school trips are important. That is why we have developed the "Learning Outside the Classroom" manifesto to promote the value of trips and help overcome some of the associated obstacles, such as insurance and risk management. Equally, outside the timetable, 250 science and engineering after-school clubs are harnessing the interest and potential of thousands of 11 to 14-year-olds, bringing the real-world application of science into schools for them: how their iPod works or what chemistry is going on inside their brains when they fall in love. Perhaps they can do more of the science poetry that my hon. Friend the Member for Norwich, North mentioned. From September we will be doubling the number of these after-school clubs that we fund.

Results are improving at the next stage in the journey through school, at GCSE level. In 1997, 44 per cent. of pupils gained at least one higher-level GCSE in science; last year, the proportion had risen to 51 per cent. The statistics are similar for pupils taking two sciences, showing that when they do one well the chances are that they will do the other well. However, we want to go further.

We are offering a revitalised GCSE curriculum with more choices for students and more recognition for schools that offer quality science teaching. We have already slimmed down the secondary curriculum at key stage 4, giving teachers more flexibility to structure the lessons the way they choose. We have reduced prescription while maintaining breadth, depth and challenge, giving teachers the chance to concentrate on the big ideas and the excitement, importance and relevance of the subject—the approach that captured those children's interest when they started learning science in primary school.

[Jim Knight]

My hon. Friend the Member for Bolton, South-East has seen in his constituency how enthusiastically the new curriculum is being received by pupils and teachers alike, and I hope that other hon. Members can see it in their own constituencies.

Beyond the changes in September 2007, we will go a step further in September this year, when all pupils who have achieved at least level 6 at key stage 3 will be entitled to study triple science GCSEs. I mention that in response to the question asked by the hon. Member for Basingstoke. That builds on what happened in September 2007, since which time all students have had a statutory entitlement to study science courses leading to at least two GCSEs.

From 2011, there will be a further option, from key stage 4, when the new science diplomas will offer another way to engage students in science and link them with employers and colleges. From this year, schools are getting specific recognition for good science provision, because we have added a new science indicator, for the first time, to this year's attainment tables published last week. Parents can now see, for each school, the percentage of pupils with two or more higher-level science GCSEs.

As the study of science improves in numbers and quality up the school, I would expect more students to decide to carry on with science at A-level. Our "Next step" strategy, published in 2006, set out the targets, and in 2007 we saw a small rise to 23,932 in the number of A-level physics entries: the first increase since 1998. That is underpinned, equally, by expansions in the numbers doing physics at AS-level, and in the past few years there have been increases in the numbers of students doing chemistry. We are turning the corner in that regard.

One of the drivers of more students studying science at A-level and beyond will be the opportunities that are opened up in careers in science. We are working with schools, scientists and young people to let students see that science in the real world is well paid and works in various occupations. One day one of those occupations might be to follow the hon. Member for Bolton, South-East and be another passionate advocate for science in Parliament. We are increasing the number of ambassadors.

I should like to have time to respond in detail to the points about building schools for the future, but time is running out, so

Mr. Mike Hancock (in the Chair): Order Unfortunately, Minister, time has run out on this occasion. I do not like interrupting you, but to be fair I must do so, and move on to the next debate.

East Surrey Hospital

12.30 pm

Mr. Crispin Blunt (Reigate) (Con): The principal institution in the Surrey and Sussex Healthcare NHS Trust is the East Surrey hospital in my constituency, hence the short title of this debate. It is a major NHS hospital, now serving some 450,000 people in Surrey and Sussex, which is more than three times the number it was designed to serve when it was built 20 years ago. Its location, which is adjacent to some of the busiest stretches of the motorway network, and particularly its proximity to Gatwick airport, with a daily transient population of 50,000, as well as a major incident risk, means that it serves far more than just the local population. It does so in one of the most pressured parts of the south-east, where providing public services on national frameworks has proved the most difficult. That is one of a combination of factors that has meant that the trust has accumulated a large deficit, and I understand that it is now the largest deficit in the country. The principal cause has been political, and I now seek a political solution.

Let me begin with the good news. The trust's management have reduced the underlying operational deficit from about £27 million in 2004-5 and 2005-6 to £12 million in 2006-7, and expect to break even this year. That is a remarkable achievement. The accumulated deficit is no longer increasing, but the events of the past have left the trust with a £56 million debt to the Department of Health. At a cost of £2.7 million a year in interest, that loan is a serious burden on the trust, but capital repayments of the same order are also required. That will hold back the trust's service provision, quite apart from removing any prospect of foundation status.

All that is set against a bleak assessment of patient care. The Healthcare Commission's most recent appraisal of the trust was that it was weak in quality of services and in use of resources. Given where it was coming from in terms of finance, that seems little short of ungrateful, but I hope that it will change significantly this year.

Mr. Peter Ainsworth (East Surrey) (Con): My hon. Friend has taken a close interest in the matter for many years. Will he join me in paying tribute to the doctors, nurses, medical staff and all who work at the hospital, who have done so in very difficult circumstances in recent years?

Mr. Blunt: I am extremely happy to do so. The medical staff have had to work in trying conditions, because the hospital has been in turnaround state for three years with the additional strains arising from that. I do not believe that that is the responsibility of the management, and far less of the doctors, nurses and important support staff who work there. I join my hon. Friend in paying tribute to them, and I should be grateful for his support, as I am to my hon. Friend the Member for Mole Valley (Sir Paul Beresford), whose constituents are also served by the East Surrey hospital.

During the three years of turnaround, the trust has had four chief executives, but now seems finally to be returning to annual financial balance. Happily, none of

the Ministers in the Department of Health was party to the critical decisions on the reorganisation of the trust. The unnaturally high turnover of senior management also means that those who are looking to remedy East Surrey hospital's financial situation cannot be blamed for the circumstances in which they now find themselves, although I am inclined to acquit previous managers due to the impossible situation in which they found themselves.

The background is that in 1998 the Surrey and Sussex Healthcare NHS Trust was formed principally at the behest of the royal colleges' drive for medical training requirements for a catchment area of 250,000 from the merger of Crawley and Horsham NHS Trust with East Surrey Healthcare NHS Trust.

Sir Paul Beresford (Mole Valley) (Con): My hon. Friend mentioned a number of constituencies, so this is probably the moment to emphasise to the Minister that a considerable number of constituencies, including my own, look to that trust. A number of hospitals serve my constituency, and two are under financial threat.

Mr. Blunt: I am grateful to my hon. Friend, whose intervention refers to my previous comment that the provision of public services in Surrey has proved to be an enormous challenge under the financial settlement that all the institutions in the county have received.

On reflection, the merger between Crawley and Horsham NHS Trust and the East Surrey Healthcare NHS Trust was not a marriage made in heaven. As in many such mergers, reorganisation was required to provide the best services throughout the new trust's two district hospital sites and its other sites, but the principal sites were at Crawley and in east Surrey south of Redhill. The trust's proposals for reorganisation were broadly supported by all local MPs.

The plan presented to Ministers in 1999 was that acute services, including major accident and emergency services and in-patient maternity services, should be co-located at the newer and less constrained East Surrey hospital. The plans were presented to the Department in 1999, but it took a year for approval to be given in June 2000 by the then Minister, the hon. Member for Birmingham, Edgbaston (Ms Stuart). Ministers dictated that a review was to be established to produce recommendations on the long-term provision of secondary health care, including the prospect of a new hospital on another site at Pease Pottage, just outside Crawley, after 2020. That review was to be chaired by Peter Bagnall, and whatever its health merits, its overt political purpose was to address concerns in Crawley about the loss of the local accident and emergency department.

Those conclusions would have meant the transfer of acute services from Crawley to East Surrey hospital. The closing of Crawley hospital's accident and emergency department would inevitably have been unpopular, but the professional consensus was that those changes were necessary, and I recall that the hon. Member for Crawley (Laura Moffatt) was part of the consensus. However, the local papers in Crawley were not convinced and ran a strong campaign against Crawley hospital losing its acute services. In response, Ministers altered the terms of reference of Peter Bagnall's review of future hospital services to consider changes to be made by 2010, holding out the prospect of a new hospital 10 years earlier than previously planned. That was still not enough to placate the residents of Crawley.

The hon. Member for Crawley lobbied the then Secretary of State, the right hon. Member for Darlington (Mr. Milburn), to postpone the transfer of services away from Crawley before the 2001 election. Meetings were held and a delegation taken to meet the Secretary of State for Health from which I and other local MPs were excluded. With weeks to go before the likely election in May 2001, which was later postponed to June 2001, the Secretary of State declared a moratorium on the clinical reconfiguration in March. That was despite that clinical configuration having commenced and maternity services having been moved. Paediatrics, ENT and gynaecology, all of which are associated with maternity, were left with twin-site working.

The political nature of the decision was made explicit in a letter dated 28 February from Sir William Wells, who was then chairman of the south-east regional office of the NHS, to the Secretary of State. He said:

"Although in practice there is little direct connection between the outcome of the Review and the need to move emergency services, in the short term this is not understood by the general public and in particular by Laura Moffatt's constituents and as a consequence she has asked whether there could be some moratorium on service moves until such time as the outcome of the review is known."

In a draft statement, Sir William wrote:

"Laura Moffatt has agreed with the Secretary of State that, except on patient safety grounds, no further service reductions will take place at Crawley until the South East Surrey and North West Sussex Review is published in December 2001."

It is indeed a novel departure for a Back-Bench MP and a Secretary of State to thrash out health policy, which will affect hundreds of thousands of people, in the interest of one constituency. I was not consulted, nor was I offered a meeting with Sir William Wells, despite the site of one of the two hospitals concerned being in my constituency; nor were my hon. Friends the Members for East Surrey (Mr. Ainsworth) and for Mole Valley and those with constituencies in the wider area, including my right hon. Friend the Member for Horsham (Mr. Maude), invited to agree the postponement with the Secretary of State. Let us not fool ourselves. We all know what was going on in the run-up to the 2001 general election. However, even if we accept that Ministers were entitled to make that decision to address local public concerns, it was a ministerial intervention.

The Bagnall review was finally published in 2002 and turned out to be an expensive diversion. Its initial political purpose was to hold open the prospect of a new hospital, but it was then used as a pretext to delay the closure of Crawley's acute services. The continuation of twin-site working from 2001 came at an appalling cost both financially and in patient care. It cost the trust an estimated £10 million a year. That was not rectified until the end of 2004 or, arguably, September 2006 when Crawley hospital was finally taken off the books of the local hospital trust. The Secretary of State's intervention cost some £40 million—or 1,600 heart transplants, 1,000 liver transplants or 50,000 cataract operations—which was a substantial majority of the deficit accumulated by the trust. Documents obtained through the Freedom of Information Act 2000 show that the trust believed that clinical safety would be imperilled by that suspension. I am very cautious about making specific links between cases and the moratorium, but coincidentally mortality rates in the borough of Reigate and Banstead rose during the suspension while they fell in Surrey as a whole.

[Mr. Blunt]

Peter Bagnall's team considered six options and, after an exhaustive process, recommended a new hospital at Pease Pottage. Bagnall's recommendation came with capital cost of £278 million and an annual additional revenue requirement of £42.9 million. His second choice, which was effectively the proposals put to ministers in 1999, envisaged a rise in the running costs of £24.5 million and a capital cost of £105 million. The strategic health authorities were then established by the Government and they immediately instructed health economists to review the Bagnall recommendations. In 2003, the recommendations were confirmed as unaffordable. The trust continued with the burden of a district general hospital that it did not want or need. In 2006, Crawley hospital was transferred to the local primary care trust.

Finally, the board was in a position to do what it had wanted to do all along, which was to operate with one district general hospital. Robin Eve, an excellent non-executive director at the time, has made that clear in public. However, the board was prevented from managing the trust as it wished by the politics of Crawley and ministerial decisions.

Today, we have arrived at Peter Bagnall's option 2, namely single site operation at East Surrey. That was the cheapest option in revenue terms, but it still required, on Bagnall's analysis, an enhancement of £21.5 million in revenue and a capital enhancement of £117 million by 2010. As far as I am aware, that capital expenditure has not been made despite it being the product of Bagnall's detailed review.

Let me return to the management of the hospital after the imposition of the moratorium in 2001. The financial position deteriorated over the next four years until 2005 when the trust was in the worst financial position in the country. The management had undoubtedly been demoralised by the intervention in 2001, but it had the benefit of a talented and experienced chief executive, Ken Cunningham, who had been hand-picked to replace Isabel Gowan, who had herself been removed in 2000 when her accounting to meet Government performance targets had been rather too creative. The Minister will recall that in this period of the management of the health service, deficits were an increasing problem as managers tried to balance the imperative of meeting their performance targets with sustaining a balanced budget. The costs of providing public services in the south-east are well documented and those pressures, overlaid with this ministerial decision, made the trust impossible to manage, and led to the deficit running out of control.

In February 2005, Ken Cunningham and his board agreed to leave, and Robin Eve had to be dismissed. They were replaced by an interim administration from the private sector under Anthony McKeever. His successor, Gary Walker from the private sector, was still dealing with a £20-million-a-year deficit in January 2006, and it had become clear that it was not reasonable to expect the hospital to resolve this deficit alone. That position was shared by his successor, Gail Wannell, who took over in August of that year. By October, the principle cause of the deficit had been removed, as Crawley hospital was placed in the hands of Crawley PCT.

Now, it could be the case that that string of NHS managers were all equally incapable of handling the crisis at the trust, and it could be that the turnaround teams brought in by the then Secretary of State, the right hon. Member for Leicester, West (Ms Hewitt) were stymied by the incompetence or obstruction of the management, but that stretches coincidence too far. Ministerial decisions had caused the crisis, and no manager could balance the performance targets and the budget in those circumstances.

The good news is that the trust is forecast to break even this year. However, there remains a debt of £54.9 million to the Department. I would like the Minister to address that figure when she responds. The interest on this loan is currently costing the trust £2.7 million. The trust's financial managers are also in the position of having to find £2 million-plus every year from their budget to repay the loan, and they have to do that in the knowledge that for every year the loan remains, more money that should be invested in patient care is being used to pay interest.

In seeking this debate, my hope is to ask the Minister to look into the very particular history of the debt incurred by the Surrey and Sussex Healthcare NHS Trust. If she does so, she will see that costly reorganisations were punctuated with costly delays for reasons far outside the control of the trust. Ministers could have enabled the reorganisation to begin in 1999, but the Department took a year to consider plans that had taken a year to create. Ministers suspended the reorganisation in progress in 2001. Previous ministerial decisions have contributed directly to the highest deficit in the country. Today's management should satisfy the Minister that the trust is becoming financially sound. The current management are bringing the trust on to a solid financial footing. The financial improvement, however, has come at a price. My constituents and I and my hon. Friends the Members for East Surrey and for Mole Valley are beginning to see a rising tide of concern about the clinical care and performance of the hospital. My impression is that the obsessive concentration on achieving financial goals has taken the current management's eye off the performance goals in a way that runs counter to the position that was developed under Ken Cunningham. That is the area in which I would like the Minister to show real faith in the trust, and to put the needs of patients first.

Without this loan, the trust would be in a position to address the problems in its accident and emergency department that have played such a part in the weak scores ascribed to it by the Healthcare Commission. If the Department writes off this debt, the Trust can at last move on after nearly a decade of instability and uncertainty. The alternative is that my constituents, those of my hon. Friends, and those of the hon. Member for Crawley will continue to be served by a hospital that is paying debts imposed on it by political decisions. I have seen the very debilitating effects of a management being constrained from doing the right thing. The consequences today are that the patients served by this hospital could be enjoying nearly £5 million a year invested in improving services and the prospect of a management delivering further improvements under foundation status. That is quite apart from the £117 million of capital investment that was identified as required by Peter Bagnall in 2002.

Timing is everything. This year the health service is in surplus. I urge the Minister to use this opportunity to examine the case and to write off the deficit of this trust, which was imposed in unique and not very creditable circumstances.

12.48 pm

The Minister of State, Department of Health (Dawn Primarolo): I congratulate the hon. Member for Reigate (Mr. Blunt) on securing this debate about the financial position of East Surrey hospital, which is part of the Surrey and Sussex Healthcare NHS Trust. It is a matter of great concern to him and his constituents. I certainly appreciate the comments that he has made today about the quality and commitment of the hospital staff.

One of the key responsibilities of an NHS trust is to live within its resources. However, the Surrey and Sussex trust is currently in a deficit position of £2.6 million for the 2007-08 financial year. I appreciate that the trust has more work to do but, like the hon. Gentleman, I commend the efforts of the staff and management in reducing the forecast deficit from almost £30 million in 2004-05.

I understand the points that the hon. Gentleman was trying to make, but the fact of the matter is that the deficit is a result of the trust spending more than its income, which was in part due to not meeting its savings plan. I understand from the South East Coast strategic health authority that a full restructuring—the hon. Gentleman touched on that—of the executive team, clinical directorates, governance, finance, work force and estates and facilities has been completed at the trust to strengthen accountability and to focus on delivery and performance.

I want to deal with the hon. Gentleman's concern about the trust's loan. In March 2006 the trust received a working capital loan of £56 million, repayable over 25 years. The loan was provided to cover the cash consequences of historical overspending that had previously been managed through an informal brokerage system, which was not transparent and often was not fair to the rest of the health service. The hon. Gentleman puts a straight question to me: why do I not simply write off the debt? I cannot write off the debt, for the following reasons.

NHS organisations must live within their means. The deficits of NHS trusts cannot simply be erased, not least because overspends in one part of the system must be covered by underspends in another. We are transferring money from elsewhere. The money loaned to the Surrey and Sussex trust by the Department has been provided by other parts of the NHS that have underspent. The trust needs to repay its loan so that the cash can be returned. Simply to write off the loan would be fundamentally unfair to organisations that have a firm grip on their finances.

Mr. Blunt: Will the right hon. Lady give way?

Dawn Primarolo: I would like to go a little further, but I will give way before I conclude. I want to reassure the hon. Gentleman that mechanisms in place with regard to the loan will address his specific fear that unreasonable financial pressure will somehow be exerted in respect of the loan and, therefore, that patient care will suffer. That goes to the heart of the matter.

A number of trusts, including Surrey and Sussex, are in challenging positions because of historical debts, but our first reaction cannot be simply to write off those debts. None the less, given the size of the loan and the length of the repayment period, it was agreed that the trust be classified as one of the financially challenged trusts that would go into a new formal review process. I want to talk about that to reassure the hon. Gentleman.

As a result of introducing the new loans scheme in 2006-07, there were 17 NHS trusts in which the financial challenges were such that either the Department could not give a loan because the trust could not afford to meet the repayments, or a loan was agreed but the amount could be repaid only over an extended time scale. One element of the review of each of the financially challenged trusts—the Surrey and Sussex trust is in that category—is a close examination of the ongoing impact of debt and the associated costs of repayment, which is exactly the point the hon. Gentleman talks about. That will ensure that a sustainable outcome is delivered that both provides financial stability and maintains quality of care. For the Surrey and Sussex trust, that means that if the repayment of the loan leads to problems, they will be identified and addressed through the performance management process in agreement with the strategic health authority.

The reviews of all financially challenged trusts have been completed, and strategic health authorities have made proposals in respect of them. Those proposals are being discussed with the Department, and acceptable solutions will be released as they are agreed. I shall ensure that the hon. Gentleman and his colleagues are kept fully informed of those developments.

The hon. Gentleman will acknowledge that, since 1997, funding for the national health service has tripled and that as we move towards 2010-11, when we will have gone from expenditure of £33 billion in 1996-97 to £110 billion, it has also been necessary to ensure that we have a financial management system that is transparent and fair to all—to ensure that all health service trusts are treated in the same way. He referred to the deficits of the health service as a whole. He will know that we ended 2005-06 with a £547 million deficit and we needed to take rigorous action, but he will also know that the audited results for 2006-07 show that the NHS as a whole reported a net surplus of £515 million, and at the end of the second quarter of 2007-08 the surplus has risen. That represents 2.3 per cent. of total NHS revenue expenditure. The hon. Gentleman asked why we do not use that money, but I am sure he recognises that, in fairness to the whole health service, particularly those parts that are underspending—

Mr. Blunt: Will the right hon. Lady give way on that point?

Dawn Primarolo: I will give way in a moment. Locally generated surpluses are giving NHS organisations in all areas much more flexibility to respond to patient need, and giving clinicians and managers the necessary headroom to plan better for new services and to manage risks. I absolutely accept that the hon. Gentleman has identified one of them.

Mr. Blunt: I am grateful to the right hon. Lady for giving way. She has yet to acknowledge that ministerial decisions played any role at all in the deficits of the trust. That is what happened. We all know why. It is because of ministerial intervention that I now seek her ministerial intervention, in the circumstances of the surplus that she has just described, to help the trust.

Dawn Primarolo: I simply do not accept the hon. Gentleman's proposition. He should look at the reconfigurations that have taken place in different parts of the country. He and his hon. Friends happen to have

[Dawn Primarolo]

supported this one, but others have been held up where he and his hon. Friends do not support them. Each one is recommended on the basis of clinical need.

I have a tiny bit of familiarity with the areas that the hon. Gentleman talked about, because I lived in Crawley as a youngster. My mother was treated at Redhill. I know the Crawley site reasonably well and I certainly know and have some understanding of the demands of the widespread community that he identified. However, to say that the matter we are discussing is the result only of the Secretary of State or Ministers cutting across local accountability and clinical recommendations is simply incorrect. Any trust, including Surrey and Sussex, that has received a loan has a duty to repay it—a duty to the rest of the health service that is in balance. None the less, because of the status of the 17 trusts designated as financially challenged, there is a positive process in place to watch over the developments.

The Surrey and Sussex trust is one of four organisations nationally that received a Healthcare Commission rating of weak in both use of resources and quality of services for 2006-07 and 2005-06. As a result, David Nicholson, the chief executive of the NHS, is meeting the organisations and their strategic health authorities to consider and agree a recovery action plan, and consider whether further support is required. The Healthcare Commission will inspect the organisations, assess the problems and make recommendations for action, reporting back nationally on any common traits in weak organisations. That puts in place a thorough review to address the hon. Gentleman's fears and the risks he has identified. His contribution to today's debate will form part of that consideration and I am grateful to have been able to respond.

Mr. Mike Hancock (in the Chair): Very well timed, Minister. I thank you, the hon. Member for Reigate (Mr. Blunt) and other Members who contributed. We now move to the next debate.

Gatwick Airport

1 pm

Laura Moffatt (Crawley) (Lab): I am absolutely delighted that I secured this debate. I believe that it is hugely important not only to Crawley residents, but also to people throughout the UK.

Aviation is one of the most successful industries in the UK. It has provided employment for a great many people and the UK is seen around the world as an industry leader. The Minister will know that Gatwick airport is wholly within my constituency. It is the busiest single-runway airport, and the seventh largest, in the world. It is a successful, award-winning airport. Some 90 airlines fly from Gatwick, taking passengers to some 230 destinations worldwide. More than 35 million people pass through the airport each year, which must make my constituency one of the most visited in the UK. My husband, Colin, has been employed at Gatwick all his working life, which is common for people in Crawley—generations of Crawley people have been committed to the airline industry. The airport provides direct employment for 25,000, and a further 12,000 to 13,000 people whose jobs are directly related to Gatwick work off-site.

The staff are fantastic. I visit the airport frequently, as a passenger to use the excellent transport interchange, and as a Member of Parliament to look at all aspects of its work. I have seen first hand how hard Gatwick staff work to ensure that the passenger experience is good. That goes for the whole organisation, from senior management through to cleaners. I would probably put the cleaners at the top at the moment—they are really good.

I believe that the staff have succeeded. They rose to the challenge posed by the need for additional security measures. The airport has employed more than 450 new airport security officers to ensure that the passenger experience remains one of the best in the country. Carriers worked with the Civil Aviation Authority to reduce the resulting congestion by bringing innovative ideas to improve check-in times. Virgin Atlantic introduced a great idea whereby passengers were allowed to check in from midday to nine o'clock on the day prior to their flight. That reduced a lot of stress and congestion at the airport. There are many initiatives—too many to mention—but people are really thinking about how to make Gatwick a better place. The immigration service continues to pose difficult challenges to those who seek to ensure that people get through Gatwick as quickly as possible, but there are good working relationships and people come up with great ideas to reduce queues.

The airport is frequently recognised for the contribution it makes. Last year, it won the *Travel Bulletin* award for best UK airport for the fourth consecutive year; it was voted the UK's favourite leisure airport by British Travel Awards; and favourite British airport by readers of *The Daily Telegraph* and *The Sunday Telegraph*—I do not know what to say about the latter, frankly. More than 35 million people travel through Gatwick each year, so those awards are something to be proud of.

People make airports, and I wish to take this opportunity to congratulate and thank the people who work to make Gatwick such a decent place. There is an ongoing issue regarding the BAA pension. Staff and the trade union movement were concerned that those joining the

company may not enjoy the same advantages as those who already work there, and they were prepared to take action. I see the fact that people are prepared to keep the issue at the forefront as positive. Also, the airport works with the trade unions on the 23 kg limit for single bags. That excellent initiative is supported not only by the trade unions, which know about the injuries sustained by people who move baggage, but by employers, who want far fewer people on sick leave because of injury and all that that involves.

There are lots of new issues at Gatwick. British Airways remains hugely important, and I hope that that remains the case. Virgin Atlantic has expanded its Gatwick operation by 20 per cent. in the past five years, and many other excellent carriers are expanding their operations. I hope that I have demonstrated that Gatwick airport is extremely important. It provides major employment opportunities and contributes hugely to the economic prosperity of my area. Gatwick not only attracts companies with interests in airport industries, but companies that need to locate near to a transport hub. That is what Gatwick brings to the business community, and the community puts Gatwick at its heart.

It is no wonder that so many of my constituents support Gatwick airport or that people in Crawley are rightly proud of it. It is acknowledged nationally that it provides one of the best travel experiences. Local people know only too well the difference that having the UK's second largest airport locally makes to our lives. They also know that any decline of the airport would have a huge impact on them, which is why I introduced this debate.

In 2003, the Government White Paper recognised the importance of the aviation industry in the UK and, as such, was widely welcomed by the industry and beyond. Naturally, views about the environmental implications of the White Paper were strongly expressed, but they were examined closely and the paper included measures that could improve the environmental impact of aviation. A wide range of measures could be taken. In particular, the European emissions trading scheme will, I believe, create a much better platform for reducing carbon emissions from airports and the impact of aviation on our planet. New technology has a huge amount to offer. Some of the airlines at Gatwick have ordered new airliners such as the Dreamliner, which is much more efficient and easier on the planet.

With BAA, Crawley borough council has created groundbreaking environmental agreements to improve the environmental performance of the airport. That has never happened before, but it has been a huge success and it is about to be renewed. The airlines have done more. They now work to fly their aircraft differently to reduce noise and engine emissions pollution, so they have been actively engaged.

I mentioned that Gatwick is a fantastic interchange for transport of all sorts. The upgrading of the train station will benefit people who work in London and those who will arrive for the much-awaited Olympics. The Olympics will make Gatwick a very important part of the world, which is why I am keen to see it prosper.

The consultation document, "Adding Capacity at Heathrow Airport", suggested that a second runway at Gatwick is unlikely, and we must focus carefully on what will happen now. Mark Froud, the chief executive of Sussex Enterprise, said that Gatwick was "on the subs bench", which graphically describes its position. However, it now looks like Gatwick has been shoved off the "subs bench", and it must now define its future in a different way, which is why I am raising the matter with the Minister. It seems likely that Heathrow will meet its environmental obligations, and I therefore want to ensure that Gatwick is not forgotten in those debates.

Opinion was very much divided on whether expansion was a good idea; my constituency was split 50:50. However, opinion is certainly not divided on how well Gatwick would do with a single runway.

Sir Paul Beresford (Mole Valley) (Con): Does the hon. Lady agree that, taking all the constituencies and residents in the areas surrounding the airport, opinion was hardly 50:50 on resistance to a second runway? In fact, it was a great relief that the second runway was apparently rejected.

Laura Moffatt: I do not presume to speak for other constituencies; I speak only for mine. I undertook a huge survey there, and the result was 50:50.

We are committed to the ongoing success of Gatwick airport; we want to ensure that it continues to be successful. As it is no longer earmarked for expansion, many issues need to be raised with the Minister in order to ensure a place at the table on future discussions; we want to be part of the family of UK airports and to play our role, stepping up to the mark so that we can meet future challenges.

Maximising use of the single runway and increasing passenger numbers to 40 million is the goal. I want to ensure that we are lucky enough—perhaps not lucky; Gatwick has earned the investment of others—to ensure that Gatwick airport does not pay for expansion elsewhere. I ask the Minister to say a few words about that; it is very important that we do not find ourselves being used as a cash cow to pay for investment at other airports, and I know that many people from around Gatwick would feel most uncomfortable were that to happen.

The 2003 White Paper considered all UK airports. I ask merely that that debate continues on all airports, and that Gatwick has a seat at the table. I also want to ensure that Gatwick is not compromised by developments elsewhere. The much awaited T5 will open shortly at Heathrow, and redevelopment will continue there. Everyone accepts that it is desperately needed, as it is the UK's first and largest airport. However, I want to ensure that Gatwick remains viable while that work progresses. We can see that it will be a challenge for Gatwick, but we need to tackle the challenges head on, and deal with them. We can do that only if we are provided with a seat at the table.

Other pressures are pertinent to the debate. Large areas of land around the airport were sensibly safeguarded while the debate was going on. It was the only fair and honest way to tackle a debate in which all airports were being considered for redevelopment and for further runways. That scheme was administered by BAA. Now that the debate is settled, we need clarity on what is going to happen to that land.

A much expected and much welcomed housing scheme was sadly put on hold and then lost to us because of the airport debate. I fully supported that action—it would have been utterly unfair to have left Gatwick out of the

[Laura Moffatt]

debate—but we need clarity about when we can move on. Much of that land still needs to be safeguarded in order to protect the environment for those who live in the area, but some of the land will provide much needed affordable housing for those many constituents who have no other opportunity for housing. It is now clearly off the agenda, and we want to get many of those issues settled as soon as possible.

I believe that Gatwick airport is the life-blood of the Gatwick diamond area. It gives us a quality of life that many people would never have achieved because of the quality of the jobs and opportunities that it offers. Of course it also brings challenges, but I believe that those challenges are worth facing. We should tackle them in a way that allows our airport to thrive and prosper but that also allows us to deal with environmental concerns. Gatwick is an important player in the UK's aviation industry—and it wants to remain one.

1.15 pm

The Parliamentary Under-Secretary of State for Transport (Mr. Tom Harris): I begin by apologising on behalf of the Under-Secretary of State for Transport, my hon. Friend the Member for Poplar and Canning Town (Jim Fitzpatrick), who is absent today. As Minister with responsibility for aviation he should be responding to this debate. I hope that my hon. Friend the Member for Crawley (Laura Moffatt) does not mind that while he is away on official duty I have been taken off the subs' bench.

I congratulate my hon. Friend on securing this debate on the future of Gatwick. I pay tribute to the work that she continues to do on behalf of her constituents, particularly with regard to the airport. Earlier in my period of office, I had responsibility for the railways, and she was one of the first to knock on my door to canvass support for the retention of the Gatwick Express when that franchise was redrawn—and she was very successful. If someone were to ask me the name of her constituency, I would have to think twice before rejecting the name Gatwick.

The Government fully recognise Gatwick's position and importance as a significant international airport and as a major contributor to the UK aviation industry and to the economy of the south-east. Gatwick airport remains the UK's second busiest airport, the seventh busiest international airport and the busiest single-runway airport in the world. It is open all year round, 24 hours a day. It handles more than 35 million passengers and sees almost 250,000 air transport movements. About 90 airlines operate from Gatwick's two terminals, which serve well over 200 destinations worldwide.

My hon. Friend spoke of the many people that Gatwick employs directly—about 25,000—and the 13,000 people employed indirectly, and of the airport's impact on the local and regional economies. Her record in the House testifies to the importance that she places on Gatwick as the centre of employment in her constituency.

Gatwick is well known for serving holiday destinations around the world, particularly in the charter market, but it also supports a significant number of business passengers. It is well connected to the south-east's motorway and strategic road networks and it has good public transport services, including a regular non-stop express rail service to London Victoria station.

Gatwick airport is a major employer in the south-east, directly providing about 25,000 jobs on site, with more being provided by associated companies and organisations away from the airport itself. As the second largest UK airport, it makes a significant contribution to the regional and national economies. The Government are keen to see that contribution continue. Indeed, our most recent passenger forecasts, published in November last year, continue to show strong demand for Gatwick. However, the Government also recognise that Gatwick has faced challenges to its future development, including the capacity limitations of its single runway during high demand periods.

Given Gatwick's important contribution to airport capacity in the south-east, it was clear when we were preparing the 2003 air transport White Paper setting out our strategy for airport development for the next 30 years that we would need to consider options for its development as part of the process. In the lead-up to the White Paper, we therefore considered a number of new runway options at Gatwick, and we concluded that there was a strong case for a new wide-spaced runway.

However, the White Paper also concluded that a 1979 planning agreement preventing the construction of a second runway at Gatwick before 2019 should continue to be honoured. The White Paper therefore indicated that land should be safeguarded for the option for a wide-spaced second runway after 2019, in case the environmental conditions specified for a new third runway at Heathrow airport could not be met. Our policy has not changed.

As hon. Members know, the Secretary of State launched the consultation on adding capacity at Heathrow airport last November. That meets the commitment made in the White Paper to consult on proposals for adding a third runway and to explore the scope for making better use of existing runways. The consultation closes on 27 February, so there is still time for all interested parties, even those who have more specific interests in Gatwick, to respond.

In the light of the results of the consultation, we expect to be able to take final policy decisions on adding capacity at Heathrow by this summer at the very earliest. Depending on the outcome of the consultation, it will be for the airport operator to obtain the necessary consents in accordance with applicable planning rules and within relevant statutory and other criteria. However, even with the new proposals contained in the Planning Bill that is currently going through Parliament, preparing suitable planning applications and achieving planning approvals for a third runway will take several years. I know that, on this particular occasion, that will not be a surprise to my hon. Friend.

I understand the concerns of my hon. Friend about releasing land for housing; I know that this is a subject that she feels very strongly about. However, the option of a second runway at Gatwick remains a possible alternative depending on the outcome of policy and planning decisions relating to the expansion of Heathrow. We do not intend to lift the safeguarding of the land that might be used for a second runway at Gatwick

before firm and final decisions on a third runway at Heathrow are taken. I do not believe that it would be prudent to do so.

For Gatwick, our forecasts for the White Paper showed that additional runway capacity would be very attractive to travellers. The option for a wide-spaced second runway at the airport would generate around double the economic benefits of an alternative close parallel runway option and it would provide additional capacity of about 40 million passengers a year, taking the airport to a total of about 83 million passengers every year. However, in examining the full picture and the wider economic benefits, the Government still concluded that they wanted to prioritise developments of new runways at Stansted and Heathrow.

In line with the White Paper, Gatwick's operator, BAA, published a master plan for the airport in October 2006. That outlined plans for maximising use of the existing runway and identified land for a possible new runway after 2019, and it also outlined plans for enhancements to the existing terminal facilities. Developments since the master plan have included the opening in 2005 of the impressive north terminal pier 6 air passenger bridge, which is a major engineering achievement and the world's largest passenger bridge at an airport. It spans an existing taxiway and cuts out the need for about 50,000 short-distance coach journeys across the terminal aprons, helping to reduce the airport's environmental impacts as well as providing greater convenience and time savings for passengers. Investment also continues to improve the airport's facilities with a comprehensive programme of refurbishment and maintenance works, including flooring, lighting and redecoration in the two terminals, which is designed to enhance the passenger experience.

Gatwick is committed to being a good neighbour to communities around the airport and is keen to address issues such as reducing the impact of aircraft noise, managing air quality and helping to reduce traffic congestion on roads around the airport. It is working with local authorities to review its environmental management and community and economic strategies, to ensure that the local authorities support the implementation of the airport's master plan. This will lead, later this year, to a new legal agreement with local authorities that will set out how the commitments will be implemented and monitored. The airport operator also continues to work in partnership with local authorities and other groups and organisations on activities and projects ranging across many facets of local community life.

I have already mentioned Gatwick's excellent links to the surface transport network, but we acknowledge that there is room to improve those links even further. We are pleased, therefore, that Network Rail plans to redevelop and improve Gatwick's railway station facilities in time for the London Olympics in 2012. Of course, we also welcome the prospect of improvements to the Gatwick Express rail service planned for later this year, when the operating franchise is integrated with the Southern franchise. The improvements will include provision of 85 refurbished rail vehicles to provide extended express services between London and Brighton.

The non-stop Gatwick Express service will not only remain fast and frequent but will continue to be geared to the needs of air passengers by providing luggage storage and multilingual onboard announcements. The Gatwick Express franchise has been very well run by National Express and its early termination, in June this year, is no reflection at all on that company. An agreement allowing early, no-fault termination was agreed between the Department for Transport and the company some time ago, and this is now being invoked to allow the implementation of improvements to the London to Brighton rail service, including for the Gatwick Express service, under the Brighton main line route utilisation strategy.

The Government have always considered that Gatwick would remain a lynchpin in the development of future airport capacity in the south-east, in recognition of its significance to the region and to the country. We reflected that in our air transport White Paper and we remain confident that Gatwick will retain its position.

In conclusion, I would like once again to thank my hon. Friend for her contribution. I would also like to agree with the comments that she has made about the trade unions' effective working at Gatwick and I would like to join her in paying tribute to the cleaning staff at Gatwick too, because I know that they perform what is often a very undervalued and overlooked service, which is, of course, extremely important. They form part of a work force at Gatwick who have helped to bring Gatwick into the 21st century and to create first-class, world-class services at Gatwick.

I know that my hon. Friend, as the Member representing the constituency in which Gatwick resides, will not allow the importance of Gatwick to slip from the Government's agenda. I am more than happy to pass on the comments that she has made today to my hon. Friend, the Aviation Minister.

Mr. Mike Hancock (in the Chair): I am sorry that your successor in that chair, Mr. Harris, has not taken the Gatwick Express to get here a little quicker. Unfortunately, the sitting is now adjourned until 1.30 pm; no, he has not come in the door. We could have started earlier, but thank you all very much.

1.26 pm

Sitting suspended.

Science and Technology Facilities Council

1.30 pm

Mr. Edward Vaizey (Wantage) (Con): It is a great pleasure to conduct this debate under your elegant chairmanship, Mr. Hancock.

The title of our debate should perhaps be "The Crisis in the Science and Technology Facilities Council", rather than the "Science and Technology Facilities Council". As the Minister for Science and Innovation knows, I am lucky enough to represent two of this country's pre-eminent scientific institutions. One is the Diamond synchrotron, which has recently opened, and we thank the Government for that, because it represents a significant investment in science. The other is the Rutherford Appleton ISIS station and laboratory, which has been open considerably longer. Those are major scientific institutions, so it is with some consternation that we learn that the STFC has circulated a letter to employees at Rutherford Appleton asking for voluntary redundancies, and the same has happened in Daresbury and at the Astronomy Technology Centre in Edinburgh. As a result, certainly at Rutherford, between 300 and 600 scientists could be made redundant.

That is not the only crisis facing physics. There will also be a 25 per cent. cut in university research grants, which amounts to £20 million. In addition, there will be cuts to nuclear physics research programmes—in the same week that the Government have announced their commitment to nuclear power. Finally, the STFC has withdrawn from major international projects, such as the Gemini observatory and the international linear collider.

One might ask how on earth we have reached such a position. The STFC says that it has an £80 million deficit, so it is looking to make savings of £120 million and it is making scientists redundant. At the same time, the Minister is going around saying that he has increased the STFC budget by 13.6 per cent. We know that is what he will say again today because that is what he said at departmental questions last week. The attitude of the Minister and the Government seems to be that there is nothing that they can or should do. They are nowhere to be seen during this crisis and they say that they are not responsible for it—in effect, they are saying, "Crisis? What crisis?"

Indeed, the Minister has gone further. Apparently, the media were briefed before his now infamous appearance on the "Today" programme on 11 December that his Department—the Department for Innovation, Universities and Skills—would not give in to "complainers". Unfortunately for the Minister, the complainers are some of the country's most eminent physicists. If anything is more complicated than a comprehensive spending review, it is probably particle physics, so I am indebted to those physicists, who have put their intelligence to use analysing how the STFC's deficit has come about at a time when the Minister is going around saying that he has given the council a 13.6 per cent. increase.

If we analyse the extra £185 million in funding to the council, we find that £11.6 million, or 6.8 per cent., represents the increase in capital, £81.7 million, or 52.4 per cent., represents the non-cash increase and £91.9 million, or 8 per cent., represents the near-cash increase. Non-cash represents the provisions on the balance sheet for things such as future liabilities and depreciation, and the important point is that it cannot be spent as cash at all. What matters is near-cash, which can be spent on facilities, university grants and subscriptions. As I have shown, the annual rate of increase for the next three years is 2.7 per cent., which in effect constitutes a flat-cash settlement and is far below the 17 per cent. average given to other research councils. Of the so-called increase in funding, £40 million has already been eaten up by redundancy costs at the synchrotron radiation source at Daresbury and £35 million will go to meet the additional costs of running Diamond and ISIS 2. The important point, which has had to be teased out through freedom of information requests by some of our scientists, is that the STFC has been telling Ministers about the problem since July and painting clear scenarios of what will happen, depending on which settlement it was given.

Other factors that have come into play include the fact that money previously channelled to university research through the Higher Education Funding Council is now being channelled through the research councils. Although it looks as though the research councils have had a cash uplift, they are in fact spending not new money, but old money that was going towards research costs. That money is certainly welcome, and we welcome the reforms that the Government have made in terms of meeting full economic costs over the past few years, but the money that is being channelled through the research councils is not new. There is also the ongoing problem, not caused by the Government, of the growing cost of our international subscriptions, which are linked to gross domestic product growth.

Let me add as an aside that the cause of the STFC's huge deficit was emphatically not cost overruns at Diamond. A rumour was put about just before Christmas that Diamond had somehow exceeded its bill costs, but that is not the case, and the project came in on budget and on time.

The Minister goes around saying that there has been a huge cash increase, but the STFC is slightly more straightforward. In its circular 01/08, which contains the news that staff at Daresbury, Rutherford and the Astronomy Technology Centre will be asked to apply for voluntary redundancy, the STFC states:

> "The...Financial Settlement was significantly less than STFC had been hoping. Consequently there has been an urgent review of the Council's programme."

On 7 November, the STFC wrote to the Minister, saying:

> "The settlement contained an increase for full economic cost and support for the SRS"

synchrotron radiation source—

> "closure costs but otherwise represented a flat-cash allocation."

So the STFC is saying that it has had a flat-cash allocation, while the Minister is telling Parliament that it has had a 13.6 per cent. increase. It will be interesting to see how the Minister squares that circle.

Sir Peter Soulsby (Leicester, South) (Lab): I congratulate the hon. Gentleman on securing this important debate on what he rightly describes as a crisis in the STFC's funding. Is he aware that the crisis affects not only the organisations and institutions in his constituency that he mentioned, but similar internationally renowned facilities elsewhere, including those carrying out physics and

astronomy work at Leicester university, in my constituency? That vital work is being brought to a dramatic conclusion as a result of the council's announcement, and the prospect of redundancy and of major programmes being halted is as great in Leicester as it is in the hon. Gentleman's constituency.

Mr. Vaizey: I thank the hon. Gentleman for that information. In fact, my entire speech could be a catalogue of the cuts that are taking place throughout the particle physics community. As far as I am aware, every physics community in every university is affected by these cuts.

As I said, it is impossible to square the circle: on the one hand, the Minister is saying that there has been a 13.6 per cent. increase, but on the other hand, the STFC is saying that it has had a flat-cash settlement. One wonders whether our scientists are living in a parallel universe—perhaps some physicist has discovered one in their research. The Royal Society says that

"the STFC seems landed in a situation where it could inflict seriously damaging cuts on university physics departments".

The Royal Astronomical Society and the Institute of Physics say that the reductions

"represent a hammer blow to the morale and future prospects of...physics and astronomy".

A member of the Standing Conference of Astronomy Professors has told me that there is a

"huge amount of anger and frustration".

A senior member at Rutherford, who must of course remain anonymous, tells me that

"morale at...STFC establishments...is at rock bottom".

Some 559 young researchers have written to the Minister to say that they are

"baffled and dismayed by the swingeing cuts that are about to do serious damage".

An Oxford physicist has written to tell me that

"this will tarnish, perhaps irreparably, the UK's reputation in the international physics community".

The debate provides at least two important opportunities. One is an opportunity for the Minister, for the first time, to set out in Parliament what is going on. So far he has merely responded to questions, and it is a pretty poor situation when people have to submit freedom of information requests to his Department and scrabble through documents reading obscure footnotes to try to find out what on earth has been going on. Now is the Minister's chance to put his case, in time for next Monday's Select Committee.

I do not entirely blame the Government. There is great frustration in the relevant community at the way the STFC has gone about its business. However, at the heart of the matter lies the fact that the Government have told the scientific community that there has been a generous settlement, when every fact tells us that it is a flat-cash settlement, which is the reason why there must be cuts.

The second opportunity provided by the debate is for the Minister to take action. That is what he is there for. He has commissioned a review by Professor Bill Wakeham, but it will be pointless if it reports in the summer after so much extensive damage has been caused. The Minister must put a stop to the cuts. I am told that a £20 million cash injection would carry the physics community forward until proper decisions could be taken, at a proper pace. He must bring the Wakeham review forward so that those two things can coincide; there would then be a moratorium on the cuts, a cash injection to support the physics community, and the Wakeham review—a proper review of the physics community. That is the opportunity that is being presented to the Minister.

I have been in touch with physicists from all over the country. There is enormous interest in the debate. It is probably the first debate in Westminster Hall to be piped live to the Royal Astronomical Society. I have kept my speech shorter than I normally would, because I know that the hon. Member for Oxford, West and Abingdon (Dr. Harris), who also represents people who work at Rutherford Appleton, wants to make a few points; and other hon. Members may want to make brief comments before the Minister explains the Department's permission.

Mr. Mike Hancock (in the Chair): I now call someone who I thought had lived in a parallel universe for quite a long time—Dr. Evan Harris.

1.42 pm

Dr. Evan Harris (Oxford, West and Abingdon) (LD): Thank you for that compliment, Mr. Hancock.

I thank the hon. Member for Wantage (Mr. Vaizey) not only for securing a debate on such an important subject at such an important time, but for introducing it so coherently and expertly in the time available, and for giving me time to say a few words. I am not only my party's science spokesman but a member of the Select Committee on Innovation, Universities and Skills, which is meeting on Monday to consider the matter, at the request of several Members, including me. I have received correspondence similar to the hon. Gentleman's—not just in volume, but in the concerns raised about what will happen. The concerns are not about what will happen to the writers of the letters, many of whom are senior scientists; they are concerned about the future generation of scientists who are threatened by the cuts, and about the implications of the cuts for some subjects currently being studied in the fields of particle physics, astrophysics and astronomy.

If there are to be cuts—there is no doubt that cuts are planned—there is a need to plan them coherently, instead of sending out redundancy requests, a scatter-gun approach that will not allow the science community and people who plan research programmes to work out the priorities. I hope that there will not be cuts. I entirely share the view of the hon. Member for Wantage about the figures. The Government cannot stand for panic cuts on their watch.

I spoke at a debate on science teaching in this Chamber earlier today, and it is important to recognise that we are short of home-grown physics graduates. The impact of the cuts on some of the relevant areas, for people who planned a career in physics and were looking forward to studying for a doctorate or to post-doctoral work, will be devastating. It will mean a flight of science and scientists from the area in question. I shall pursue the matter at Monday's Select Committee sitting, but I hope that the Minister will acknowledge not only the figures that he has been given, but also the likely impact of the cuts, even before we consider who is to blame.

Mr. Mike Hancock (in the Chair): Thank you for keeping to your time, Dr. Harris. I am grateful for that courtesy.

Sir Peter Soulsby: *rose—*

Mr. Mike Hancock (in the Chair): Does the hon. Gentleman have the permission of the Minister and the hon. Member for Wantage (Mr. Vaizey)?

Mr. Vaizey: I am happy.

Mr. Mike Hancock (in the Chair): Minister?

The Minister for Science and Innovation (Ian Pearson) *indicated assent.*

Mr. Mike Hancock (in the Chair): I thank both hon. Gentlemen for their courtesy.

1.45 pm

Sir Peter Soulsby (Leicester, South) (Lab): I thank the hon. Member for Wantage (Mr. Vaizey) and the Minister for allowing me to speak briefly in this important debate. As I said in my intervention earlier, the cuts affect a wide range of institutions throughout the UK, but I am obviously particularly concerned about the one in my constituency, the university of Leicester, which has an enormous international reputation for its work on physics and astronomy. Very exciting programmes being undertaken there are under threat as a result of the funding cuts. I hope that what are, no doubt, unplanned and unintended cuts in the work of that institution and other institutions can be protected while the situation is reviewed.

As the hon. Member for Wantage suggested, it is not good enough to have to wait for the Wakeham review, which will be too late to save the programmes that are under immediate threat. We need to know how the STFC got into the present mess. We need processes to ensure that its decision making is in future transparent, rational and responsive to the research community that it is supposed to serve. Above all else I hope that the Minister will be able to give an assurance that the immediate threats can be lifted, and that it will be possible to buy time to continue those essential programmes while the entire STFC funding situation is reviewed and assurances are established to prevent similar situations from threatening vital research in the future.

1.46 pm

The Minister for Science and Innovation (Ian Pearson): I congratulate the hon. Member for Wantage (Mr. Vaizey) on securing the debate, and welcome the opportunity to debate the Science and Technology Facilities Council. The STFC deals with some of the key research challenges of our time, and has a growing role in the innovation agenda. Its portfolio of activities is very wide ranging and includes, as the hon. Gentleman said, the Government's shareholding in the Diamond synchrotron at Harwell, which opened last year after being built to time, budget and specification. The STFC participates in major international research projects, such as the large Hadron collider at CERN—the European organisation for nuclear research—and funds research in UK universities.

Government support for the science base remains strong. We shall be spending almost £6 billion on research by 2010-11, which is made up of the science budget allocation and £2 billion of funding to reach universities in England through the quality-related funding stream of the Higher Education Funding Council for England. We remain second only to the United States in global scientific excellence as measured by citations, and we have a stronger performance across the range of scientific disciplines than most other countries. Of course, we retain our lead over all G8 countries on scientific productivity measures.

Many factors have contributed to the growth in UK economic productivity in the past decade, and the science and innovation measures that the Government have introduced, including the highly successful research and development tax credit for industry, and new bodies such as the National Endowment for Science, Technology and the Arts, are making a valuable contribution to science, technology and innovation. In addition, we are funding university knowledge transfer activities to the highest ever level. The higher education innovation fund will rise to £150 million a year by the end of 2010-11, which will help universities further to develop the professional capability to undertake top quality knowledge transfer.

The Science and Technology Facilities Council was created on 1 April 2007 by merging the former Particle Physics and Astronomy Research Council and the Council for the Central Laboratory of the Research Councils. Any new organisation inevitably experiences a period of transition, and like all research councils the STFC faces challenging decisions to determine its priorities in the light of the resources available to it.

To restate the basic facts of the matter, which have all too frequently been incorrectly reported in recent weeks, the STFC's budget will go up over the next three years; it will rise by 13.6 per cent. by the end of the comprehensive spending review period. The hon. Member for Wantage went into some detail on that point. However, he must recognise that there has been an overall increase, amounting to £185 million, and a total budget for the STFC of £1.9 billion. Of the seven research councils, the STFC has the second highest budget. We spend more on it than we do on medical research through the Medical Research Council.

The STFC's delivery plan for the three years reflects its assessment of priorities across its activities, allowing it to manage its resources within the budget increases allocated to it. As the Secretary of State for Innovation, Universities and Skills explained to the House last week, the Government are fully committed to the Haldane principle, which protects the autonomy of research councils in deciding what research should be pursued. On occasion, I get the impression that the hon. Member for Wantage has not looked in detail at the STFC's delivery plan, from which I shall quote two short sentences to give a flavour of what I mean. The plan states:

"The implementation of our strategy will require us to think in new ways about how we focus our investments."

That is right. The STFC's mission is to promote and deliver world-class science and to achieve a step change in the economic impact that the UK derives from its

science through knowledge exchange and the training of skilled people. However, that does not mean that nothing should ever change.

The STFC has determined its highest priorities. The delivery plan states:

"To accommodate the major facilities coming on line and create sufficient financial flexibility to enable us to pursue some existing high priority planned programmes and new opportunities, we will implement a substantial programme of organisational restructuring."

I accept that point. The STFC is making its own decisions in its delivery plan about its new and highest priorities. We believe that, based on its assessments of the science, and in accordance with the Haldane principle, the STFC should make those decisions.

Mr. Vaizey: Is the non-cash part of the settlement available for near-cash expenditure? Given what the Minister has just said, why is the STFC telling its employees that it has had a flat-cash settlement?

Ian Pearson: Non-cash cannot be transferred to near-cash. I do not pretend that the STFC has not had difficult decisions to make. The implications of full economic costing for all research councils make it a challenge to maintain research volume. If the hon. Gentleman is suggesting that full economic costing should not be pursued, I think that he would have the support of only a small number of academics. The vast majority strongly support full economic costing. The STFC's delivery plan ensures that the research community will continue to have access to a range of world-class facilities, including CERN, the European southern observatory—which has not been appreciated sufficiently—the European synchrotron research facility, the Institut Laue Langevin and programmes of the European Space Agency.

A significant contribution—more than £200 million per annum by the end of the CSR period—for international subscriptions will retain membership of those international organisations for the delivery of STFC's science strategy and give UK researchers access to world-class facilities. Priorities must be set and decisions taken, such as on the Gemini observatory in the southern hemisphere, which is why the STFC thinks that investment in the European southern observatory is a priority.

Dr. Harris: We all agree that the debate is not about full economic costings, which apply to all research councils, for which there is broad support.

Mr. Vaizey *indicated assent.*

Dr. Harris: Does the Minister think that a programme of requests for voluntary redundancies is the model research councils should use to set out their re-prioritisation according to their science plan?

Ian Pearson: I shall come to the redundancy situation in a moment.

I emphasise the fact that major new UK-based science facilities, such as Diamond and the ISIS second target station, will provide opportunities for exciting scientific research, in addition to the international collaborations about which I have spoken. The funding will also enable the STFC to support major development of the Daresbury and Harwell science and innovation campuses—the Daresbury development will be in partnership with the Northwest Regional Development Agency.

The hon. Member for Wantage talked about the science and innovation campuses, but they were not the major focus of his speech. Harwell and Daresbury will develop into prime locations for world-class research and development. Harwell will be a scientific and high-technology commercial cluster and provide the opportunity for the public sector to work alongside businesses exploiting research. We are close to announcing the commercial partner selected to take forward the development of the campus, by means of a joint venture company that will be formed between the STFC and the United Kingdom Atomic Energy Authority, representing public sector interests at the Harwell and Rutherford Appleton laboratory sites and a private sector developer. The commercial developer has been selected on the basis of its sharing the Government's vision for Harwell and of its relevant expertise and its commitment to financial investment in the development of the campus on a 50:50 basis. I am sure that the hon. Gentleman will be as enthusiastic as I am to see the campus developed further as a major, world-class centre of expertise.

In response to the comments made by my hon. Friend the Member for Leicester, South (Sir Peter Soulsby) and the hon. Member for Oxford, West and Abingdon (Dr. Harris), the Government recognise the concerns expressed about the STFC's decisions about the relative priority of research grants and infrastructure. The discipline of physics is supported by several research councils, such as the Engineering and Physical Sciences Research Council and the Biotechnology and Biological Sciences Research Council, and through the funding council's quality-related stream.

It is important that the individual funding decisions of all those bodies collectively underpin the health of the disciplines, which is why, as has been said, Ian Diamond, chair of Research Councils UK, is to organise a series of reviews into the health of key disciplines, particularly those that rely on funding from several research councils. The first review will be on physics, which plays a pivotal role in the science, technology, engineering and mathematics—STEM—agenda, and will be led by Professor Bill Wakeham, who is vice-chancellor of the university of Southampton. It is for him and Research Councils UK to discuss the length of time that it will take to conduct a thorough review of the health of physics as a discipline.

Members have mentioned the redundancy situation, and concern has been expressed that the STFC's decisions on its priorities will involve reductions in the council's work force to deliver its highest priorities. We are dealing with a new research council that is restructuring and focusing on its priorities for the future and which will spend £1.9 billion over three years.

It is important to state the facts. The consequences for staff at Daresbury working on the synchrotron radiation source have been known for several years, since its closure and replacement by Diamond was announced. Beyond that, the circular of 2 January, to which the hon. Member for Wantage referred, invited applications from staff for voluntary redundancy. However, the circular does not mention the number of jobs to be lost, about which there has been some speculation that has not been particularly helpful. Certainly, the STFC will consider those applications carefully in the coming months, in the light of its priorities. However, the research council must set its own priorities for the future and determine its strategy.

[Ian Pearson]

Looking ahead, the STFC's mission—to deliver world-class science, to increase the UK's influence in the international arena, especially in relation to large facilities, and to achieve a step change in economic impact through knowledge exchange and the training of skilled people—is fully aligned with its new strategy. The STFC is well placed to contribute to cross-cutting priorities, which address some of the major, long-term challenges that we face; for instance, in energy, STFC research into fuel cells, photovoltaic devices, renewable energy sources and technology for clean-burning coal offers potential for breakthroughs.

The Government's commitment to the country's research base is clear. The research settlement announced on 11 September last year showed significant increases for all the research councils, including the STFC. It might not be as much money as some would like, but it reflects—

Mr. Mike Hancock (in the Chair): Order. Unfortunately, 2 o'clock has come and we do not have sufficient time to finish the debate. I thank the hon. Member for Wantage and the Minister for allowing interventions and speeches by other Members. I thank everyone for their courtesy.

It being Two o'clock, the motion for the Adjournment of the sitting lapsed, without Question put.

Westminster Hall

Wednesday 16 January 2008

[JOHN CUMMINGS *in the Chair*]

Children With Disabilities

Motion made, and Question proposed, That the sitting be now adjourned. — *[Tony Cunningham.]*

9.30 am

Mr. Tom Clarke (Coatbridge, Chryston and Bellshill) (Lab): I am grateful to you, Mr. Cummings, for chairing this important debate and to right hon. and hon. Members who have come to participate in it.

In July 2006, there was an all-party review on the important matter of services for children with disabilities, which I chaired and which reported to the Treasury and the then Department for Education and Skills. We were assisted hugely by the Every Disabled Child Matters consortium, and we took evidence from 308 parents, professionals, disabled people and organisations across the United Kingdom. I thank Members of Parliament, including Ministers, who regarded the matter as serious and made a contribution. My colleagues would expect me to mention the Under-Secretary of State for Work and Pensions, my hon. Friend the Member for Stirling (Mrs. McGuire), who has responsibility for disability issues and was proactive throughout our discussions and since, and the Minister for Europe, my hon. Friend the Member for East Renfrewshire (Mr. Murphy), who was then at the Department for Work and Pensions and attended several of our sessions and showed how interested he was, particularly in what parents and children told us.

During the summer recess of 2006, my hon. Friend the Member for Blackpool, North and Fleetwood (Mrs. Humble)—I am delighted that she is here this morning, and we all know that she showed wonderful leadership—and I visited families all over the United Kingdom who had children with disabilities. We visited them in our constituencies, and we went to places such as Greater Manchester and London boroughs such as Tower Hamlets.

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): I congratulate my right hon. Friend on securing this important debate. He says that he had discussions with various groups throughout the UK. Did the Scottish National party play any part whatever in the review? It is rather unfortunate, given that there are a number of disabled people in Scotland, that SNP Members have failed yet again to turn up for such a debate.

Mr. Clarke: My hon. Friend makes his point extremely well. I shall simply say that we tried to approach the matter on a non-party basis, but I do not recall receiving a contribution from the SNP. I am worried about that, particularly in view of the implications for disabled children and their families in Scotland. I shall return to that, but I take on board what my hon. Friend says.

As I said, my hon. Friend the Member for Blackpool, North and Fleetwood and I visited many families during the summer recess before our report was produced, and I thank her again for everything that she did. I wish to mention the priorities that we addressed and assess progress. We saw some fine examples of good practice, and we witnessed incredible dedication on the part of professional staff, carers, voluntary bodies and, above all, parents, very often lone parents. I shall refer later to such a family in my constituency whom I visited over the weekend.

There was much that we welcomed, and many things that represented best practice, but we saw here in modern Britain a situation that cried out for more resources. Some 55 per cent. of disabled children were living in poverty; 76 per cent. of their parents suffered from stress and depression; and 51 per cent. of families experienced financial problems. No wonder my right hon. Friend the Secretary of State for Children, Schools and Families who, along with Lord Adonis, invited us to set up the review, considered it such a unique problem that it should be addressed in its own right, with a specific focus on disabled children and their families. Given that the population of disabled children has grown considerably, with more children being diagnosed with autistic spectrum disorders and more having complex health needs—those increases have not been matched by increased funding—the interest of my right hon. Friend and others hardly came as a surprise.

Some things that we heard from parents were deeply moving, and at times trenchant. Frustration and even anger were writ large both in the oral evidence that we heard in the House and in the things we learned when we visited families. The children's commissioner for England, Professor Sir Al Aynsley-Green, said that

"the plight of children and families with disabilities is nothing short of a national scandal".

That comment reflected the nature of the written and oral submissions that we received.

Bob Spink (Castle Point) (Con): I congratulate the right hon. Gentleman, who is held in the highest and warmest regard in the House for his dedication to, and work on, the subject, on the review. Did he take any evidence on the arbitrary setting of age limits, which prevents people with special educational needs and disabled people from going to social clubs in the evening? In Essex, they are deemed too old at 25, and are denied the right to enjoy social development and friendship. That is an arbitrary and stupid denial of human rights for administrative convenience.

Mr. Clarke: That matter was raised; and rightly so. I hope that our recommendation that families should be involved in decisions that have an impact on them and their children will go a long way towards meeting the hon. Gentleman's important concern.

In our report, published in October 2006, we made a plea for extra resources, along with accountability and transparency. I shall return in a moment to the priorities that we set out. We welcomed the response to our recommendations from the two Departments that invited us undertake the review. In May 2007, those Departments produced a document entitled, "Aiming high for disabled children: better support for families", and what it said was positive. We did not get everything

[Mr. Tom Clarke]

that we wanted, but importantly, the Government made a commitment to provide an additional £340 million from the comprehensive spending review, which covers three years, specifically for children with disabilities and their families, and for no other purpose.

Mr. Russell Brown (Dumfries and Galloway) (Lab): I add my congratulations to my right hon. Friend on raising the subject. On accountability and the need to track additional resources, £34 million has been allocated to Scotland through the comprehensive spending review. Scottish families are anxious that, although the money will be tracked in England and Wales, that may not be the case in Scotland. There is deep worry that the money will be used to fill a black hole created by the Scottish Administration in their attempt to freeze council tax north of the border.

Mr. Clarke: My hon. Friend makes an extremely important point, which I hope to address while remaining within the rules of the House. There is huge concern about the matter, and rightly so, for reasons that I shall give later. The allocation of funding was intended to cover the whole of the United Kingdom. My hon. Friend raises concerns shared by many of our constituents, and I hope to return to the matter in the not-too-distant future.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): Further to the issue that my hon. Friend the Member for Dumfries and Galloway (Mr. Brown) has just raised, no one is suggesting that we in Westminster should decide exactly how the £34 million should be spent in Scotland. We want an assurance that it will be allocated to support children with disabilities and their families. We do not want it to disappear into another of the SNP Administration's pet projects. For all we know, it could be used to defray the costs of chiselling "Scottish Executive" from the front of the Scottish Parliament building, on which hundreds of thousands of pounds were spent, and putting up "Scottish Government" instead. That is not where the money should go. It should help disabled children: that is what is it for, and that is what it should be spent on.

Mr. Clarke: My hon. Friend is not only absolutely right, but he reflects the views of our constituents, which is one reason why I hope to return to this important matter.

Disabled children and their families throughout the United Kingdom should have the benefit of the reviews and the recommendations that arose from them. That applies to England, Wales, Northern Ireland and, of course, Scotland, as my hon. Friends have said. I shall examine what seems to have happened. In England, the aforementioned £340 million was supplemented with another £90 million in capital funding for short breaks, which the Department for Children, Schools and Families announced in its children's plan in December 2007, taking the final total to an impressive £430 million. In view of some of the coverage in Scotland, I emphasise that that funding is not simply a matter for local government, important though that is: the national health service, too, is involved.

Ann McKechin (Glasgow, North) (Lab): I congratulate my right hon. Friend on raising this important subject. Does he share my concern that when the right hon. Member for Banff and Buchan (Mr. Salmond), who is First Minister, was specifically asked about it at First Minister's Question Time in the Scottish Parliament last month, he merely referred to the concordat with Scottish local authorities and

"a commitment to progress to an extra 10,000 respite weeks per year"? [*Scottish Parliament Official Report*, 13 December 2007; c. 4429.]

Those 10,000 weeks include every area of social care, such as care for the elderly and disabled adults, as well as children. My right hon. Friend makes an important point, and I take it that he believes that that money can be used by the voluntary sector, as well as by the Government and local authorities.

Mr. Clarke: My hon. Friend makes an excellent point. I want to return to the important issues that she and other hon. Members have raised, but I was aware of what the First Minister said. I would have welcomed the presence of the right hon. Member for Banff and Buchan (Mr. Salmond) here this morning, but I know that he may have other commitments. What he said, as my hon. Friend reminded us, was reflected in a letter that he wrote to Johann Lamont, MSP:

"The Concordat with COSLA includes a commitment to make progress towards delivering an extra 10,000 respite weeks per year."

First, that is only a commitment, and nothing more. We expected more than that, and the report demanded it. Secondly, as my hon. Friend rightly said, many of those 10,000 respite weeks properly apply to adults. Our work and recommendations specifically concerned disabled children and their families, and from what the First Minister said, that need has not been met.

John Bercow (Buckingham) (Con): The right hon. Gentleman, who speaks on disability issues with an authority unrivalled in the House, referred to the role of the health service, as well as to local government's important responsibilities. Will he take it from me that one group of very needy children and young people are those who require alternative or augmented technology to communicate and that a problem that bedevils that sector is the great network or panoply of agencies with which they or their carers must deal? We must crack that problem, so that the bureaucratic table tennis that denies them necessary equipment or delays its arrival is brought to an end.

Mr. Clarke: I am extremely grateful to the hon. Member for Buckingham (John Bercow) who, as always, speaks with enormous eloquence and personal knowledge of these important issues. It is immensely to his credit that he has made such a contribution in bringing these problems to the fore. I shall go on to cite our recommendations about the structure required to ensure that funding goes where it is intended to go, and I hope that that will meet some of the points that he properly made.

Sandra Osborne (Ayr, Carrick and Cannock) (Lab): I add my congratulations to those already given to my right hon. Friend on his work for children with disabilities. Has he received, as I have, representations from parents

of children with disabilities in Scotland who are extremely concerned and feel let down, having had their hopes raised, then apparently dashed? Is he aware that although the Scottish Executive have removed ring-fencing for many issues, they have retained some funds on the basis of bidding for certain priorities? Does he agree that children with disabilities and care for those children, should certainly be a priority?

Mr. Clarke: I am grateful to my hon. Friend, who makes a point that has been made to me and, I am sure, to other Scottish Members of Parliament. Of course there is great anxiety about the matter. People want funding to go where it is intended to go, whatever mechanism is used. I shall return to that, but I assure my hon. Friend that the matter has been raised with me again and again. I can hardly believe that it has not been raised with our colleagues in the Scottish Parliament.

Mr. Gary Streeter (South-West Devon) (Con): I am very much enjoying the debate. I apologise that my intervention is not about the Scottish National party or Scotland.

One of the outcomes of the right hon. Gentleman's excellent review and our debate last year on my private Member's Bill about children with disabilities was that the performance of local authorities and primary care trusts throughout England, and probably Scotland and Wales, was patchy in terms of provision. Will the right hon. Gentleman comment on that, and has he seen anything in the welcome announcement of extra resources and follow-through that will address the situation? Is he hopeful that it will be addressed by what the Government are now doing?

Mr. Clarke: I am grateful to the hon. Gentleman, who has shown a deep and genuine interest in these issues over a long time. I acknowledge his point about the patchy approach, which applies in all sorts of areas, including lack of co-ordination between agencies, particularly in terms of delivery and consultation. That view is shared by those who were on the review.

The hon. Gentleman should not worry about his views on Scotland, because I think that they will be adequately expressed during the debate, but I thank him for his interest.

I return to the analysis that I was trying to make about what has happened in the constituent parts of the United Kingdom since the additional funding was announced. The Department of Health, consistent with our recommendations, has made its contribution, too. Disabled children are the new priority for primary care trusts in the new NHS operating framework and they have new baseline funding to improve services. The Every Disabled Child Matters consortium wants a specific amount identified for each primary care trust to ensure transparency and accountability to local families. I wholeheartedly agree with that point.

In Wales and Northern Ireland, discussions are ongoing, but positive indications have been made, especially with regard to child poverty and early intervention, with an already confirmed extra £1 million for that purpose in Wales. However, to turn to the issue that my hon. Friends have been raising, I regret to say that in Scotland there is huge concern about the destination of the £34 million to which Scotland is entitled under the Barnett formula. All parties acknowledge that the money has come to Scotland thanks to the reviews, but now it seems that it might not be spent on the purpose for which it was clearly intended. Its purpose is for disabled children and their families. Families across the UK contributed to our thinking. It would be a tragedy if only the views of the people of Scotland—Scotland alone—were ignored. Those from Scotland who gave evidence to us could feel that their views had been apparently dismissed. Lest it be thought that some of us are being over-parochial, we are simply representing our constituents, who feel passionately, as we all do.

As I always try to be objective in these matters, I turn now to the views of my right hon. Friend the Member for Normanton (Ed Balls), who, in fairness, was the man largely responsible for everything that took place. The Secretary of State for Children, Schools and Families, as he now is, said in the main Chamber on 11 December:

> "When we conducted our review of the life chances of disabled children and their families, and allocated extra money for respite care and other services, we consulted across the country. Welsh and Scottish MPs were active in those consultations...There was widespread expectation that the money would be spent not only in England but elsewhere, and that the Barnett consequentials would be spent on disabled children in other parts of the United Kingdom. That is happening in Wales but, to my knowledge, it has not happened in Scotland, where the funds have been diverted to cut council tax. I am very disappointed indeed that the needs of disabled children and their families are not a priority for the Scottish Executive." [*Official Report*, 11 December 2007; Vol. 469, c. 174.]

It is for hon. Members to make a judgment about the views of my right hon. Friend the Secretary of State, who has done so much in this field. However, I have to say that if representations to me from Scotland show, as I believe they do, the strong views of the Scottish people—particularly those who speak for disabled families and their children—what my right hon. Friend said in the House reflects those strong views.

There are people who argue that ring-fencing is inappropriate—it is important that I come to that issue at this point—and they are entitled to their view. As an ex-president of the Convention of Scottish Local Authorities, I know where they are coming from. However, that need not be the issue. In the review that I chaired, supported by my hon. Friend the Member for Blackpool, North and Fleetwood, we offered options in terms of accountability. We said, in an important part of our review:

> "If Government is not persuaded to ring fence additional resources for disabled children (and their families) released through the comprehensive spending review, Ministers must be able to convince parents and professionals that alternative mechanisms exist to ensure that the resources reach the children who need them."

That is all we ask. In Scotland, as elsewhere, that is what we want. Disabled children and their families deserve no less. Why? We gave the reasons in the priorities that we set, which apparently persuaded the Government.

Ann McKechin: Does my right hon. Friend agree that it is important that any Executive or Government with control of those funds must properly, openly and transparently account for how they have spent them and report to their respective Parliaments—or to the Assembly in Wales—on how the money has been spent, so that the families of disabled children can clearly see where the money has been spent and what the benefit of the expenditure has been?

Mr. Clarke: I agree entirely. If I may say so and still remain in order, Mr. Cummings, in the all-party spirit in which we approached the review, I want to acknowledge the all-party support that I received when I was promoting the International Development (Reporting and Transparency) Act 2006, including support from the First Minister, who was one of the sponsors. Can we honestly say that we want more transparency in terms of developing countries and the money allocated to them, but that we will not offer transparency for the £34 million allocated for the purposes that we are debating?

John Bercow: I am grateful to the right hon. Gentleman for his generosity in giving way to me again.

There may be satisfactory alternatives in this context to ring-fenced budgets, although I have not encountered them. The compelling argument for ring-fencing in this field of policy is that although parents of children with disabilities are, thankfully, gradually becoming more demanding, vociferous and articulate, the reality remains that, in political terms, they are often not that powerful; therefore, we need a discipline that will hold in check the ambitions and the sometimes misguided priorities that would otherwise obtain in local authorities of whichever stripe.

Mr. Clarke: Yet again the hon. Gentleman puts it perfectly. When I supported devolution, I took the view that all democratically elected institutions should be accountable not just to the powerful, but also to those who experience poverty. His argument is correct.

In summary, the priorities we set in our original review, which were applicable to the whole of the United Kingdom, were as follows: early intervention, with swift diagnosis and recognition of the child's needs; family support, such as vital short breaks; transition care, which is the period when a disabled person leaves the education system and often enters a confusing world; and additional funding to promote parent participation in improving services.

Last week, in the excellent debate on fuel poverty in this Chamber secured by my hon. Friend the Member for Edinburgh, North and Leith (Mark Lazarowicz), I gave the information that

"two thirds of families with disabled children struggle to pay their fuel bills each winter. One family of every 10 families with disabled children has had its gas and electricity supply cut off." [*Official Report, Westminster Hall*, 8 January 2008; Vol. 470, c. 11WH.]

One of our report's recommendations, which was not taken up by the "Aiming high for disabled children: better support for families" review, was to extend the winter fuel payment to families with disabled children. That payment would help them immensely, especially with the recently announced increases in fuel prices.

Another concern addressed by the report was the worrying lack of data. When allocating funding, one must know the extent of a problem to act appropriately. I know that the "Aiming high" review referred to data collection, so I invite my hon. Friend the Minister to comment on where we are now in that respect. Although we are talking about statistics—where it is important that we have the correct information—all the discussion, and all the reports that have been written, fundamentally deal with people. In common with other Members, I realise that we are dealing with people with very specific needs.

Like other Members, I regularly visit people in my constituency, as I did last weekend. I am watching the clock carefully because I know that others want to speak, but I want to share with Members some of the discussions that I had with two admirable families. Although they acknowledged that they were receiving excellent support from the local social work department, they indicated that there were problems, reflected in the problems that we identified in our report and that appeared in the Government's response.

The first family I visited was the Davidson family. Leonie Davidson, a charming young woman, is 17. She has been diagnosed with Hallervorden-Spatz disease, which is a genetic, degenerative condition. Her mum, Angela, is an admirable woman and a lone parent. Leonie has a brother, Barney, who is nine. Angela takes the view that direct payments are most suited to her family's needs. In fact, she said that they were fabulous and were good for her family. She felt, and I think that she was right, that she was entitled to continue working as a management accountant, and that with proper support and resources there was no reason why she could not exercise the right choices for her family. I think we would all endorse that.

When local authorities have the resources to agree to direct payments, it means that there is access to benefits from the independent living fund, which is very important to Angela and her family. Although she had to spend £3,000 topping up her grant, what was important to her was the right to choose and the right to recognise her daughter, Leonie, as a person in her own right.

I also want to talk about the family of 16-year-old Stephen Campbell. Stephen has been diagnosed with tuberous sclerosis. A stroke at 12 worsened his condition. His parents are Catherine and Alex, and he has an 11-year-old brother, David. Catherine has experienced epilepsy for most of her life. Although the family acknowledge the work and contribution of North Lanarkshire social work department, there is a problem. Having gone through the education system, Stephen is in need of some form of transitional arrangement and although there is an excellent centre for respite care—Ferrie house—Stephen is unfortunately not able to go there because the local authority, which I am not criticising, has decided that the resources will not be available until he reaches the age of 18. Other young people go to the centre, which is only two miles from where Stephen lives, but he has to travel 12 miles a day.

There is an impact on Stephen's respite care, too. His parents have seven days' respite care a year from the centre that he currently attends; Ferrie house would provide 14 days. Such things are very important to people who are trying to cope in the circumstances that I have described.

I do not want to dwell on those cases too much because I am watching the clock, but I am delighted at the response from right hon. and hon. Members because I am describing what people have to cope with day in, day out. I want to thank both families for the help that they gave me. In the argument about resources, they acknowledged that much has been done by the Government, by the devolved Government and local government, but there is no doubt that additional resources would be of assistance to them.

Bob Spink: Before the right hon. Gentleman finishes, will he allow me to ride one of my little hobby horses? He is right to highlight the existence of a whole spectrum of need, and the fact that parents and carers probably know best how to meet it. Does he share the view that some children are best served by mainstream schools and some are well cared for in the wonderful special learning difficulties schools? However, some children are well cared for in moderate learning difficulties schools, which seem to be under threat of closure in certain local authorities. Does the right hon. Gentleman believe that we should maintain those wonderful, caring schools, so that parents can have a choice if their children fit into that particular category?

Mr. Clarke: I agree. Special needs education should be appropriate to the child, because their interests are paramount. I welcome the hon. Gentleman's point.

My hon. Friend the Member for Blackpool, North and Fleetwood, who has been immensely helpful in the debate, reminds me that time is going on. I am grateful for her forbearance and that of all right hon. and hon. Members. Although there is much more that I would like to say, I will conclude with just a couple of points.

In both reviews we have presented the picture, as we see it, of the problems for disabled children and their families throughout Britain. We listened to the evidence and to what people had to say. We genuinely tried to respond to profoundly important matters such as early intervention, transition and families' involvement in decision making. Therefore, we believe that it is right that monitoring should take place.

The argument about funding will go on. My hon. Friend the Minister will understand that people will still come back and rightly ask for more, but he is entitled to ensure that money is spent in the right area. If this debate helps us to achieve that purpose, it will have been worth while.

10.8 am

Mr. Mark Harper (Forest of Dean) (Con): It is a great pleasure to serve under your chairmanship, Mr. Cummings. First, I pay tribute to the right hon. Member for Coatbridge, Chryston and Bellshill (Mr. Clarke) for securing this debate. As he mentioned in his remarks, he and the hon. Member for Blackpool, North and Fleetwood (Mrs. Humble) have chaired a series of parliamentary hearings for the Secretary of State when he was at the Treasury. Those hearings and the efforts of the Every Disabled Child Matters campaign and of my hon. Friend the Member for South-West Devon (Mr. Streeter), whose private Member's Bill helped to raise this issue to prominence, secured the funding that the hon. Gentleman mentioned in his remarks. My hon. Friend the Member for Buckingham (John Bercow) is chairing another review for the Government. If the Government want to be even-handed about it, I hope that my hon. Friend's review is successful in securing an equivalent amount of funding for the area of policy that he is examining. We will know the results of that in due course.

Given the significant contribution from Scottish Members and the issues that they raised, it is worth mentioning that this issue and, indeed, health policy have been devolved to the Scottish Parliament. The issues that they raised are perfectly reasonable, but frankly, they are issues to be debated in the Scottish Parliament, because they are devolved—a policy that the Labour party supported and implemented—and this Parliament has no control over them. The right hon. Gentleman is right to say that extra funding has been allocated under the Barnett formula, but it is up to Members of the Scottish Parliament, who are accountable to their constituents on these issues, to have the debate. The right hon. Gentleman and his hon. Friends have no say over these policy areas in Scotland as a result of the devolution settlement implemented by the Government whom they support.

Opposition Members welcome the Government's funding for short breaks, which resulted from the inquiry that the right hon. Gentleman held and the other campaigning work that took place. Just this week—I think that he drew attention to this in his speech—the Government reannounced the funding, together with the breakdown by local authorities, spread over the next three years. I was pleased to note that my local authority, Gloucestershire, is one of the pathfinder authorities and has been allocated the money slightly earlier in the process. We will receive a more significant share of funding in the early part of those three years as some significant plans are rolled out.

I have spoken to one of my colleagues, Councillor Jackie Hall, the cabinet member for children's services on the county council, who confirmed to me that she and her colleagues are working closely with parents to develop provision that will suit their needs, rather than considering what would suit the local authority. I am very pleased that they have taken that approach. It is very much in the spirit of the inquiry chaired by the right hon. Gentleman. They are considering what parents need to support their families. One matter that Gloucestershire is examining is the extent to which its plans can include an element of choice, so that families can choose, from a range of options, the support and short breaks that best suit their family structure.

It would be helpful if the Minister could comment on the following issue. The right hon. Gentleman will know that the settlement announced in the comprehensive spending review is for the three-year period. I have concerns about this. The funding going to Gloucestershire rolls forward in 2009-10 and 2010-11 at just under £1.6 million a year. The concern that families will have is that if the county council puts together a package of short breaks that they find incredibly valuable and that helps to keep families together and support them, what will happen after the three-year period?

Most local authorities—this came out from the comments about Scotland—are cash-strapped. My local authority, particularly due to the severe flooding that we had last year and, sadly, the flooding that we may be experiencing this week, is very cash-strapped. It had to deal with a big expense last year as a result of flooding. We do not want the funding from the Government to cease after the three years and local authorities throughout the country simply to be unable to continue funding the package. There would be no crueller measure than to have rolled out the package of short breaks for families, have those families come to depend on those breaks and get used to them, and then snatch them away simply because there is no funding.

[Mr. Mark Harper]

Therefore, it would be helpful if the Minister could say what the Government's thoughts are about rolling the funding into a more permanent settlement for local authorities, so that they can have confidence.

Pathfinder authorities are receiving the money fairly early on, but the situation is different for many other authorities. If we look at the totals—obviously, these are figures for England—we see that the funding is very weighted towards the back end of the process, with £15 million in the 2008-09 financial year, £76 million the following year and £178 million in the final year of the process. Therefore, a number of local authorities will only just have rolled out their programmes and there will be no confidence that they will continue. It is important to give some guidance about what the Government thought would happen subsequently.

Given that the bulk of the money is rolled out throughout the country in years 2 and 3, it would be helpful to know what process the Department will follow in using the experience of the pathfinder authorities to roll out best practice to other authorities. In relation to the money being spent in the first year, we can see what works. Clearly, it would not be appropriate centrally to direct local authorities on how to spend the money, but it would be helpful to ensure that authorities receiving the bulk of their funding in years 2 and 3 have good access to the lessons of what has worked in the pathfinder authorities. Surely that is one purpose of a pathfinder programme: to spend the money better in the subsequent years of the programme.

The final point on the funding that the Government have agreed is that the Under-Secretary of State for Health, the hon. Member for Bury, South (Mr. Lewis), who is responsible for care services, committed that the money that would come from the Department of Health would match what was coming from this Minister's Department. I did not find the statement terribly transparent. The Health Minister said:

> "Substantial new growth funding has been included in PCT allocations...to enable them to work with local authorities to...increase the range and number of short breaks."

This Minister will know that all PCTs in England were this year given a 5 per cent. increase in their funding. I have not been able to disentangle how much extra funding was given to PCTs to account for that pledge to match the funding for short breaks. Given that all PCTs were given a flat increase, it would be interesting to know whether the money for short breaks in the health funding has been equally distributed throughout the country, or whether it matches the money that has gone to local authorities.

Can we assume in Gloucestershire that the extra money that Gloucestershire PCT will have received in its funding settlement will match the £500,000, £1.5 million and £1.5 million that the county council receives in those three years? I know that those who run Gloucestershire PCT would find it very helpful to know what extra amount of money it has been given to fund those essential services.

I will try to keep my remarks brief so that the hon. Member for Blackpool, North and Fleetwood has an opportunity to speak before those on the Front Benches, but I want to say a few words about autism. The ten-minute Bill of my hon. Friend the Member for Ilford, North (Mr. Scott) will be presented today after Prime Minister's questions. That would make provision for the education and training of children with autism and Asperger's syndrome, and for a number of connected measures. I am very pleased that my hon. Friend will have the opportunity to present the Bill to the House.

I was fortunate just yesterday to visit TreeHouse—both the trust and the school—in north London. They are experts at dealing with autism. Indeed, I am very pleased with their slogan "Ambitious about Autism", which is about ensuring that children who are on the autistic spectrum are successful. That school was founded by parents of children with autism, who found that provision was lacking, and it has been very successful. It has an evidence-based process. It uses applied behaviour analysis and was the first school in the UK to use such analysis to teach children with autism. It has a very good evidence base of success.

Yesterday, I had the opportunity to meet not only the staff of both trust and school but a number of parents and to listen to them talk about their experience. I mention that because there is very good evidence on the issue from the Foundation for People with Learning Disabilities, funded by the Shirley Foundation. The evidence was gathered in the late 1990s and has recently been updated. It relates to the costs associated with health and social care support for people on the autistic spectrum. Apart from the significant number of people on the spectrum—433,000 adults and 107,000 children; obviously, children are the focus of this debate—the estimate made by the organisation is that the lifetime cost for someone with an autistic spectrum disorder and a learning disability is £4.7 million. It is £2.9 million for someone with a high-functioning autistic spectrum disorder. For children, if they are living in residential care or are in a foster placement, the annual costs can range from £16,000 to £62,000. The costs are considerably lower if they live at home.

I mention that because there is good evidence, particularly with autism, that early interventions are extremely valuable. Given the lifetime cost, the tragedy that I discovered when listening to two of the parents yesterday was, first, the delay that they experienced in getting a diagnosis and, secondly, the battle that they had with the local authority to get appropriate funding. Often, parents must go all the way through to a tribunal, which means that the child will not get the appropriate support in the critical early years unless the parents themselves can provide it. Obviously, that option is available only to those parents who have the appropriate resources. By not investing early, society must bare the significant costs through the lifetime of the child. Will the Minister say what work the Government are doing on lifetime costs and the extent to which early interventions make sense not only from a financial perspective, but from a human and family perspective, even if they are quite expensive?

I shall make only one more brief point on direct payments having seen your signal, Mr. Cummings, to keep an eye on the clock. The right hon. Gentleman mentioned direct payments. Many disabled people and their families welcomed the payments because they put control in their hands. The payments mean that people do not have to go to a local authority to receive

services; rather, the people themselves control the services and can fit them around their individual experience. Will the Minister comment on the extent to which direct payments are being taken up? In a written answer on 7 January, the Minister for Schools and Learners said:

"The most recent data available are for 31 March 2006, and show that 649 children and 4,170 carers were receiving these payments."—[*Official Report*, 7 January 2008; Vol. 470, c. 205W.]

Given the scale of the number of people whom we know are receiving social care, those are small numbers. It would be helpful to know what the Government are planning to do to make direct payments more easily accessible, not only for the parents and carers of disabled children but, in due course, to those disabled young people themselves, to give them power and control over their own lives.

10.22 am

Mrs. Joan Humble (Blackpool, North and Fleetwood) (Lab): My special thanks go to my right hon. Friend the Member for Coatbridge, Chryston and Bellshill (Mr. Clarke) for securing this important debate. As we heard in his eloquent introduction, he cares passionately about the issue and, from the attendance, we can see that many other colleagues care likewise.

As my right hon. Friend said in his introduction, we were honoured to be invited by our right hon. Friend the Secretary of State for Children, Schools and Families and our noble Friend Lord Adonis to lead what were groundbreaking and unique parliamentary hearings on the concerns of families with children with disability. In so doing, we heard some heart-rending testimony from the families and from professionals who cared for the children. Interestingly, in the body of the report produced after those hearings, there is polling evidence that, unusually, the views of service recipients match those of service deliverers. Both families and social care professionals, and some health professionals, felt that an inadequate service was being delivered.

We knew that something needed to be done. We argued for additional resources but, more importantly in a way, we argued for administrative changes and changes of attitude toward children with disability. Until we change society's attitudes and those of the professionals who support families, we will not effect change. Simply putting money into the system will not work unless it is backed by changes in procedures and attitudes.

If nothing else, the report provided an evidence base on which the Government could act—I was pleased by their response—but we also put the needs of children with disability on centre stage in Parliament. The charities that supported the hearings came together to set up the consortium whose Every Disabled Child Matters campaign is going out into the country. No Member of Parliament is unaware of that, and local authorities and health authorities know about it—everybody in the country knows of the campaign. We put the issue on the top of the agenda.

We raised many hopes and expectations, so it was rewarding to get the cheque at the end of the day, by which I mean that the Government allocated money to short breaks. One of the key matters identified in our report was that having some respite was the difference between families who coped and those who collapsed. In giving £340 million to short breaks, the Government recognised that they are a key and essential part of the needs of families with disabilities.

I wish to talk about some of the key issues on which we need to see progress that the report identified, but I first wish to pick up on the point made by the hon. Member for Forest of Dean (Mr. Harper). He made some serious and important remarks, and I share many of his views, especially on the pilot. We need assurance that the Government learn from the pilots that they set up, and that they ensure their sustainability. Our inquiry identified good practice in the early support pilots, especially on the development of a key worker system. My right hon. Friend the Member for Coatbridge, Chryston and Bellshill and the hon. Gentleman are concerned about early intervention, but, actually, improvements on that took place through the early support programme. Under the programme, local government works with health services in a much more co-ordinated manner, so that when a child with complex needs is born, there is early intervention and a key worker to support the family. A wide variety of professionals may still be involved, but instead of the parents having to cope with those different professionals, they can ring up just one person, who then sorts out and advises the professionals before the key meetings that the families must attend to determine their child's future.

We recommended that lessons needed to be learned from the early support pilots and the development of key workers. In fact, we wanted key workers to be part of the system throughout a child's life, rather than only in those early years. That is not to say that every family needs a key worker—clearly, they do not. Some children do not need a key worker, but those with complex, multiple needs may need one. We need to ensure that advice is available. If I can make one plea to the Minister this morning, it is that we ensure that the changes that the Government are introducing are properly embedded in the system and that the availability of financial resources and the administrative changes are sustainable.

Many such changes are taking place, especially in local government, and they offer huge opportunities. The development of children's trusts and the coming together of local authority children's departments with health professionals and other statutory and voluntary agencies—multi-disciplinary working—offers the way forward for providing a much simpler system for parents to work their way through. We need to ensure that that happens.

I gave my apologies this morning to the Work and Pensions Committee, of which I am a member, but I want briefly to refer to the Committee's work. We have undertaken an inquiry into child poverty and social mobility. We have not yet produced a report, but we heard a huge amount of evidence about the poverty suffered by families that have children with disability.

I know that it is not part of the Minister's remit, but I hope that when our report is published he will consider it, working with his colleagues in the Department for Work and Pensions to see what can be done to support those families, especially the changes proposed to the Government's welfare to work programme that will require lone parents to move from income support to jobseeker's allowance when their children reach the age

[Mrs. Joan Humble]

of 10, and then at seven. For many families who have disabled children, that is not practical, because child care and other support is not available.

I know that the Department for Children, Schools and Families, under the excellent Childcare Act 2006, is developing and enhancing child care provision. The legislation contains a specific reference to children with disability. However, the Government have a lot of balls up in the air. I want to ensure that they are all caught in the right sequence. It is a juggling act. The Minister must ensure that, as changes are made in one area, they do not have an adverse impact on other areas and that all the improvements come into place at the same time to ensure that families, especially families with children with disability, can benefit from them.

I conclude with a positive statement. I had intended to talk a little more about the Select Committee report and other outstanding issues, but I want to emphasise the fact that our responsibility is to ensure one thing. Although families with children with disability can suffer problems, and we can help them overcome those problems, we should remember that a child with disability can also bring great joy to the family. When I visit special schools—I usually visit mainstream schools—I have huge fun with the children, because they are often the ones to ask the most difficult questions. I was intrigued by a report recently published by the Every Disabled Child Matters campaign. Parents were asked what they wanted, and parents obviously wanted more support. Disabled children were then asked what they wanted—more fun things to do was the answer. They are children. They may have a disability, but we must not forget that they are children. Let us make sure that they have more fun things to do, so that they can enjoy their childhood, as should all children. I hope that the Minister will consider what we have said about the needs of the parents and the families, but it is the needs of the child that should come first. They want to be children, and to be treated as children.

10.33 am

John Barrett (Edinburgh, West) (LD): I am delighted to be able to sum up on behalf of the Liberal Democrats; I have just been appointed the party's disability spokesman, and this is my first debate in post.

I thank the right hon. Member for Coatbridge, Chryston and Bellshill (Mr. Clarke) for triggering the debate and for his well-thought-out introduction. I also thank the hon. Members for Forest of Dean (Mr. Harper) and for Blackpool, North and Fleetwood (Mrs. Humble) for their excellent contributions.

I have had many discussions over the years with the right hon. Gentleman about international development issues, and I suspect that we might have a few more in the years to come about disability issues. We know that both subjects affect the lives of the most vulnerable children, in this country and elsewhere in the world. After many years on my party's international development team, I have witnessed at first hand children suffering from the most horrendous disabilities—some man-made, others easily avoided. Before I consider the issue closer to home, I would like to say a few words about the wider problem.

We must not forget the millions of children who will never have access to the services that we aspire to in this country. I think of those young children whom I met in Sierra Leone with the hon. Member for Buckingham (John Bercow), children whose limbs had been macheted off deliberately to disable them and to burden their families. I think also of others who have lost their sight because of river blindness, despite the fact that the annual cost of protecting one person against that disease is only 12p.

Although we are discussing services for children with disabilities in this country, we must continue to press for improvements for those living in the developing world, who can only dream of the level of service that we have here at present—children whose lives are already difficult enough. However, there is much to be done, and many issues need to be addressed here at home.

This should not be a party political issue, as the welfare and provision of services for children with disabilities is something that no party would not wish to improve. I look forward to working with the Minister, and with the Minister with responsibility for disabled people, in a constructive way. Indeed, it was at Capability Scotland in my constituency that the leader of the Conservative party launched a major statement on his party's commitment to the issue late in 2006. I have seen at first hand the excellent work done by that organisation—for the avoidance of doubt, I mean Capability Scotland—as it works with children and parents to bring out the potential of those children receiving its support.

Much good work is being done by many excellent organisations throughout the country. However, when the services for disabled children and their families are described as a national scandal, as they were by the Children's Commissioner for England, something is clearly wrong, and no stone should be left unturned in the search for ways to improve those services. I will not repeat the concerns raised on five or six occasions about the situation in Scotland; I simply ask the Minister and his colleague to make representations to the Secretary of State for Scotland to stress the point to the First Minister at the earliest possible opportunity. It is a serious concern north of the border.

The scale of the problem is huge, and the numbers of children requiring support services is growing. In the United Kingdom, there are more than half a million disabled children under the age of 16; 98 per cent. of disabled children live at home and are supported by their families; and 55 per cent. of disabled children grow up in, or at the margins of, poverty. Disabled children are 13 times more likely to be excluded from school. More recently, we have become much more aware of those who are bullied at school, and the support they need to cope—and to stop it happening in the first place.

Working with a disabled child can not only be exhausting: it can also be the most rewarding experience imaginable. I pay tribute to the many often unsung heroes in that field—the parents and the workers who make the difference. Often, they provide the most basic service, but it can transform a life, providing the love and care that develops the dignity that should be experienced by us all, and not only by the able-bodied.

The support offered should say that we are all equal, even if moving towards that will be a real struggle for many. Sometimes that struggle will be physical, at others emotional, and it can also be a financial struggle. The facts are stark. The income of families with disabled children is 23 per cent. below the UK average, yet it costs up to three times as much to raise a disabled child as it does to raise a child without disabilities. Families with disabled children spend approximately 10 times as much on loan repayments a week compared with the UK average. Caring for a disabled child can cause many other problems; stress, depression and lack of sleep are commonly experienced by parents and carers.

Accessing the support available from Departments—the benefits, the local authority services and negotiating the maze of paperwork and bureaucracy involved—is hard enough for most people, but for those with a disabled child the problems multiply. Half of the appeals against disability living allowance awards are upheld, which shows how many mistakes are made. That is why some time ago I produced a special needs pack for those of my constituents who are parents of children with disabilities. It was intended to make it as simple as possible to access everything to which they were entitled to in my constituency.

I therefore urge the Minister and the Minister with responsibility for disabled people to develop such a pack, making it available to all mothers who have the experience of giving birth to a disabled child. From day one, they should have the support to which they are entitled, rather than finding out, sometimes years after the child is born, that they have been unaware of help that could have changed their lives.

For disabled children to have a future, many will require work when they become adults. It is therefore a real concern that although many disabled adults are ready, able and willing to work, half of them are not in employment. I look forward to hearing from the Minister what the Government will do to work with groups, organisations, business and the community to ensure that disabled children have a future to look forward to—one in which many of them can play a full part and which includes having access to a reasonable income that they have earned.

In a Mencap survey, eight out of 10 families with severely disabled children described themselves as being at breaking point. Improving the situation for parents with disabled children must therefore be a priority, so I was delighted when the children's plan, which was mentioned earlier, was published. Crucially, it was published alongside a commitment to make an extra £90 million available to help local authorities provide accessible short breaks. Like other hon. Members, I was encouraged by the Prime Minister's words about carers early last week, and I would appreciate any indication from the Minister as to the likely impact on those caring for children with disabilities.

The Secretary of State for Children, Schools and Families described the aiming high commitments as a down payment on change. Today's debate has highlighted some of the changes that I and others would like to see, and I look forward to hearing from the Minister how we can work together to deliver them.

10.41 am

Tim Loughton (East Worthing and Shoreham) (Con): I, too, congratulate the right hon. Member for Coatbridge, Chryston and Bellshill (Mr. Clarke), although it is hardly necessary to do so, because his reputation on this issue goes before him. I congratulate him not only on securing the debate, but on all the work that he and the hon. Member for Blackpool, North and Fleetwood (Mrs. Humble) have done, which he and other hon. Members mentioned.

This has been a good debate, and we have had some interesting and well-informed contributions, although hon. Members may be forgiven for thinking that they had stumbled into a debate not only about services for children with disabilities, but about services for children with disabilities in Scotland and the responsibilities of the Scottish Administration under the leadership of the Scottish National party and its First Minister, the right hon. Member for Banff and Buchan (Mr. Salmond), who is turning out to be a bit of a stinker on disability issues, allegedly.

Notwithstanding that, there have been some interesting contributions from south of the border. There is a panoply of talent, not least among my hon. Friends, including my hon. Friend the Member for Forest of Dean (Mr. Harper), who speaks on disability issues for the Conservative party. I was glad that he mentioned the way in which his local council is working with parents to devise a service that they want and need, rather that one that it is convenient for the council to provide. My hon. Friend the Member for Buckingham (John Bercow), who has just left the Chamber, has a long-standing interest in this issue, and I am glad that he was here for most of the debate. We look forward to the responses to the review that he is undertaking. The work of my hon. Friend the Member for South-West Devon (Mr. Streeter) on this issue is also well known, and he made a good point about the patchy provision—the postcode lottery—that often characterises services for children with disabilities. The hon. Member for Blackpool, North and Fleetwood made an important point about juggling balls—whatever those balls might be. She mentioned the short breaks scheme, which is very important, and we welcome the resources that the Government have provided for it. As she said, it can make the difference between families with disabled children coping or collapsing, and the scheme's sustainability is crucial, as my hon. Friends, too, noted. As I said, we have had some excellent contributions.

This is an important subject. There are 777,000 disabled children in this country, which is about 7 per cent. of the child population. Thanks to the right hon. Member for Coatbridge, Chryston and Bellshill and other hon. Members, the issue has moved up the political agenda. I certainly applaud and endorse the sentiment and commitment that the Government have shown in providing extra resources and in responding to the review led by the right hon. Gentleman with the measures in "Aiming high". It behoves us to applaud families and carers of children with disabilities for their enormous dedication and the enormous amount of work that they do. Without them, the job of the state would be enormously greater and more expensive for us all.

[Tim Loughton]

In the few minutes that I have, I want to touch on a number of issues, including the important issue of respite care. The Council for Disabled Children has noted that the cost of providing 100,000 children with respite care is equivalent to the cost of providing residential care for 1,000 children. Only one in 13 families of disabled children benefit from any kind of support service. It is a false economy not to provide families with preventive support services that could make the difference between coping and collapsing, as the hon. Member for Blackpool, North and Fleetwood said.

We should make the job of families easier, not put obstacles in their way, but the benefits system remains too complicated for people with disabled children. The Child Poverty Action Group has made several recommendations, and noted that the lack of information about the disability living allowance

"prevents families getting the support they need to care for their child."

It adds that we need a

"holistic, family-friendly, co-ordinated approach to service delivery".

It says that the benefit system must be improved and that the administration must be simplified. Finally, it says that there must be more information and that we must use national and local statistics. We know the exact extent of the problem, and Conservative Members want a single assessment process, so that we can improve access to the wide variety of benefits and social, health, education and respite services that are available.

Several hon. Members mentioned the link between disability and poverty, and I do not intend to repeat the figures. However, an enormous number of families live in unbearable poverty because they have to care for family members. Half of those families have no savings. Families of children with disabilities suffer major discrimination in the education system, too, and children with disabilities are more than twice as likely as able-bodied children to have no qualifications. They are at least twice as likely to be bullied in school and eight times as likely to be excluded. As for the benefits system, 85 per cent. of parents of disabled children want to work full-time or part-time, but despite those aspirations, only 16 per cent. of mothers of disabled children are in work, compared with more than 60 per cent. of all mothers.

Notwithstanding the Childcare Act 2006—I served on the Committee that considered that measure—provisions and care for disabled children still do not go far enough. The Act did not do enough to improve the quality and appropriateness of the services available to families with disabled children, so more needs to be done on that. The problem is the patchiness or the postcode lottery mentioned by my hon. Friend the Member for South-West Devon.

My hon. Friend the Member for Buckingham will deal in his review with the statementing system, which is still not fair or independent enough. Too many parents have to battle to get a diagnosis and an assessment, often at great personal expense to themselves and great financial expense to the local authority they are battling against. Once they have a ruling in their favour, they have to battle yet further to get the support services to go with it. The system is a constant battle for too many people, and we should give those most in need as much help as possible by removing those hurdles.

I want to touch on two other issues. We have spoken a lot about physical disabilities, but we must not forget learning and communication disabilities. I CAN is a leading charity in that field: I pay tribute to its excellent work and welcome its input into the review by my hon. Friend the Member for Buckingham. I CAN notes:

"One in ten children...in the UK has communication problems that require specialist help. This represents approximately three children in every classroom...In some parts of the UK as many as 50 per cent. of five year olds are arriving at school without the speech and language they need to fully participate and achieve their potential at school. This figure rises to 80 per cent. in areas of high unemployment and poor housing."

It is therefore a false economy not to intervene early to ensure that children have the communication skills to enable them fully to take advantage of the education system and to integrate into it. I CAN goes on to say:

"46.3 per cent. of children with a statement of SEN have identified speech, language and/or communication difficulties...Between 50 per cent. and 90 per cent. of people with learning disabilities have communication difficulties".

I CAN raises a few questions, which I want to leave with the Minister. First, it wants to know whether the children's plan will ensure that children's communication needs are given high priority. It notes that joint working, supporting parents and early intervention are important and it wants to know what the Government are doing to improve services for children with a communication disability. It also asks:

"Has the Minister made any assessment as to how effectively Local Authorities and PCTs are able to commission services for children with speech and language difficulties and what are...the principles of effective commissioning in this area?"

Many hon. Members would recognise from surgery cases a vicious triangle of passing the buck between the education authority, the PCT and perhaps children's services and social services. The question of who should pick up the problem stems from the difficulty of assessing whether the child has a physical or a learning disability. Finally, Whizz-Kidz, a charity that does excellent work on child disability issues—it is particularly concerned with mobility and the 70,000 disabled children in the UK who need a wheelchair—has pointed out that there is an enormous postcode lottery for access to the specialised wheelchair provision on which many children rely. It has spent £2 million of charitable money on providing support services. I hope that the Minister will, in the short time available, provide some words of comfort about how seriously the Government take the problem of specialised wheelchair provision, particularly for the many disabled children throughout the country. Perhaps he would like to write to me in detail about that, because he has only 10 minutes in which to respond to the debate.

10.50 am

The Parliamentary Under-Secretary of State for Children, Schools and Families (Kevin Brennan): I thank the hon. Member for East Worthing and Shoreham (Tim Loughton) for allowing me at least some time to respond to this important debate. Like other hon.

Members, I offer my thanks and congratulations to my right hon. Friend the Member for Coatbridge, Chryston and Bellshill (Mr. Clarke), for his work and commitment over the years in this important area and the passion and dedication with which he pursues the matters in question. Contributions to the debate were made by the hon. Member for Forest of Dean (Mr. Harper), my hon. Friend the Member for Blackpool, North and Fleetwood (Mrs. Humble), and the hon. Members for Edinburgh, West (John Barrett), and for East Worthing and Shoreham. There were interventions from my hon. Friend the Member for Ayr, Carrick and Cumnock (Sandra Osborne), the hon. Members for Buckingham (John Bercow), for South-West Devon (Mr. Streeter) and for Castle Point (Bob Spink), and my hon. Friends the Members for Dumfries and Galloway (Mr. Brown), for Edinburgh, North and Leith (Mark Lazarowicz), for Glasgow, North (Ann McKechin), and for Paisley and Renfrewshire, North (Jim Sheridan). All of them made important points, and I shall try as best I can in the short time available to deal with as many of them as possible before moving on, if I have time, to the set remarks that I had intended to make.

My right hon. Friend the Member for Coatbridge, Chryston and Bellshill raised the matter of money from "Aiming high for disabled children", the Barnett consequential and the actions of the Scottish Executive in that regard. It is of course absolutely a matter for the Scottish Executive and Scottish Parliament to determine how much of the money generated from any Barnett consequential is used in any particular way; but in thinking that it is absolutely right for my right hon. Friend to press the matter in the UK Parliament, perhaps I disagree with what some Members have hinted at during the debate. It is absolutely the duty of MPs from all parts of the UK to point out issues, if they think that there is an injustice or that a wrong decision has been made by a local authority, a devolved Administration or another body. The needs of disabled children and their families are the same wherever they are in the UK.

Mrs. Humble: As an English MP, when undertaking our inquiry, I worked on behalf of disabled children throughout the UK; money went throughout the whole UK, so the services should follow throughout.

Kevin Brennan: I could not put the matter better, so I shall put it to rest at this point. My hon. Friend has clarified the point that I wanted to make in my comments on the speech of my right hon. Friend the Member for Coatbridge, Chryston and Bellshill.

Members raised the issue of patchy performance, and we shall shortly begin a tendering process for a national support body to support authorities with difficulties in implementing short-break services and to support our commitment to parent forums in all areas. For the first time there will be an indicator of parents' experience of services for their disabled children. Parents will be surveyed locally on what they think. We will expect areas that perform poorly in that context to include the indicator in their local area agreements, stretch themselves and set out clearly how they will improve. There is a mechanism in place to try to do something about patchy performance.

Data collection was mentioned in the debate. Data collection and improving data is a key strand of "Aiming high". We are setting up a working group with the Department of Health, local authorities and primary care trusts to consider how to improve local data on disabled populations and how they are used. We are also commissioning research on why there is such variation between local authorities in the quality of data, to inform future work and improve the responsiveness of services. The children's plan sets out a commitment to improve special educational needs data in schools, so there will be some overlap with respect to outcomes for disabled children.

The hon. Member for Forest of Dean mentioned Gloucestershire and the financial situation there. He also mentioned the flooding in the region last summer. I visited Gloucestershire after the floods, and was happy to increase the grant from the Department for Children, Schools and Families from £600,000 to £1 million, which I know was welcomed in the county. The hon. Gentleman asked how we would learn the lessons from pathfinder areas such as Gloucestershire in relation to "Aiming high for disabled children". Pathfinder areas must demonstrate their readiness ahead of receiving funding. That has happened, which is why they have been chosen.

Areas must demonstrate that the intention is to bring about a system change in the way they provide short breaks locally. The national support body will work with local authorities to make that happen, and ensure that best practice is shared and rolled out nationally. Following the pathfinder applications process, Capita is evaluating the information received from the applicants, which will inform the work of the support body in trying to learn the lessons.

My hon. Friend the Member for Blackpool, North and Fleetwood—she tells me that one must always remember the Fleetwood bit in references to her constituency—mentioned early intervention and integration. The need for early intervention in our services is a strong theme of the children's plan, and I know that the Secretary of State is personally committed to it, as is shown by the work that he did on "Aiming high for disabled children". We are very aware of the need for sustainability in relation to those services. I certainly make a commitment to look at the Select Committee report, as departmental colleagues will also want to do, in relation to disabled children's issues, and I shall certainly ensure that Ministers look at it. My hon. Friend said that we have rather a lot of balls in the air at the moment; it is an analogy that we do not tend to use in front of the Secretary of State—plate spinning might perhaps be a better image.

On PCT funding, disabled children are a welcome priority in the new NHS operating framework, which was announced recently. As is usual with national health service funding, the additional funding for short breaks is not separately identified, but my colleagues in the Department of Health and Lord Adonis in the Department for Children, Schools and Families have written to all PCTs emphasising the importance that we attach to joint working between local authorities and PCTs on improving short breaks.

Direct payments were mentioned in the debate. We recognise that they are not right for every family or child, and I think that families and hon. Members

[Kevin Brennan]

share that view. Budgets supported by a broker are another way of trying to handle the issue of improving flexibility for disabled children and their families. We are developing a major communication strategy with the Council for Disabled Children to inform parents of the options available to them, both by way of direct payments and the use of a broker. I am keen that there should be opportunities to increase the uptake of disability payments where they are suitable for families and children.

The hon. Member for East Worthing and Shoreham raised the issue of speech, language and communications, and he will be very much aware of the review that is being undertaken by the hon. Member for Buckingham to address those questions. The hon. Gentleman will produce an interim report in March and a final report in the summer, which I hope will provide more detailed answers to the questions that have been raised in the debate.

We have had a useful and productive debate. Children are the Government's highest priority. With health, security and a good education, a child can achieve all that they are capable of, but without those things, they cannot do so. The Government have a duty to remove every barrier to success, particularly for disabled children.

Infant Milk Formula

11 am

Mr. David Kidney (Stafford) (Lab): It is a pleasure and a privilege to debate this important subject under your guiding hand, Mr. Cummings, and I look forward to the Minister's response.

There are good public health reasons why the activities of companies marketing breast-milk substitutes should be controlled, including the safety and health of new-born babies. Powdered formula is not sterile, so care needs to be taken over preparation to avoid contamination. Furthermore, the activities of companies should be controlled so as not to undermine efforts to promote breastfeeding.

The international standard for such control is the World Health Organisation's international code on the marketing of breast-milk substitutes. The WHO is an organisation of member states, 118 of which, including the United Kingdom, voted to adopt the code as long ago as 1981; the United States of America was the only nation to vote against it. Ever since, we have been signed up to the WHO code and I dare say that Ministers have visited other countries and recommended it to them. However, our domestic law has not yet implemented the code and even though an opportunity to implement it has now arisen, the Minister has not proposed that we should do so.

I shall use the debate, therefore, to make representations to the Minister. It is not too late for us to be bolder and to implement fully the WHO code. We have a law to control the marketing activities of companies that make and sell infant formula, but it is widely recognised that it is not sufficiently effective. The debate comes at a time when the Minister is seeking to tighten that law to make it more effective. At present, I do not think that her proposal for changing the law takes us as far as it should, particularly towards full implementation of the WHO code. My purpose in this short debate is to urge her to go further.

My interest in the matter stems from my involvement in the public health arguments in favour of breastfeeding. Those arguments include a number of powerful facts. For example, babies breastfed for at least three months are at less risk of gastroenteritis; during the first six months of life, breastfed babies are five times less likely than formula-fed children to suffer from urinary tract infections; there is evidence that breastfeeding protects children from obesity in later years, and there is now extremely strong evidence that breastfeeding protects mothers against breast cancer and babies against excess weight gain, which is linked to an increased risk of cancer.

Such facts are common knowledge among health professionals and help to explain why the WHO and the Department of Health recommend that babies be exclusively breastfed for the first six months of their lives, yet in the UK only about 2 per cent. of babies are exclusively breastfed at six months. Breastfeeding is the healthiest and cheapest way to feed a baby, yet, at the other end of the equation, the UK has one of the lowest initial rates of breastfeeding in Europe.

I am no absolutist in my promotion of breastfeeding. I recognise that some parents rely on infant formula because breastfeeding is not possible for a physical,

psychological or broader social reason. I would go further: this is a free country, so I accept that some parents will choose formula over breastfeeding for other reasons. Indeed, the WHO code recognises that there is a legitimate market for infant formula. However, it does not trust companies with a commercial interest in promoting their products to give out objective public health messages on matters of such importance.

Whether the issue is taking care not to undermine breastfeeding or ensuring the health and well-being of babies fed infant formula, the WHO says that the responsibility lies with Governments. Parents should be protected from partisan claims and should receive impartial advice and guidance, which is why I am a founding member of, and a parliamentary champion for, the breastfeeding manifesto coalition. It is an alliance of 39 organisations, including five royal colleges, trade unions, such as Unison, Unite and the Community Practitioners' and Health Visitors' Association, and hugely respected groups, such as the Baby Feeding Law Group, La Leche League, the National Childbirth Trust, Save the Children and UNICEF. The coalition also has broad support among all political parties in the House and another place. I am pleased to see the hon. Member for Mid-Dorset and North Poole (Annette Brooke) in the Chamber; she is one of the parliamentary supporters of the manifesto.

In my parliamentary experience of more than 10 years, I have always felt that, although the arguments about breastfeeding and public health matters are strong, they have not resonated as strongly in decision making as they ought to have done. I think that that is because the organisations that I have just named have not spoken with one voice. The development of the coalition, therefore, is significant in the promotion of arguments in favour of breastfeeding, and I hope that the Minister and her Department will benefit from knowing the views of those who share the Government's ambitions in promoting a healthy start to life for all children.

Those of us who support the manifesto look forward to living in a society where women feel enabled to initiate and continue breastfeeding for as long as they wish; where parents are supported in making informed choices about feeding their babies, and where everyone is aware of the significant benefits associated with breastfeeding. One of the manifesto's seven key objectives is for our country to adopt the WHO international code on the marketing of breast-milk substitutes and subsequent relevant resolutions. The code acknowledges that manufacturers and distributors of breast-milk substitutes have an important and constructive role to play in infant feeding. Nevertheless, it states that Governments should have a responsibility to ensure that parents receive objective and consistent information on both breastfeeding and the safe and appropriate use of formula. The code specifically states that advertising and promotion by manufacturers and distributors should not be allowed.

Annette Brooke (Mid-Dorset and North Poole) (LD): Does the hon. Gentleman agree that there is a proliferation in mother and baby magazines and other media of advertisements for follow-on milk, which many people believe are for mainstream breast-milk substitutes? Does he also agree that, in addition to the work of the organisations that he mentioned, it would aid the debate if the Minister could commission independent advice on the impact and effect of those adverts?

Mr. Kidney: The hon. Lady puts her finger on possibly the most important issue that I wanted to raise, and makes a suggestion to the Minister that I hope we can pursue later in the debate.

Since 1995, the UK has had a law intended to protect parents from the promotion of formula milk. However, the law is not working; parents say that they constantly see adverts for formula milk. Companies' promotional activities have simply become cleverer and more aggressive since 1995. In particular, they have realised, as the hon. Lady says, that they can legally advertise what they call follow-on formula for babies over the age of six months. They have cottoned on to a strategy of advertising that product that also promotes infant formula for younger babies, which is supposed to be illegal.

I have brought with me some examples of the type of adverts that the hon. Lady has just referred to, which were placed in magazines. I do not know whether the Minister is shown such adverts by her advisers when she is making policy decisions on the subject, but they are clear examples of that strategy in action. In one example, there are two adverts on the page, side by side. One advert goes into journals for professionals and promotes formula, which is not illegal. The other advert goes to magazines that parents would typically read and ostensibly it promotes the follow-on formula for babies over the age of six months. However, to look at the two adverts side by side is quite instructive, because, to the untrained eye, they are both the same and they are both promoting the same thing.

The current law, which is intended to protect the parent's right to receive objective and accurate information about feeding their baby, is not working. Commercial pressure remains a factor in how parents decide to feed their children. After all, the market is big money for the companies. The UK market in formula milk nearly trebled from £119 million in 1995 to £329 million in 2006. During the increase in commercial pressure over that decade and more, parents have been increasingly influenced, as polls of women taken last year showed. For example, 60 per cent. of women polled said they had seen adverts that are supposed to be illegal and 89 per cent. said that they associated SMA with infant formula.

UNICEF says that two main loopholes in the current law allow such advertising to happen. The first loophole is that advertising formula for babies under six months is banned, but advertising it for babies over six months is allowed. By ensuring that their milks for younger and older babies are almost identical, manufacturers also ensure that an advert for one automatically promotes the other. Secondly, to prevent information materials for parents from being used to promote specific products, the current law prohibits companies from putting formula milk brand names on information that they give to mothers. However, they are allowed to put their company logo on it. By changing their logos and milk brand names to be near-identical, companies have ensured that their information materials can continue to promote their milks. As names and logos on information materials

[Mr. Kidney]

have therefore become both legal and illegal at the same time, it has become impossible for trading standards to enforce the current law.

Those weaknesses have been recognised at European Union level and in 2006 a directive was passed directive 2006/141/EC to tighten European-wide law. Of course, the Minister's new regulations will transpose that tightening of the law into our domestic law. The regulations, along with new guidance that she proposes to publish, aim to tighten our law in respect of the labelling and advertising of infant formula. In addition to those regulations and the guidance, the Minister promises a review of how the changes are operating 12 months later. It is in respect of that review that the point raised by the hon. Member for Mid-Dorset and North Poole becomes relevant.

Before I explain why I am arguing that the Minister is not going far enough, let me acknowledge and welcome all that is being done in other ways to improve our country's breastfeeding rates. For example, the Department of Health is demonstrating a good, strong commitment to delivering widely education and information that is necessary to help parents make an informed choice in favour of breastfeeding their children. Examples include greater engagement with the relevant stakeholders, support for the national breastfeeding week in May and the Department's stated intention of making its national breastfeeding week promotions year-round. Another example is the new National Institute for Health and Clinical Excellence guidance on antenatal and post-natal care, which is very positive about the role of breastfeeding. That is underpinned by the national service framework for children and maternity services and aided by the UNICEF baby friendly initiative.

The Government have given the Department of Health a public service agreement target for improving child health and well-being, which is very welcome, and there is now an indicator regarding the prevalence of breastfeeding at six to eight weeks. Also, regarding the wider Government position, consultation on the single equality law has shown a welcome determination to protect parents who feed their babies in public places from discrimination.

With that background of good work, it is a pity that the new regulations fall short of implementing the World Health Organisation code. Many argue that failing to do so will mean that mothers' and children's health will continue to be put at risk. I ask Members to consider this: follow-on formula is suitable only for babies over the age of six months, say the manufacturers and distributors, but the confusion caused by the marketing ploys that I have described creates the risk of babies under six months being inappropriately fed follow-on milk. Fourteen per cent. of parents say that they have given babies under six months of age follow-on formula, which is dangerous and can cause serious infections.

It is for those reasons that the Minister recently received an open letter from the relevant royal colleges describing "serious shortcomings" in her proposed approach. I believe that her own scientific advice, from the Scientific Advisory Committee on Nutrition, and advice from local authorities, which are responsible for upholding and enforcing the law through trading standards, is calling for stronger and more straightforward measures. For those reasons, I urge the Minister to go further than the regulations currently propose and implement in full the WHO code.

I gather that the trade body representing some of the manufacturers and distributors has sought to challenge the new regulations by way of a judicial review application. I believe that I am right in saying that the introduction of the proposed regulations has been suspended. Naturally, we cannot discuss the court case, because the matter is sub judice, but does the Minister accept that this new development would give her time to consider the arguments that I and many others are putting forward for an altogether more robust change in the law? Furthermore, will she agree to meet me and representatives of the Breastfeeding Manifesto Coalition to discuss the case for a tougher approach?

It is trite for politicians to claim that it is the measure of a society's compassion, reasonableness or good sense that it treats one particular group of society better; Winston Churchill said that the measure of our society is how we treat prisoners, for example. However, there is no stronger test of a Government's mettle than how we as a society take care of the well-being of our children—youngsters who, because of their age and lack of maturity, are unable to speak up for themselves and defend their own interests. They are the people we need to invest in as tomorrow's generation of decision makers, wealth creators, upholders of the law and so on. It is, therefore, a good test of the Government's resolve that we do all we can to ensure that children are safe and protected at the most vulnerable time of their lives, when they have just been born and are gaining weight and the knowledge and health that will secure their development throughout their childhood and probably influence the whole of their lives.

I hope that those points are well made to the Minister, and I look forward to hearing her response to them.

11.18 am

The Minister of State, Department of Health (Dawn Primarolo): May I congratulate my hon. Friend the Member for Stafford (Mr. Kidney) on securing this important debate, thus giving me an opportunity to clarify the Government's position and explain why I do not agree with the points that he made about a lack of resolve on the Government's part? I absolutely congratulate him on his fantastic work in Parliament as a champion of the breastfeeding manifesto coalition, and I concur entirely with the points that he made about the importance of supporting, encouraging, protecting and promoting breastfeeding, in the interests of giving all infants the very best start in life. I will not go over the many eloquent points that he made about the important contribution that that makes to children's development.

My hon. Friend acknowledged that not all mothers choose to, or are able to, breastfeed and that it is vital both that bottle-fed babies are protected and that mothers are in the best possible position to make informed decisions about feeding choices for their babies. The Government are developing an agenda on two fronts. Our central policy is to encourage, promote,

protect and support breastfeeding mothers. We want to ensure that mothers who choose not to breastfeed or who cannot do so, receive the best advice so they can choose what is best for their babies without other people interfering in those decisions or causing confusion. For those reasons, we have placed stricter controls on the promotion, labelling and composition of infant and follow-on formula.

The main points made by my hon. Friend and the coalition concerned follow-on formula, and I concur entirely, because parents tell us that the available information is confusing. We recognise that advertisements for follow-on and infant formula may provide confusing advice about what is appropriate for infants and can be misinterpreted by parents. The hon. Member for Mid-Dorset and North Poole (Annette Brooke), who has been very active in this campaign, touched on that point. Let me make the position absolutely clear: the Government are determined to take tough action to stamp out those practices and to prevent marketing activity that directly or indirectly undermines breastfeeding. We are acting on evidence suggesting that consumers in the UK cannot clearly differentiate between infant and follow-on formula when purchasing those products.

As my hon. Friend pointed out, maternal and infant support groups have brought the issue to our attention. I have had many meetings with different organisations about press and TV adverts on follow-on formula which, they believe, undermine breastfeeding. In the guidance issued alongside the regulations, we have explicitly taken up every example that was put to us and said, "This is not acceptable, and action will be taken." There have been complaints about the industry seeking to bypass restrictions on the direct advertising of infant formula by the way in which it labels infant and follow-on formula, and advertising follow-on formula in such a way that it is difficult to distinguish between the two. I absolutely agree. On that basis, following extensive consultation with stakeholders, I have agreed a package of measures that will strengthen controls in this area. The package is made up of effective, proportionate and evidence-based controls, and I am confident it will improve consumer protection and give us a robust system that can withstand challenges, should they be made.

I gave a further commitment, after looking at everything that I received in representations about advertising, to provide guidance. That guidance is now operational, and it shows how the regulations should be interpreted. I have made a commitment, too, to provide an independently chaired review of the new controls after their first year of operation. As I made absolutely clear to the relevant organisations in our private meetings, the review will play an important role in policy making and in assessing whether the new controls work as expected. It will assess whether people have found new ways of getting around the rules or whether they are simply not complying with the rules. If the new arrangements are found not to be working, because they have been circumvented or because new methods emerge, the Government will respond proportionately and take the next step of considering further legislative action. We have therefore put robust measures in place.

Mr. Kidney: I accept my right hon. Friend's determination that the combination of regulations and guidance should present a tough position, but I would prefer more emphasis on the regulations and less on the guidance. I have seen the first draft of the Food Standards Agency's suggestions for the review, and they seemed to be limited to the issue of whether the new position will reduce confusion between formula and follow-on. That remit seems far too narrow. Will the final review be every bit as broad as the Minister has just described?

Dawn Primarolo: I can assure my hon. Friend that the review will be every bit as broad as I have suggested. I am sure that he will recognise, both from his parliamentary experience and from the work that he did before he was elected, that Governments must always proceed in a proportionate way. Stepping outside that process can bring other complications that slow down progress.

I am convinced that, with the new regulations, we have put in place a response that is proportionate and will deliver the objectives which were eloquently described by my hon. Friend and with which I agree. I am determined to work with the industry and non-governmental organisations to ensure that that is the outcome, given the need for clear imperatives that he set out. We all want — it seems like a no-brainer — the best advice on providing a healthy start for our newborn babies and children in the earliest months and years of their lives, and I am determined to ensure that we provide that advice.

We support the international code of marketing of breast milk substitutes, and the subsequent amendments made by the World Health Assembly resolutions. My hon. Friend knows that the code makes a broad set of recommendations on labelling, the functioning of health care systems and the corporate responsibility of formula companies, and I can assure him that I am taking all those matters forward. The directive provides increased consumer protection in comparison with previous legislation, but we must ensure that it works, and I shall do so.

My hon. Friend touched on the Department's present and planned initiatives further to improve breastfeeding rates across England. I have met and corresponded with the relevant non-governmental organisations. Clearly, I would like to be where they are and not where I am, but I am where I am. I have an opportunity to do what I can, and I am doing it as fast as I can. I am trying to deliver all our objectives in a reasonable way, but I am happy to meet them and others to take that work forward. My hon. Friend will be aware that a High Court order has been made, and that there has been a disagreement over the timetable for the provisions to come into force in England and Wales. The order has been suspended until a hearing of the substantive application for judicial review, which is due to take place at the end of February. I am disappointed about that: we will fight the case, because the Government's priority is to ensure that infant and follow-on formula are clearly labelled, so that parents and carers who wish to use those products do so correctly. I am more than happy to continue my meetings with my hon. Friend and others when I know the outcome of the case to discuss the review and the future of the regulations.

11.29 am

Sitting suspended until half-past Two o'clock.

Pakistan (Terrorism)

2.30 pm

Mr. Tobias Ellwood (Bournemouth, East) (Con): It is a pleasure to begin this important and topical debate on Pakistani-based terrorism. Indeed, considering recent events, there is terrorism not only in Pakistan but in the United Kingdom, as well as in other recent attacks across the globe. Unfortunately, we can now see a common denominator in the attacks of 9/11 and 7/7, and those in Madrid and Bali, not to mention the frequent insurgency operations in Afghanistan—the training camps based in the remote mountains on the border between Afghanistan and Pakistan. Sadly, we must now add the dreadful assassination of Benazir Bhutto this Christmas, with 20 others, in Rawalpindi on 27 December.

How did things come to this? Why, six years after the so-called global war on terror, do those camps still exist? What impact does Pakistani-based terrorism have in the UK? Finally, what are we, the Government and the nation, doing about it? Those are the questions that I pose today.

For clarity, I declare a personal interest—I think that the Minister is aware of it—in that I lost my brother in the explosion that took place in Bali on 12 October. It is because I see so little advance in the war on terrorism, if we can call it that, that I am pleased that this subject has been selected for debate.

It is worth reminding ourselves of the background in Pakistan. As countries go, it is a fascinating cocktail of people, religions, languages and customs. If one throws into that a serious boundary dispute with its neighbour, India, a security service—the ISI—that is a power unto itself, a military six times the size of ours, a nuclear arsenal, 70 political parties and the fact that for many years it was on the front line of the cold war, it is easy to see why governance has been such a challenge. Pakistan has 161 million people; it is the sixth most populous country in the world, and it has the second largest Muslim population.

Since independence from British India in 1947, Pakistan has been characterised by periods of instability and dispute. Civilian politics during the past few years have been tarnished by corruption and inefficiency. That has been compounded by alternating periods of civilian and military rule, which have not helped the country's stability or long-term prospects.

More recently, in October 1999, Pakistan came under military rule once again, when General Musharraf, as he was then, led a bloodless coup to oust the civilian Government. That was widely condemned not only by Britain; it led to Pakistan's suspension from the Commonwealth. Musharraf inherited many of the problems and challenges that have been besetting the country for years. The biggest problem is the increasing polarisation between Islamist militancy and the modernising secular wing of Pakistani politics.

The challenge is made all the greater given the mountainous area, 200 miles wide and 1,600 miles long, that contains the Durand line. That poorly marked Afghan-Pakistan border—named after Sir Mortimer Durand in the late 19th century by the Foreign Secretary of the British Indian Government—was a way of concluding what was called the great game—the conflict between the British and the Russian empires for supremacy in central Asia.

It is important to put things into context. Pakistan is four times the area of the UK, but I should point out the extent—or perhaps the limits—of Pakistani leaders' influence. State control over a sizeable section of the north-west is, I believe, tenuous, and there are many areas—for example, in Belucistan and Waziristan—that are completely autonomous, in which any rule or recognised authority is absent. Indeed, the North-West Frontier Province is known as the Federally Administered Tribal Areas. They are now the playground for terrorism, and no-go areas for official authorities. In those remote areas, it is easy to take full advantage of the absence of civilised rule with the dominance of tribal power.

Until 11 September 2001, General Musharraf ignored much of what was happening in the mountains. He turned a blind eye to what was going on, hoping that it would not cause problems. After the 9/11 attacks, however, he clearly had to revisit the situation. He made a quick assessment—I believe he was influenced by the amount of military hardware promised to him—deciding that he should change sides and call those people his enemy. He supported the Taliban prior to 2001; only after 9/11 did he join the rest of the world in condemning what they stood for, becoming a key ally of the west.

Unfortunately, the fight continues six years on. The assassination of Benazir Bhutto is a potentially crippling blow to Pakistan's hopes of emerging in a state of stability. Placed in context, it is easy to see that such high tensions could bring Pakistan to the verge of imploding, unless action is taken. Certainly that is the case now.

However, the seeds of the terrorism were not sown during Musharraf's time but in the wake of the Soviet invasion of Afghanistan, when religious institutions mushroomed under General Zia's rule. His idea was to encourage the funding of madrassas, religious seminaries, to create ideological nurseries to motivate people into joining the jihadis and the holy warriors to battle against the Soviets. Of course, once created, they could not be closed, particularly because of their location. That led to a multitude of religious scholars. Today, any radicalised youngster who wants to know more about his religion and who is still asking questions about 9/11 will turn to them. It is estimated that there are 13,000 madrassas in the north-west of Pakistan, and more than 1.7 million people have enrolled in them.

Tony Baldry (Banbury) (Con): Part of the problem in Pakistan is that a pathetically small amount of the national budget is spent on education because so much of it is being spent on defence. With the Government school system collapsing, many parents in the North-West Frontier Province and other parts of the country have no opportunity but to send their children to a madrassa. Until Pakistan gets its basic education system sorted out, it will, sadly, be a country of increasing illiteracy.

Mr. Ellwood: My hon. Friend makes a powerful point. The problem is exacerbated by the fact that Pakistan has a very nervous leader, who has chosen to invest in the military. Pakistan has 700,000 soldiers;

that is seven times the size of the British Army. That is where the money is going, and it is denying the youth of the country the chance of a proper education. That is where the seeds of the future should be sown. My hon. Friend makes a good point.

Mr. Brooks Newmark (Braintree) (Con): If I may, I return to an earlier point about madrassas. General Musharraf said that he wants to bring about reform. I was in Pakistan last year, and I saw evidence of that. However, the reality is very different. The International Crisis Group said that the reform of the 13,000 madrassas—the number that my hon. Friend mentioned—is now a shambles. Notwithstanding the excellent point made on education, reforming madrassas will not cost money. However, it needs the will to do so, and that will needs to be enforced. That is where the weakness lies.

Mr. Ellwood: My hon. Friend makes an important point. I know that he takes a huge interest in the country and has spent a lot of time there. Where the money is going, and if it is going into education, how it is being spent, linking in the work of the madrassas, is critical. But at the end of the day, the Government's footprint of influence is limited, because of the mountainous region, which is very difficult to access, and because they have less influence from an authoritative perspective. It is very difficult for them to have an educational influence, let alone to get policemen up there.

Mr. Newmark: On money and education, I believe that the UK Government have committed some £236 million, over the current three-year period, and £480 million, over the 2008-11 period, to Pakistan. Will the Minister give us an assurance that none of that money will be channelled into institutions or madrassas fostering terrorism?

Mr. Ellwood: I know that the Minister was listening to those comments, and I look forward to his response. It is important that we know how funds going from the UK to Pakistan are spent and that we do not simply hand over a cheque.

The Minister for the Middle East (Dr. Kim Howells): I thank the hon. Gentleman and the hon. Member for Braintree (Mr. Newmark). I can provide the assurance that they seek. On my visits to Pakistan, I ensure that I get out to those madrassas and to areas where the Department for International Development is working. There is no question but that it is a difficult situation. As a Minister, I could not begin to contemplate the idea that any money channelled via DFID, or any other Department, was helping to forment terrorism.

Mr. Ellwood: I am grateful to the Minister for that reply. We must understand that in the absence of influence in those madrassas, those scholars can extract their own interpretations of the Koran and coerce or indoctrinate those who then leave Pakistan and become terrorist bombers. We must prevent that from happening.

The terrorist training camp is the final step in completing the radicalisation of fundamentalists and in equipping them with the expertise to efficiently and violently kill themselves and others. According to the 9/11 commission on the terrorist attacks, as many as 20,000 people were trained in bin Laden-supported camps between May 1996 and 11 September 2001. That is a huge number, although of course only a few went on to undertake specialist training and become killers. Nevertheless, it is a worrying statistic, and I should like the Minister to tell us what those numbers are today, if he has those statistics.

Dr. Howells: Luckily, we have some time today to debate this. Before the hon. Gentleman moves on from this subject, will he remind us of the way in which money coming into Pakistan from other countries has been a big problem in paying for the radical theology that he mentioned and of the efforts that General Musharraf and his Government have made to stem the easy flow of that money, certainly from middle-eastern countries, into those madrassas and training camps?

Mr. Ellwood: I encourage the Minister to intervene as often as he wishes, given that we have the time. It will make for a more thorough debate and will be very helpful.

Funding is critical. My entire speech is quite critical of the Pakistani Government. I do not wish to take away from the good work that they have tried to undertake, but more needs to be done. It is a difficult task; often, when General Musharraf outlaws a terrorist or religious organisation, they simply change their names, move to another location and start again, which is why he cannot combat the problem alone and requires the west's assistance to do so.

Mr. Newmark: My hon. Friend looks impatient, but we have one and a half hours, so we have time for interventions. Some individuals and politicians in the United States agree that, notwithstanding what is happening in Pakistan, stability is extremely important. To take a case in point, last December, during a hearing before the Senate Committee on Foreign Relations, a US Assistant Secretary of State reaffirmed the US Government's unambiguous commitment to maintaining economic and security assistance to Pakistan in spite of the recent turmoil, because Pakistan remains a lynchpin in combating terrorism and extremism. Is my hon. Friend convinced that the Government's policy on terrorism emanating from within Pakistan is sufficient to send a similarly robust message on our continuing commitment to a stable Pakistan?

Mr. Ellwood: I shall venture into that subject later, if my hon. Friend will be patient. There is a general concern, because the training camps remain and attacks continue—even in the UK, we have had the attack in Glasgow airport last June, as well as the thwarted attacks in London. They were very real and are still happening, so we need to work harder to ensure that we combat this problem. The current strategy is not working. Owing to the remote nature of the bases, President Musharraf cannot contain the problem, which is why support from the United States, Great Britain and the west in general is critical.

Some of the characters now linked with Pakistan include names with which we are familiar: Richard Reid, the shoe-bomber, who, on 22 December 2001, attempted to hijack the Paris to Miami flight; Mohammad Sidique Khan, who was the leader of the 7/7 bombings, which killed 52 people in London; Hambali and Imam

[Mr. Ellwood]

Samudra, who orchestrated the attack on the night clubs in Bali, on 12 October 2002, which killed 26 Britons and 202 people in all; less well-known are Jamal Zougam and Emilio Trashorras, who masterminded the terrible Madrid train bombings, which were the biggest attacks in Europe, killing 191 people and injuring more than 1,800, when 10 bombs blew up a series of commuter trains in the capital city; and Mohammad Atta, who flew one of the American airline planes into the north tower of the World Trade Centre. He and the other hijackers, along with the other terrorists whom I have just mentioned, all received their training in camps in the Pakistani and Afghan mountains—camps that are still recruiting. We are not doing enough because those camps are not being closed.

General Musharraf has begun initiatives, but not completed any actions. Last year, for example, he signed deals with the opposition in Waziristan. He went in with 250 soldiers to try and clean up an area, which was an honourable cause, but unfortunately, without a shot being fired, all 250 soldiers were captured. They were released only because Musharraf traded them for 30 militants whom he had locked-up. I come from a military background and I do not want to question the tactics used, but that suggests that the Government cannot contain the situation, that they do not have a strategy and that they simply do not have the ability to move forward responsibly in combating the problem.

The result has been a laissez-faire attitude on the part of President Musharraf, who appears to think, "Those things happen in the mountainous area, so let us sign deals with the various organisations and tribal units; you stay over there and we will stay over here." However, that allows those bases to be used by people to punch their way north into Kandahar and Lashkar Gar, and other such places, and to carry out attacks on our troops in Afghanistan. Furthermore, they are continuing their training and exporting their violence, as they have been doing for the past 10 to 15 years.

What is relevant is how that impacts on the UK, because sadly a number of the people whom I mentioned earlier are, or were, British citizens. This is home-grown terrorism, about which we were in denial until July 2005, when we suddenly realised that British-born citizens were willing to take their lives for the cause of fundamentalism. Those are the questions that I want to pose. I appreciate that the Minister is responsible for the Foreign and Commonwealth Office, but I hope the Minister will understand—I beg for your patience, Mr. Cummings—that if we are to have a full debate on terrorism in Pakistan, we must include the way in which it impacts on the United Kingdom.

I now turn to the controversial part of my speech. On a recent visit to Iraq, I had the pleasure of meeting the Deputy Prime Minister, Dr. Barham Salih. He came to the UK recently, and visited the Lord Chancellor's constituency of Blackburn. When Dr. Salih and I discussed militant behaviour and how to combat terrorism, he told me:

> "I am not surprised that you British are facing so many problems with extremists after what I saw in those mosques in Blackburn. What I saw...would not be allowed here in Iraq—it would be illegal."

That is a shocking indictment of what is going on in some mosques in the UK, and that is why the issue is controversial. Many Muslims in Britain want to live peacefully and happily under the British rule of law, but hearing that from another Muslim, who is a leader from a Muslim country, summed up the situation in the UK.

It was interesting to read a recent study by Denis MacEoin, called "The Hijacking of British Islam", which I recommend, because that specialist—a renowned authority on Islam—has examined some of the literature that is available in mosques throughout the country. He found that one quarter of it is either inflammatory or incites violence, and it is worrying that such material is available, but nothing is being done about it. The publications urge Muslims to segregate themselves from non-Muslims, and for unbelievers to be regarded as second class. Many of those publications come from Saudi Arabia, which is another angle that the Minister must pursue. Is enough being done in Saudi Arabia to prevent the export of such material?

Related to that issue are the comments by Jonathan Evans, the former MI5 chief, who said last year that in his assessment, 20,000 Muslim people in the UK posed a threat to national security. If you woke up early enough, Mr. Cummings, you will have heard on the "Today" programme, reports from the United States Homeland Security Secretary, Michael Chertoff.

John Cummings (in the Chair): I was in the Tea Room at 10 to 7.

Mr. Ellwood: I am not sure whether one can hear the "Today" programme in the Tea Room, but I am sure that John Humphrys will be pleased if that is the case.

Secretary Chertoff said that there is a

> "real risk that Europe will become a platform for terrorists... The next September 11-style attack on America could be launched by Muslims from Britain or Europe who feel second-class citizens, alienated by a colonial legacy. The July 7 tube and bus bombs...had shown that Britain has a problem with its Muslim population that America did not share."

They are very powerful words, and I should be grateful to hear the Minister's response to them.

Mr. Newmark: Another study, undertaken in the *Armed Forces Journal* in June 2007, which, as an ex-Army man, I am sure that my hon. Friend is a subscriber to, suggested that the security services were monitoring

> "more than 20 plots, involving as many as 200 terrorist cells, and watching more than 1,500 people associated with them in the United Kingdom, most of whom—

unfortunately—

> are of Pakistani origin."

I say "unfortunately", because most Pakistanis who live here are good citizens who behave. It is a small group of people, but nevertheless, they were of Pakistani origin, and it would be interesting to know, perhaps from the Minister, whether it is a realistic assessment, or whether the matter is better or worse. They are, none the less, serious numbers with which we should all be concerned.

Mr. Ellwood: The answer is that I do not know. However, they are worrying numbers, which the Minister must digest, and then, I hope, produce a strategy that allows us to better understand what is going in mosques in the UK. We must dare to challenge fundamentalism on our doorstep. It is not a random challenge purely against Islam—far from it; it is a recognition that extremist behaviour cannot go unchecked. There is a need for a better understanding of what is happening in the 1,350 mosques in the UK, and from the reports that my hon. Friend has read out, and from the study that took place, I do not believe that we do fully understand.

I have seen the amount of legislation that we pass in Parliament. We build barriers—even around this very building—to barricade ourselves in and protect ourselves from somebody who decides to put on a suicide jacket and blow themselves up, but we are not doing enough to get into the mindset of the individual to prevent them from going anywhere near that jacket in the first place.

This is a sensitive issue, and it was reflected by the nervousness of the police during the demonstrations against the cartoons drawn in Denmark in February 2006. There were demonstrations in this country outside the Danish embassy, and Members might remember the placards there, which said:

"Annihilate those who insult Islam",

and:

"3/11 is on its way".

Not one arrest was made that day—not one single arrest. Of course, we must be sensitive in those situations; we absolutely do not want to inflame them. However, in any other environment, much more thorough action would have been taken. We have adopted a soft touch against militant Islam, which is why we are being taken advantage of by those terrorist organisations that now choose London and the UK as a secondary base for their operations. I do not mean their physical operations; I mean their studies, groupings, and most importantly, their recruitment. We do not see that situation in France, Germany or in Iraq; we should not see it in the UK. I appreciate that these are Home Office issues, but I should be glad if the Minister were able to say what extra steps are being taken.

I come now to what is happening in Pakistan, and how we move forward.

Mr. Newmark: Will my hon. Friend give way?

John Cummings (in the Chair): Please make your intervention brief.

Mr. Newmark: I shall try to be brief, thank you, Mr. Cummings.

Before my hon. Friend moves on to Pakistan, I am sure that he will agree that the punishment must fit the crime. He will agree that the recent conviction of Sohal Qureshi for terrorist offences is a step in the right direction, but does he not agree that, unfortunately, Qureshi's sentence of just four-and-a-half years, minus time served, hardly sends a strong signal that the Government are committed to severing the acknowledged link between terrorism in Pakistan and the UK?

Mr. Ellwood: Again, my hon. Friend makes a valid point. It is a very difficult line to draw. How far must the punishment go before it is seen to incite more violence and upset more communities? It is a sensitive issue, and I should acknowledge that the Government have taken initiatives. The Muslim Council of Great Britain was an initiative by the previous Prime Minister to try to link thoughts and views and provide a forum for Muslim expression and concerns. One challenge for the Muslim community is that it is so disparate. There are so many facets to the Muslim community, with people either coming from different geographical locations or following different parts or interpretations of the Koran, which is why the issue is difficult. There is no unified leader, no Papal figure, whom one can turn to in order to condemn or condone actions. It is difficult to find a unifying voice, and it is therefore even easier for the corrupt message to get through and go unchallenged.

President Musharraf was prompted by US comments—I think they were from special advisers to the US President—that more needed to be done militarily to assist Pakistan in combating terrorism. Unfortunately, the reply did not suggest that President Musharraf had fully grasped the gravity of the situation. He replied:

"Nobody will come here until we ask them...and we haven't asked them. Certainly, if they come without our permission, that's against the sovereignty of Pakistan...There is a perception in the United States as if what our army cannot do, they can do...This is a very wrong perception. I challenge anyone coming into our mountains. They would regret that day."

I am afraid that that is the kind of language that we hear from other dictators and leaders playing to a local audience to try to ensure that they stay in power, rallying anger from outside to ensure that they have support inside. It shows somebody who simply does not recognise what is going on under his nose. America will never wander into Pakistan—that is not what was being suggested. It was an offer, saying "Let's work together". There must be a more cognitive solution than there is now.

There is not time to pay tribute to all the good work that has been done, and although scores of al-Qaeda operatives have been arrested in Pakistan, the threat continues, and Benazir Bhutto's assassination suggests that more needs to be done. Our concerns about Pakistan lie in the mountains, but the battle for hearts and minds is here in London, Leicester, Bradford and every town and city. We want to encourage the freedom of religious beliefs, where that religion is harmonised with British society, not hijacked to fight it.

I hope that my speech is not taken out of context and that nobody removes a section of it and uses it to say that I somehow deplore Islam or have a gripe or anger against Pakistan. That is absolutely not the case, and that is exactly what the people who corrupt the Koran in order to recruit are doing. I hope that it is not copied by others. I have a love for Pakistan and Afghanistan. I have spent a lot of time in Afghanistan in the past two years to try to understand it, and if I am trying to prevent westernisation anywhere—it is unhelpful in a country getting off its knees—it is in Afghanistan. Understanding local issues such as tribal influences, customs and history is fundamental to

[Mr. Ellwood]

moving forward; as globalisation tends to threaten the old cultures as east and west clash in a world of ever-decreasing size.

I am sure that we all want progress that swiftly brings peaceful elections, but Pakistan must put up its hand and acknowledge that it needs international support to rid itself of al-Qaeda's influence. We must put up our hand and say that home-grown terrorism is real and that more can be done to engage with our Muslim community to ensure that the well-trodden path of extremism between Britain and Pakistan is finally closed.

3.3 pm

Tony Baldry (Banbury) (Con): My hon. Friend the Member for Bournemouth, East (Mr. Ellwood) has more reason than most of us to be concerned about the impact of senseless terrorism. My comments may carry a slightly different nuance from his. There are three words for Pakistan to consider: democracy, democracy and democracy. Tragically, 60 years after partition, India and Pakistan could not be further apart. India is a vibrant democracy and will be a middle-income country by about 2015, having raised millions of people out of poverty. It should never be forgotten that there are more Muslims in India than in Pakistan. On the other side of the border, Pakistan is a faltering state, to employ the Foreign Office's new terminology—it is something approaching a failing state, I think. It has effectively been a military dictatorship for a number of years.

I was impressed by the Secretary of State's new year message advocating a return to democracy in countries such as Pakistan and Kenya. Bronwyn Maddox, whom we all know from reading *The Times*, put it well a little while ago in an article, asking,

"is the pursuit of democracy compatible with stability? For eight years President Musharraf said no, justifying his status as military leader by his claim to deliver stability and help in pursuing terrorists. For most of the eight years the US bought that answer; Britain was more equivocal.

It did not take the assassination of Benazir Bhutto two weeks ago to shatter that case. The pressure put on Musharraf by the US and Britain to let her return in October signalled frustration with him. It has been clear for years that the military was a cause of serious unrest, not the solution—appropriating land and large commercial interests, and inflaming tensions between the provinces and different ethnic groups."

Rageh Omaar, whom many of us have seen on television, commented:

"Pakistan is facing a twin crisis.

The first is the fact that Pakistanis are fighting Pakistanis, due to the country's integral involvement in the "war on terror"; a campaign whose military successes are, many feel, far outweighed by its social and political failures towards people in the region.

The second is that Pakistan has still not found an alternative to military governments."

Of course, it is difficult to find an alternative to military Governments when there is a military dictatorship, not democracy.

Many of us in the House counted Benazir as a friend, and—I declare an interest—my chambers represented her for a while in legal proceedings. She moved between London and Dubai for all those years. Which of us can name any other democrats who have been able to rise up the Pakistani political system? Which of us can name more than a couple of leading members of the Pakistan Peoples Party? Of course, such people would not come forward while there was a system in which democrats were undermined and the military prevailed.

It got slightly worse than that, because there was always an incentive for the military to justify itself either in the campaigns in Kashmir or by defining Pakistan as what it was not—namely, India. If the military created enemies, it could justify its existence. William Dalrymple put it this way:

"The most pressing crisis now facing Pakistan comes in the shape of the country's many armed and dangerous jihadi groups. For 25 years the military and Pakistan's powerful intelligence agency, the Inter-Services Intelligence (ISI) have been the paymasters of myriad mujaheddin groups intended for deployment first in Afghanistan and then Kashmir. While the military may have once believed that it could use jihadis for its own ends, the Islamists have followed their own agendas and have now brought their struggle onto Pakistani streets and into the heart of the country's politics."

I do not think that anyone who has been involved in foreign policy in the past 20 years will be unaware of the many times we have received representations from the Indian Government about armed groups from Pakistan being sent into Kashmir and elsewhere for Pakistan's own purposes. That monster has now turned on Pakistan. The only way in which we will make long-term progress in Pakistan is through a fundamental, resolute and complete return to democracy. We have tried the ends justifying the means for a decade now, and it has not worked.

I accept that other hon. Members will fundamentally disagree with my next point. I do not believe that the international community and the Government of Pakistan will win over the people of the North-West Frontier Province and tribal areas by creating the impression that those people are the enemies of civilisation. I was introduced to the North-West Frontier Province in maths lessons at the age of 11. My maths master was Brigadier Picton, whose great-grandfather had commanded the artillery at Waterloo, and Picton himself had commanded a brigade on the north-west frontier. He brought trigonometry very much to life for me by using fire plans for tribal villages, which, I suspect, were somewhere near Peshawar.

I was also taught that the British empire, at the height of its strength, had not succeeded in bringing the north-west frontier province under its control. Indeed, as hon. Members know, all that we sought to do during the whole time that we occupied India, which then included Pakistan, was to keep the road from Peshawar, through Landi Kotal and on to Kandahar, open, and we were helped in that operation by the Khyber Rifles. When one makes that journey, as I am sure that the Minister and many other hon. Members have done, one sees the signs listing the regiments that have sought to keep the road and the railway line open. To be honest, the tribal regions have managed extremely well on that basis.

Of course, I appreciate that the arrival of Taliban elements and training camps has introduced a new dimension, but giving the impression that the whole region has somehow been taken over by the Taliban

and other terrorists does not help. What Pakistan needs is a war on poverty, because as India progresses, Pakistan is going backwards. Rates of illiteracy are also increasing, which means that we have the most terrifying of all faltering states—an increasingly illiterate nuclear power.

My plea this afternoon is very simple. We should do everything that we can through Parliament, the Westminster Foundation for Democracy, the Commonwealth Parliamentary Association and other means to promote democracy in Pakistan. If things get difficult in Pakistan, we should not suggest to Musharraf that the army is the only body that can sort things out or that we will continue to give it support, comfort, succour and funding. The United States has pursued that practice over the past 20 years, while we have rather been sitting on our hands, but it has failed. We now need robust democracy, the rule of law and the encouragement of an independent judiciary and an independent media—the sorts of practice that other parts of the region take as the norm. Only in that way will we defeat terrorism in the longer term.

My hon. Friend the Member for Bournemouth, East made some perfectly good points regarding concerns about terrorism in the UK. However, we all need to reflect on the fact that some of the suicide bombers in the UK were born and brought up here—it is not simply a matter of terrorism being imported from overseas. Those who perpetrated the 9/11 atrocities were middle-class and, in particular, affluent young Saudis, so this is not just a matter of poverty. I have a not insignificant Kashmiri community in my constituency. When I visit the mosque or talk to members of that community, I find, as I am sure that other colleagues do, that they are as horrified by the practices that we are discussing as anyone else; they want a peaceful life and to bring up their children here. They also want people in the areas of Pakistan from which their fathers and grandfathers came to have a peaceful life. The issues before us are therefore quite complex.

We will not make progress in Pakistan, however, until the rule of democracy starts to prevail and we see democrats with whom we can interact and engage a dialogue, and whom we can encourage. The longer Pakistan remains a military state under the rule of the army, and the longer it is effectively controlled by the army, the ISI and other groups, the more difficult it will be to resolve the issues to which my hon. Friend has rightly drawn our attention.

3.15 pm

Jo Swinson (East Dunbartonshire) (LD): I congratulate the hon. Member for Bournemouth, East (Mr. Ellwood) on securing this timely debate. He opened it in a thorough and well-informed way and he obviously has some experience of the issues. Not only does he come from a military background, but he has had personal experience of tragedy, given that terrorism has touched the lives of his family, which is particularly poignant and a sober reminder to us all of the gravity of the issue.

We are at a critical point in the history of Pakistan, and events are unfolding quickly. Not long ago, there was talk of the political end game being in sight in the form of a possible power-sharing deal between Benazir Bhutto and Pervez Musharraf. Now, sadly, we are looking to the future with greater uncertainty. In just the past four months, we have seen the return from exile of Ms Bhutto, the imposing and then lifting of a state of emergency, the swearing-in of Mr. Musharraf as a civilian President, the seismic events around Ms Bhutto's assassination and the postponement of the parliamentary elections until February. Today's debate is therefore taking place on shifting ground, and things will remain turbulent for some time to come. Nevertheless, we must continue to discuss and scrutinise Government policy as we pursue the goal of a democratic and stable Pakistan.

I want to pick up various issues. One is the importance of holding free and fair elections in Pakistan next month. Another is the investigation that is taking place into the death of Benazir Bhutto. I also want to discuss development aid and the training of terrorists in Pakistan, some of whom may be UK citizens, as well as longer-term issues, such as development and good governance.

I am sure that all hon. Members were horrified to hear the news of the assassination of Benazir Bhutto on 27 December, while the House was on its Christmas break. My personal thought was that it was just a few months ago, in the autumn, that Benazir Bhutto held a meeting in one of Glasgow's hotels, to which various elected representatives and leaders from the city's Muslim community had been invited. I, too, attended that event and I remember listening to Ms Bhutto's eloquent and confident speech, which had a real note of optimism and hope. At that point, she had not yet gone back to Pakistan, and there was no certainty that she would do so. Listening to her comments, however, I felt that we could be optimistic about the future if things were made to work in that troubled country. It is very shocking to go from attending a civilised and interesting meeting in a Glasgow hotel to seeing on the news just a few short months later the assassination of Benazir Bhutto.

There is clearly uncertainty about the facts of Ms Bhutto's death. One report says that there was a suicide bomber, while another says that there was a gunman, and we even had the strange story about the sunroof. That uncertainty is obviously causing huge concern in Pakistan at this politically sensitive time, and there is suspicion about whether the facts are being covered up. Understandably, Ms Bhutto's husband requested that there should be no post-mortem, but that has not helped the situation, and the hosing-down of the scene just an hour and a half after the attack has certainly not helped to allay suspicions. It is therefore welcome that a team from Scotland Yard is in Pakistan to assist with the investigation. Given the sensitivity of the issue and the need to get the facts straight, however, it is not only the quality of the investigation that is important, although the Scotland Yard detectives will certainly be invaluable in that respect, but also the perception of the investigation; it must be seen to be independent. There are wide calls for a UN investigation into the death of Benazir Bhutto, which would help to give that perception of independence and to give the people of Pakistan some confidence that the real causes will be investigated and not covered up. There is a precedent in the investigation into the death of Rafik Hariri in Lebanon in 2004. I shall be interested to know whether the Minister will indicate Government support for such a UN investigation, and whether we might press for it internationally.

[Jo Swinson]

The hon. Member for Banbury (Tony Baldry) highlighted the importance of "democracy, democracy and democracy" and obviously the most important and pressing issue for the UK is to do everything possible to ensure that the elections next month are free and fair. The short delay in holding the elections is welcome and inevitable. If such events took place in the UK shortly before a general election was scheduled, there would no doubt be a similar delay. Such a postponement is certainly fair enough in a democracy. We can still hope for stable parliamentary elections, which could result in a peaceful and fair result, and a step forward for the country, but the EU monitoring mission will be crucial in ensuring that the elections are conducted properly.

On 7 January the Foreign Secretary was positive about the number of election monitors who would be going to Pakistan. At the time he may not have had the exact numbers to hand; he said that there might be an increase, up to about 100. Can the Minister give us an update on how many monitors will go from the EU, and what Britain will do to ensure that we support and resource additional monitors, who will surely be needed in the current circumstances of heightened tension?

Musharraf's suspension and firing of key judges was clearly a great blow to the country's institutions. Because the judiciary has been put in place by Musharraf, it will be a struggle to see the elections as free and fair. I hope that the Government will push Musharraf to reinstate the members of the judiciary who were suspended or fired, so that the rest of the country can be confident that an independent judiciary will be scrutinising the parliamentary elections. I should be interested to hear from the Minister what representations the Government made in November when Musharraf decided to suspend or fire judges, which was clearly a bad omen of what was to come.

The hon. Member for Bournemouth, East spoke well about training camps, which are indeed a real problem in the country, but he was also right to talk about tackling the problem at home. Indeed, he said that, until 2005, we were in denial about the fact that there were British citizens, born, bred and educated in the UK, and immersed in our society, who could do such unspeakable and horrific things. That is something the country needs to grapple with; we need programmes and initiatives to reach out to people who may be disaffected and vulnerable to the types of extremist rhetoric that can lead people down that path.

We need to look, from an intelligence point of view, at the traffic of people between Britain and Pakistan. Obviously, hundreds of thousands of British citizens of Pakistani origin live in the UK, and as a result many—415,000, I think—go back to Pakistan each year. Only a small minority of them will be lured into the training camps, but it is necessary for the intelligence services to focus on that small minority, so that procedures can be established to halt anything that they may plan.

The hon. Member for Braintree (Mr. Newmark) pointed out that the people concerned are a small minority and that there is great anger in the Muslim community—that is certainly so in my constituency, and in others too. There is a feeling that the peaceful religion of Islam is being hijacked by people of extreme political views, spouting a version that bears no resemblance to the religion peacefully followed by Muslims in Britain.

There are a variety of Government initiatives, including, in the past, 10-point plans, to tackle home-grown terrorism. Changing the mindset of British citizens who do not feel loyalty to our country's values must be a priority. I hope that the Minister can report back on the success so far of the initiatives and on the lessons learned about what does not work, and what will be changed as a result.

To turn to the question of what can be done in Pakistan, the hon. Member for Banbury was right to focus on poverty and deprivation. We know that both are great breeding grounds for terrorism, and the hon. Gentleman clearly has great knowledge of the country. That is certainly a key to getting to grips with the issue. Pakistan has been a key ally in the war on terror, but the development support that we give is crucial to success. The human development of Pakistan is a long-term policy for making the world a safer place: improving education and reducing poverty will also reduce extremism and even, we hope, stabilise the North-West Frontier Province, where there is the most intense problem with terrorism and al-Qaeda. Of course, reducing conflict and instability there will have a knock-on effect on stability in Afghanistan, where we also have a particular interest, given the presence of our troops. Education must be the cornerstone of the work, especially in stopping people going to madrassahs. I should be interested to know whether the Government have any plans to assist with the expansion of state education in Pakistan, which is not available in many parts of the country. Obviously, when there is no state education, there is a void into which others, who may want to indoctrinate young people, can step.

It is obviously important that Pakistan should have strong political and legal institutions. Those have certainly been undermined by the Musharraf regime; corruption is rife and, as we have said, members of the judiciary have been suspended. I should be interested to know what the Government are doing to build up those institutions, to help democracy gain a foothold in Pakistan. Free and fair elections will produce stable government only with the back-up of solid institutions, particularly in the longer term. Similarly, there is a need for links with political parties, civil society and even the military, to create the political leverage to get people round a table, working together.

I should like to know how critical the Government may have been, in private, of Musharraf. Sometimes they have been seen not to be as critical as one might like, particularly in cases such as the suspension of members of the judiciary. Although Pakistan has been an ally in the so-called war on terror, if that comes at the expense of our ability strongly to condemn actions likely to destabilise the country, the result will be only to fan the flames of terrorism, which is contrary to the objective.

I have one further concern to flag up with the Minister. News reports of the US response to the situation in Pakistan suggested that CIA activity on the borders has been intensifying, possibly with a view to unilateral US action there. I hope that the Minister will be firm in condemning any such suggestion of unilateral action. We need to learn from previous

mistakes in foreign policy and to act as a coherent international community through proper international institutions. I hope that the UK will strongly counsel the US against any such action and will in no circumstances support it.

In conclusion, there is clearly a volatile and dangerous situation in Pakistan. Given the links to terrorist training camps and organisations in that country, there could be an impact on security in the UK and globally. Free and fair elections are vital to unlocking the problem, and for the sake of the confidence of people in Pakistan the death of Benazir Bhutto must be properly investigated; I argue for a UN investigation. Here at home, the UK must intensify action to prevent home-grown terrorism; and abroad it must consider development aid and support for Pakistani democratic, judicial and educational institutions. Perhaps we shall be able to look forward in hope to peaceful elections on 18 February, and a step forward for democracy in Pakistan. The Government must obviously use every effort to influence the various stakeholders internationally to achieve that outcome. It will no doubt be a long process, and I am sure that the House will return to the issue before long.

3.49 pm

Mr. Keith Simpson (Mid-Norfolk) (Con): I congratulate my hon. Friend the Member for Bournemouth, East (Mr. Ellwood) on securing the debate. Obviously, he has a tragic personal interest in the matter, but he has travelled widely in the area and speaks with a great deal of authority on it. May I also confirm that you, Mr. Cummings, are an early riser and a member of the parliamentary breakfast club, which is the most influential parliamentary organisation after the Whips and in which reputations are made and frequently destroyed?

The subject of the debate is absolutely crucial and serious. We should first consider it in terms of the narrow aspects of Pakistani politics—on which my hon. Friend the Member for Banbury (Tony Baldry) and the hon. Member for East Dunbartonshire (Jo Swinson) focused—and our desire to move Pakistan towards democracy and, at least, a civilian Government. However, that alone will not necessarily be the answer, and it will not be the kind of pure democracy that we associate with the United States, ourselves and the European Union, but it will be a step in the right direction.

Secondly, what happens in Pakistan has an immediate knock-on effect on what happens in Afghanistan, where we have a substantial military commitment and members of our armed forces are, sadly, dying—perhaps even as we speak. It also has a blowback effect in the UK and Europe. I take the point that my hon. Friend the Member for Bournemouth, East made about the interview with the head of the US Department of Homeland Security yesterday, in which he said that the major terrorist threat now facing the US comes from Europe. He added, in parenthesis, that the threat was not home-grown, in the sense of being traditional, but was deeply connected with the middle east and elsewhere.

The first thing that we must do is establish the extent of the terrorist threat. In the past, we have failed to recognise its extent, not only in the numbers of young men and women who are prepared to commit suicide to further their religious, personal and political beliefs, but in the kind of widespread support organisations that are available. That is challenging in a way that we have never seen before. Much of that support is based in Pakistan, and we must remember that much of the threat is aimed not just at the UK and so-called western interests, but at hundreds of members of the Pakistani security forces and the Pakistani political elite—for example, the recent tragic killing of Benazir Bhutto—as well as ordinary members of the Pakistan public who get in the way of extremists. We should recognise that it is not an either/or issue.

The next matter to address, given the extent of the terrorist threat, is how we should deal with it. The previous and current Prime Ministers and my right hon. Friend the Member for Witney (Mr. Cameron) have recognised that this matter will go on, possibly for decades, and it will be a question of using every weapon at our disposal. When I say "weapon," I am talking in the true, old-fashioned Marxist-Leninist sense to include political, economic, social, military and police weapons.

In these kinds of debate, we often fail to recognise that the United Kingdom is not trying to deal with the threat on its own. My hon. Friend the Member for Banbury reminisced about his childhood, when the British empire was at its height. I was a sad person this summer, because I reverted to my real profession of military historian and re-read a number of very good studies of previous conflicts on the Pakistan north-west frontier. Four years ago, an Australian wrote a very good book about the Waziristan campaign in 1937-38. The circumstances of that campaign were entirely different to those that we face at present, but we declared victory at the end of 1938 when it was really a score draw, as we were unable to impose our direct will on the area and we ended up by compromising.

That brings me to the main thrust of the speech of my hon. Friend the Member for Bournemouth, East about what we need to do in Pakistan. Any demonstrable attempt by the US or by the UK and our NATO allies that gives the impression to the Pakistani military—or, indeed, to public opinion or the democratic parties there—that we wish to be seen visibly to take over large parts of Pakistani security policy and to deploy even only elements of obviously uniformed military force in the country will be utterly counter-productive. Of course, I do not suggest that my hon. Friend was proposing that.

We need to think far more in terms of the lengthy discussions that our military commanders and political advisers have been having in Afghanistan with President Karzai and his Government. I know that the Government have been working hard on that. We must attempt to persuade the Pakistanis to do things that are not only in their national interests but in our interests, too, which is not easy. The Pakistani armed forces are the key; it is no good pretending that we can ignore them. I see one possible opportunity in the next few months that might help with the move back to democracy—the role of the new chief of the general staff in Pakistan, General Kiyani. He has tremendous experience of the west and is more in the tradition of a military professional. I think that he recognises that the Pakistani army has to get out of politics, not only because he has seen the

[Mr. Keith Simpson]

damage that has been done, but because he believes the Pakistani armed forces have been humiliated by what has happened on the north-west frontier.

The crucial question for Ministers is what action can the British Government take to give political military assistance to the Pakistani authorities—both the political Government and the military and security services—to be most effective against terrorism. The Minister must also consider the wider national security problem of coping with the blowback from terrorism in the UK. That is not just about the home-grown, mainly young, British born and bred people who are prepared to be involved in terrorism, but about the kind of moral, cultural and political support they receive, largely, but not exclusively, from Pakistan. There are no quick fixes, but we must, as my hon. Friend the Member for Bournemouth, East said, consider far more seriously the latitude that we have given, for example, to some of the Islamic extremists who operate in this country. Indeed, the way in which they behave and operate is the despair of many British Muslims.

My final point is that it is wrong for us to believe that we are fighting a uniform, global terrorist organisation. We are not. We are fighting a multi-faced group of organisations and individuals who coalesce, often because it is to their advantage. However, they have their weaknesses, too, and we must be much more political and subtle in dealing with the problem. I am grateful to my hon. Friend for raising the subject. Although there has been only a limited number of speakers, we have had an informed debate and I look forward, as always, to the Minister's reply.

3.39 pm

The Minister for the Middle East (Dr. Kim Howells): I, too, congratulate the hon. Member for Bournemouth, East (Mr. Ellwood) on securing this important debate. May I also join the hon. Member for Mid-Norfolk (Mr. Simpson) in wishing that there had been more contributions to the debate? I was surprised by the low turnout, given the centrality of these issues to contemporary politics, as hon. Members have reminded us. I will certainly try in the time that is left to address at least some of the questions that have been raised.

The hon. Member for Bournemouth, East is right to raise this serious problem. In 2007, we calculated that there were some 60 suicide bombings, and it is estimated that 770 people were killed and 1,600 injured by terrorist attacks in that year alone in Pakistan. That is an appalling figure by any reckoning, and given that there were only 15 attacks in the previous four years, the extent of the problem becomes obvious: it is a very urgent one and it is increasing. As the number of shootings and suicide bombing increases, so too does the terrorists' capability, as can be seen, for example, in the double suicide bombings in September and November 2007 against intelligence and military targets in Rawalpindi, which is home to the army headquarters. The town was always regarded as the most secure place in Pakistan, but it was in Rawalpindi, despite the security measures available, that Benazir Bhutto was killed on 27 December.

There is no sign of an early solution. Last Thursday, a suicide bomb in Lahore killed more than 20 policemen, just a day after the Pakistani Government finalised security arrangements in an attempt to combat sectarian violence between Shi'as and Sunnis during the holy month of Muharram. On Monday, at least nine people were killed in a bomb attack in Karachi. The city constitutes one of the most dangerous postings for Foreign Office consular staff, and it is a very difficult environment in which to operate.

The assassination of Benazir Bhutto, as we have heard, was a senseless attack and a tragedy, both personally and politically. Mrs. Bhutto's undoubted commitment to democracy in Pakistan and her sense of duty towards its people led her to take the risk of returning to the country to campaign for election. The attack on her was an attack on all those committed to democracy in Pakistan, but people who share her commitment will, I am sure, be strengthened in their resolve to fight for a safe, peaceful and democratic Pakistan.

I want to pay tribute to the characteristically thoughtful and insightful contribution of the hon. Member for Banbury (Tony Baldry). I was particularly struck by the point that he made about how difficult it is to recognise the nature of the democratic system in Pakistan. I kept trying to think of the right phrase, but it is certainly something to do with the cult of the individual within the parties. He was particularly insightful in reminding us that the election or appointment of a new leader is almost a dynastic passage. It had not struck me before, but it did so forcibly when the hon. Gentleman said it, that the lack of a well-known top echelon of politicians in Pakistan makes the situation difficult, and often leads to people calling on those who have left in the diaspora to come back. One thinks of a talented Prime Minister, Shaukat Aziz, who was brought back from America, I believe, with considerable experience in the banking industry. He began to address the problems that the hon. Member for Banbury highlighted of deficiencies in the economic life of Pakistan and the fact that it compared poorly with India. There have been great successes in Pakistan to which we should pay tribute, and I know that the hon. Gentleman would want us to do so. However, his observation on the nature of politics in Pakistan is something that we should remember.

Mr. Newmark: We may have a full generation—thirty years—of Bushes and Clintons running the United States, so dynastic contributions to political life do not exist just in Pakistan.

Dr. Howells: I could not possibly comment on that.

The hon. Member for Bournemouth, East reminded us of the way in which General Zia Islamised—I hope that that is not a crude way of putting it—many of Pakistan's institutions. I have seen that myself. Whether one is up in Waziristan, in the North-West Frontier Province in general, or even in Baluchistan, one hears complaints, especially from the officer class, that the politicisation of the most effective and coherent institution in Pakistan—the army—has been to its detriment. There has been a belief around for a long time now—

3.46 pm

Sitting suspended for a Division in the House.

4.1 pm

On resuming—

Dr. Howells: We have heard a good deal about the read-across from Pakistan to Britain, and the Prevent programme that we put in place to try to combat radicalism has been mentioned. I do not think that radicalism is a very good word for the problem. I am talking about the hatred preached by a number of people, some of whom have been identified in this country. The issue was rightly highlighted by the hon. Member for Bournemouth, East and other hon. Members.

Sir Jonathan Evans, who is the head of MI5—at least he was when I walked into this room—spoke about the matter in Manchester last November. He talked about the great difficulty of trying to monitor everything that goes on as a consequence of the activities of those propagandists. The hon. Member for Bournemouth, East compared what happens in mosques in Britain with what happens elsewhere. I think that he mentioned Dr. Barham Salih whose opinion I value very much. He is British-educated, and he knows a great deal about how the relationship between state, religion and freedom of expression works because he is also a Kurd.

The matter that we are discussing should be of concern to us. I have heard that there is not a lesson read in Friday prayers in Turkey or in Egypt that has not been passed either by the Grand Mufti or by the head of the religion. Without question, we need to strike a balance between our prime responsibility, which is to safeguard the ordinary citizens of this country as they go about their daily business, and, at the same time, efforts to respect and strengthen civil liberties and ensure that freedom of speech and publication continues.

I, too, found some of the reports shocking, especially regarding the kind of literature that can be found on sale in shops that are sometimes attached to mosques and Islamic centres. I know that there are many people from the Islamic community who find it shocking and distasteful that such literature is on sale. The hon. Member for Bournemouth, East could have added to that literature the appalling filth that appears on some internet sites, including repulsive images of westerners being executed and of people being tortured. Those images are often accompanied by criminal texts and speeches that try to persuade people that what, in fact, is a perversion of the Koran is the real jihad. That is something that we certainly have to fight.

Mr. Ellwood: I am pleased that the Minister has touched on issues that go to the very heart of the challenges that we face. On the issue of the internet, I still do not understand why we cannot monitor and control information that appears on websites. If we can control books and publications, we can do the same with the internet, as there is a standard for doing so. It can all be done through the Internet Corporation for Assigned Names and Numbers. We have seen such monitoring in operation in other countries, and perhaps it is time to stop such internet sites from being available in the UK.

The more important point is the comments that were made by Dr. Barham Salih. It is shocking to hear an Iraqi, who went to a mosque in Blackburn, saying that that some of its practices should be outlawed. I appreciate that that is not in the Minister's portfolio, but is it not time that we took a much tougher approach to what is happening in the 1,300 mosques that we have in the UK? It is only a matter of time before the incubation—

John Cummings (in the Chair): Order. Interventions must be brief.

Dr. Howells: There is every case for being much more vigilant about what is going on in some mosques. However, I remind the hon. Gentleman—I am sure that he does not need reminding—that the vast majority of Muslims in this country have no truck with that kind of behaviour and dialogue. I have met imams and mullahs in Bradford and other cities who resent the way in which their messages and lessons have become demonised by the activities of a relatively small number of imams in British mosques. That is worth repeating time and again. It would be very difficult for any Government to forbid a preacher, whether Islamic or Baptist, from saying certain things at certain times. However, there are standards that we believe should be met and kept.

May I reassure the hon. Gentleman that all our intelligence services, as well as the Government and the police force, are very much aware of the potential for disaster if such practices went unchallenged. They are being challenged all along the line at every turn. The hon. Member for Mid-Norfolk is a military historian. As a friend of the hon. Member for Bournemouth, East, he can tell him that one does not need a constituency to be able to conduct terrorist activities. Jonathan Evans told us that there are probably about 2,000 would-be activists in the country, and about 20,000 who sympathise with them and are prepared to shield them. There are towns in Northern Ireland, for example, in which we tried to combat terrorism for 30 years. Relatively small numbers of people shielded the terrorists—it was the silence and inactivity of their supporters that allowed terrorism to take place.

Mr. Ellwood: The Minister is very generous in accepting interventions, and I am grateful to him. I am concerned about the fact that such people go unchallenged and that Britain has become an attractive base for the consolidation of ideas. Does the Minister not agree that there is an urgent need to adopt a more robust attitude, as has been done in other countries?

Dr. Howells: We are challenging those ideas and paying an enormous amount of attention to the problem. We have hugely increased the expenditure and resources available to our intelligence services over the past five years. The hon. Gentleman is quite right to raise the issue: the 7/7 bombings in 2005 were a wake-up call for everyone, but they should not have come as a shock. As he said, we should have picked up those messages earlier. We were picking them up earlier, but doing something about them means challenging our own culture as well. We are a very open country.

London is sometimes been ridiculed as "Londonistan", which can be viewed as an accurate description of the way in which we have allowed many groups, including some that are outlawed in their own

[Dr. Howells]

country, to operate here. That has been the nature of this democracy of ours for a very long time. It is a great shame that the terrorism that we have suffered is sometimes been the consequence of that openness and willingness to welcome people.

When I was in Waziristan, I met a colonel from the frontier corps who told me about a battle with some al-Qaeda/Taliban groups. They are a mixed bunch in Waziristan, and some people will shoot at someone simply because they do not know them and they are an outsider. As I have told the hon. Member for Mid-Norfolk before, the colonel told me that his people suffered heavy losses, but when they looked at the bodies of those whom they had killed in the battle, they found that the military commander was Chechen, the armourer and fixer was Uzbek, the moneybags was Saudi and the foot soldiers were mainly Pashtuns from the various tribes in the area. That was how they operated. They had to live off the land. The money and sometimes the guns that they received came from as far away as Saudi Arabia. The Saudis are very much aware of that, which is why we have to maintain good relations with them when it comes to trying to co-ordinate action in Pakistan, which is subject to the attentions of some very unsavoury people. The people involved are not just Pakistanis and expatriate Brits; they are from all over the place. It is a very difficult issue.

Let me address some of the other issues that were raised. The hon. Member for Banbury, quite properly, opened up the subject of the need for education and the tiny amount—I think that it is less than 2 per cent. of gross domestic product—that is spent on education in Pakistan. I have visited madrassahs across Pakistan—and I have been taken to the best of the madrassahs—where I was shocked. Most shocking of all is the fact that many people in Pakistan do understand that they live in an increasingly competitive world, that they have to compete with, among others, India, their next-door neighbour, and that if they cannot raise skill levels in Pakistan, the problem will become worse.

The hon. Gentleman identified the issue very sharply. I wrote down what he said: "Pakistan needs a war on poverty because it constitutes an increasingly illiterate nuclear power." That should stop us in our tracks. We have become, quite rightly in my opinion, very worried about the Iranian nuclear programme, but Pakistan already has nuclear weapons and delivery systems and, as the hon. Members for Bournemouth, East and for Braintree (Mr. Newmark) told us, it could well break up. It is very important that we recognise the importance of maintaining the integrity of Pakistan's borders, because if it does break up, the whole area will become much more problematic.

I have been reassured when I have been in Pakistan that the army is keeping a tight rein on the nuclear sites and missiles. As the House has been told before, one has only to go back two or three years to see the danger to the world of a stand-off between Pakistan and India. That was a very dangerous moment. The worst nightmare that one can imagine is an al-Qaeda attack on a nuclear establishment in which such people perhaps got hold of some of that stuff. Trying to help Pakistan to maintain security and, at the same time, encouraging it to begin to behave like a modern nation in the way in which it educates its young people is therefore vital. That is the proper way forward and it is the route that we are following.

I was very glad to hear the contribution of the hon. Member for East Dunbartonshire (Jo Swinson). I remind her, however, that Pakistan is a sovereign nation—a very big sovereign nation that is very proud of its identity and the integrity of its borders. We would like to do many things in many countries in the world, but when it comes to, for example, a UN investigation into the death of Benazir Bhutto, it is a different situation from that of Hariri, because when Hariri was murdered, the Lebanese were worried that the murder had been planned and carried out by people from another country. I have not heard that as far as this murder is concerned

John Cummings (in the Chair): Order. We must move on to the debate on Henderson hospital.

Henderson Hospital

4.15 pm

Mr. Paul Burstow (Sutton and Cheam) (LD): I am grateful for the opportunity to initiate this debate regarding the future of personality disorder services provided by the Henderson hospital in my constituency. Last week, I brought a delegation made up of clinicians and my hon. Friend the Member for Carshalton and Wallington (Tom Brake) to see the Minister about the decision to close the Henderson in March. I hope that my hon. Friend will be able to catch your eye during the debate, Mr. Cummings.

My message today is simple: unless the Minister acts, the NHS is in danger of sleepwalking into the closure of this nationally and internationally renowned service. The diagnosis of personality disorder covers conditions and disorders that arise from severe emotional distress and inner chaos, most often as a result of trauma, childhood abuse or neglect, to the extent that such people are unable to manage life. As a result, they may suffer from depression, psychosis, have suicidal urges, harm themselves and others, have eating disorders, misuse drugs or alcohol, or be involved in crime.

The Henderson is a unique service because it is a self-governing community. The residents take responsibility for running the service, from cooking, cleaning, ordering food and gardening to selecting new residents, running meetings, supporting peers through crises and liaising with staff. Residents are not prescribed psychiatric medication, as the aim is to work through the underlying issues causing their problems. The Henderson is a 24/7 community in which the range of activities includes intensive group psychotherapy, sociotherapy, psychodrama and art therapy. It is completely unlike any traditional psychiatric hospital.

Prospective residents are offered support to prepare them for admission from an outreach team, which also offers post-discharge support. The Henderson allows its residents to work through complex and extremely painful issues such as childhood sexual abuse, which would be dangerous to explore in a non-residential setting when there is a risk of self-harm, violence or dissociation after discussing such difficult matters.

The Henderson is 60 years old. It has a long history of research and expertise in treating personality disorder in this country. The hospital is a unique national training resource, offering clinical placements, workshops and conferences for a wide range of staff working in both the health service and the criminal justice system.

In 1997, the Henderson's funding was secured by the national specialist commissioning advisory group in recognition of the fact that the then internal market had caused a dramatic fall in referrals. At the same time, convinced by the research evidence, NSCAG asked the Henderson to establish two other services in the north of England. Sadly, with the prospect of devolution of funding to primary care trusts, one of those services, Webb house in Crewe, has closed because of commissioning problems and the other, Main house in Birmingham, is also under threat. As last week's deputation to the Minister explained, the Henderson is not a local service; it is a national service receiving referrals from places ranging from Land's End to Northern Ireland to John o'Groats. I have already sent the Minister in a letter some figures that confirm that.

Last year, funding was devolved from NSCAG to PCTs. Unfortunately, in the devolving of those funds, the money from NSCAG was divided up between PCTs on the basis of population, rather than usage. Before the change in funding, the Henderson had a six-month waiting list. The transfer of funds to PCTs saw a fall in funded referrals from an average annual referral rate of 220 cases before the devolution of budgets to PCTs to just 33 since April 2007 to date. Such a dramatic fall can be accounted for, just as it was the last time round, only by the change in commissioning arrangements. Psychiatrists surveyed by the Henderson report that the uncertainty about the Henderson's future, the bureaucracy involved in applying for funding and the lack of PCT funding are preventing them from referring suitable patients. Clearly, the funding system, not clinical need, is driving the Henderson to the edge of extinction.

Lynne Jones (Birmingham, Selly Oak) (Lab): I am glad that the hon. Gentleman mentioned Main house. It is not in my constituency, but I have visited it, and it provides valuable services. It would be a tragedy if both the Henderson and Main house were lost, and I look forward to hearing the Minister's reply to the important points that the hon. Gentleman is making.

Mr. Burstow: I am grateful for that and for the hon. Lady's support. The debate is interesting because, although it is for only half an hour, my hon. Friend the Member for Carshalton and Wallington, and the hon. Members for Birmingham, Selly Oak (Lynne Jones) and for Wimbledon (Stephen Hammond) are here. Many hon. Members are interested in securing the future of specialist services, not only at the Henderson, but those provided on the same model in other parts of the country, including Birmingham.

The Carter review recommended that the way in which to deal with the problem of commissioning highly specialist services effectively was that primary care trusts should share risk to support the provision of equitable access to highly specialised services. However, frankly, the review recognised that PCTs are ill-equipped to commission such services. As I understand it, the Government took the Carter review on board when they published "Health reform in England" in 2006, and provided for special arrangements to be made to safeguard services such as the personality disorder therapeutic community at the Henderson. Why has that approach not been followed? The Minister will surely agree that it is incongruous that there is great need for a service but, because the funding is lacking, the service is closed because of a lack of use. That clearly does not make sense.

Closing the Henderson is not consistent with Government policy. In 2003, the National Institute for Mental Health in England published its policy implementation guidance for the development of services for people with personality disorder. The document states:

> "Patients with severe personality disorder can benefit from intensive residential treatment, and there are currently five specialist residential units which are run as therapeutic communities, and take referrals from across the country."

It goes on to name services that are based on the Henderson model: Main house, Webb house, the Cassel, and Francis Dixon lodge. Since the report was

[Mr. Burstow]

written, PCT disinvestment has changed the picture dramatically: Webb house has closed; Francis Dixon lodge now takes day patients only; the Henderson is scheduled to close in March; and the Cassel and Main house are under threat.

Stephen Hammond (Wimbledon) (Con): I represent a constituency next door to the hon. Gentleman. This is an important debate and I am pleased to say that he has made his point not only for his constituency in south-west London, but for the situation nationally.

A constituent of mine, the consultant psychiatrist John Stevens, wrote to me today to make the point that one of the other failures of Government policy is that, as a direct consequence of the closure of the Henderson, people with disorders that are treated at the Henderson could find themselves in prison. The prison population is likely to increase as a direct consequence of the closure.

Mr. Burstow: The hon. Gentleman is right. That point was made during the deputation last week, and I shall underscore it later with some of the research evidence that underpins the model used at the Henderson and the other facilities that I mentioned.

Given the policy context provided by the national institute, how does the Minister justify a situation whereby five residential services for complex personality disorder from around the country are gradually being lost because of piecemeal decisions made by individual PCTs? Does he accept the national institute's view that therapeutic community models, such as the Henderson and Main house, are an essential part of the services for the treatment of severe personality disorder? Will he concede that to close the Henderson would be to exclude the most complex cases of personality disorder from the most appropriate treatment and that that would be against the guidance of the national institute and, therefore, contrary to Government policy?

The Minister rightly asked about the evidence base when we met last week. There is a strong evidence base for the approach I described. In 1995, the Henderson carried out a peer reviewed study that compared patients treated for a minimum of three months with patients who were refused funding for their treatment. The two groups did not differ in their demographic or clinical features on referral. In total, fewer than one in five of the treated sample were either convicted or re-admitted to hospital after one year of discharge, compared with more than half of the non-funded group. In short, those who participate in the Henderson therapeutic community are less dependent on psychiatric services and less likely to enter the criminal justice system after leaving treatment.

Research also shows that, in the year before admission to Henderson, a cohort of 24 patients used a total of £335,196 worth of psychiatric and prison services. In the first post-discharge year, no patients spent time in prison or a secure psychiatric unit. The total cost of the latter services was only £31,390, which represents a huge saving to the public purse and a huge benefit to the individuals who received the service.

What is the way forward? I believe that the Minister will tell us that the answer lies with the merger of the Henderson with the Cassel. I do not believe that that is the way forward. That option is all about short-term fixes to get two hard-pressed mental health trusts out of a financial jam. Merger would not meet the need: some people with personality disorder who go to the Henderson could never be referred to a new service at the Cassel because of the latter's families unit. Merger would provide cover for the closure of the Henderson, a cut in residential places and the loss of critical expertise. In the end, the service that would emerge from a merger process would be smaller and even more vulnerable to the vagaries of local commissioning.

Frankly, it is unfair to leave South West London and St. George's mental health trust to sort out a national issue. A halt is required to give opportunity and space for the proper consideration of the alternative options. That is about having either national or regional specialist commissioning of a network of therapeutic communities. I hope that the Minister will give serious consideration to that proposal because his Department alone could bring all the agencies, local commissioners, the host organisations that provide the services and the national specialist commissioning group around the table. If that does not happen, we would have to ask what will happen to the people who do not go to the Henderson in future.

The loss of the service would leave some of the most marginalised and stigmatised people in our society at risk. Instead of being treated, those people are likely to become the victims of revolving door admissions to inappropriate acute mental health services. They are likely to be medicated but not treated, and, worse still, they could wind up in prison or even committing suicide. They deserve better. I hope we can achieve that.

4.27 pm

Tom Brake (Carshalton and Wallington) (LD): I congratulate my hon. Friend the Member for Sutton and Cheam (Mr. Burstow) on securing the debate. I shall make no apologies if I go over the same ground that he covered or that was covered in the meeting that the Minister kindly arranged last week.

As hon. Members heard, the Henderson is a last resort for many of its patients. Many of those will have exhausted mainstream treatment and care including psychiatric medication and imprisonment and sectioning under mental health legislation. I should like to tell Members two personal stories that give insight to the Henderson's healing role.

Fifty-three-year-old Veritee was a resident at the Henderson in 1975. She describes herself at the time as desperate, chaotic and homeless. She had multiple problems, including drug use. Various in-patient psychiatric treatments were tried unsuccessfully. She was told that nothing could help her, until she was referred to the Henderson. She described it as a total success and has since gone on to work with young people and to found a charity for post-natal illness.

Emma experienced self-harm, suicidal thoughts and an eating disorder. She was not helped by cognitive

behavioural therapy, transactional analysis or anti-depressants. She turned her life around at the Henderson hospital. Ten years on, she is a senior academic who has a family of her own.

I am fortunate to have a trusted, experienced member of staff who was helped by her stay at the Henderson—indeed, she prepared my speech. The treatment that Veritee, Emma, and my member of staff received at the Henderson was not out of line with Government policy; on the contrary, it was very much in line with what was set out in "Who Pays? Establishing the Responsible Commissioner", which recommends residential psycho-therapeutic services for severe cases.

The responsibility for funding such services is clear: it should be commissioned by specialist, national services. We should not lose the service simply because of a lack of specialist commissioning. Are commissioners in a position to ignore Government policy on specialist national services for personality disorder, and as a result to exclude the patients who can benefit from such expert input? It seems that the South West London and St. George's trust was wrongly advised not to apply for national commissioning, but its position has changed. The Henderson is now putting together an application with the Cassel and Main house to provide a national network of services. A less satisfactory option, to which my hon. Friend referred, would be a merger, but there are significant issues on whether the commissioners would support such a service and because of the number of beds that would be available. Clearly, the preferred option is specialist commissioning for the full network of residential communities.

I should like to finish by saying that it is clear from talking to residents and from the other feedback that I have had that their view—indeed, these are their words—is that the Henderson

"gives you control over your own therapy . . . you're not just strapped to a bed and given drugs".

Residents value the feedback from their peers, who have had similar experiences to them. They also value the 24/7 nature of the Henderson, as residents support each other to deal with their feelings after difficult therapy groups without resorting to destructive behaviour and they are helped to manage their symptoms in their daily lives outside of groups.

I will conclude by asking the Minister whether, in the light of the facts presented here by my hon. Friend, myself and other Members through their interventions and also through the reports of the personal experiences of those who have benefited from the Henderson, he will support the application for the network of residential services from the Henderson, Main house and the Cassel for funding from the specialist commissioning groups?

4.31 pm

The Parliamentary Under-Secretary of State for Health (Mr. Ivan Lewis): First, I congratulate the hon. Members for Sutton and Cheam (Mr. Burstow) and for Carshalton and Wallington (Tom Brake) on securing this important adjournment debate. I also congratulate the hon. Member for Wimbledon (Stephen Hammond) and my hon. Friend the Member for Birmingham, Selly Oak (Lynne Jones) on attending the debate. They wanted to make the case for the importance of specialist services for people with personality disorders, although I do not think that the importance of those services is the subject of this debate, which is about the nature of those services going forward.

I acknowledge the specialist expertise, the commitment, professionalism and indeed the ethos of the Henderson hospital; the passion and support for its service is because people genuinely and strongly believe that it makes a tremendous difference to people's lives. There are many individual examples of people who feel that, as a consequence of the treatment they received at Henderson, their life chances are very different from what they might have been. There is thus no dispute about the specialist nature of Henderson; nor about the fact that it enjoys widespread support and that, for many people over a number of years, it has provided an incredibly important experience and, in some ways, a very different therapeutic experience from other mental health services, which one could describe as more mainstream, more conventional or more traditional.

However, in the context of a debate such as this one, we must acknowledge that there have been changes in mental health care, just as when one looks at various physical conditions such as cancer or heart disease one can see that, thankfully, we do not provide the same care as we did 60 years ago. There has been massive and rapid reform and change in the way that we treat a variety of conditions. Indeed, however much we still have to do, mental health services in the UK are much better than they were 10, 15, 20 or 30 years ago, although they are nowhere near as good as they need to be. As the relatively new Minister with responsibility for mental health, I am passionately determined that we improve our mental health services, in terms of the continuum of interventions and care in every community.

It is true that the nature of support for people with personality disorders is changing and an increasing number of people are receiving intensive support within their own homes. However, in the context of changing care and a different way of doing things, there will always be a need for high-quality tier 4 services, and there can be no dispute about that.

The responsibility of commissioners is reasonably straightforward. It is to secure two things: quality outcomes for patients and value for money. The two go hand in hand, and any political party, particularly in opposition, which focuses on only one of those things is entirely dishonest. If such a party ever held responsibility for any service or any organisation, as Opposition parties do in many local authorities, part of the decisions it would have to make would involve achieving value for money as well as giving the local population what they clearly need and want.

The other issue on which I agree with hon. Members is that we are talking about a specialist service. It cannot be commissioned on a PCT-by-PCT basis. In my view, it must be commissioned through regional networks. I think that is a really important statement.

Can Ministers instruct the NHS at local level what it must do about its commissioning decisions? Members of the party of localism talk constantly in this Chamber—usually when people are not here—about not having command and control from Westminster and Whitehall, but instead allowing the people closest to local communities, whether defined regionally, sub-regionally or locally, to make decisions, so I find it

[Mr. Ivan Lewis]

quite extraordinary that they are trying to nationalise the issue; in my view, they are doing so, unfortunately, for political purposes. Much of the case that hon. Members have made is valid, but some of it fails to reflect the reality that we are moving away from command and control from offices in Westminster and Whitehall to a system where we devolve and give more responsibility, and where we trust in this case commissioners to make the right decisions.

I accept that the decisions cannot be made, in this case, on a purely local basis; they have to be made on a regional basis, and I shall certainly be reinforcing that message through the NHS.

Tom Brake: I am sorry that the Minister adopts that tone. The debate is not political; it is about what is best in terms of provision. He made a point about value for money. May I again ask him the question that was put to him during our meeting last week? Can he guarantee that, in relation to value for money, issues such as the one raised by the hon. Member for Wimbledon during an intervention about the associated on-costs if people end up in prison instead of hospital will be taken into account?

Mr. Lewis: I agree entirely. When decisions are made by public services about value for money, they must be taken holistically, considering the full impact and implications of changing provision, which may end up costing the state other resources in another part of the public service system. Of course it would be wrong to take such decisions in an entirely narrow way, limited wholly to the mental health system.

Lynne Jones: I understand that the National Institute for Health and Clinical Excellence is working up guidelines on borderline personality disorder and antisocial personality disorder, which it expects to publish at the end of this year. Is not it vital that we keep services such as those at the Henderson and Main house going, so that when we see what the NICE recommendations are we can ensure that those services are still in place and able to evolve? As the Minister said, services will always evolve—we do not have a command and control structure—but we need to ensure that we do not lose services that may be the very services that will be recommended by NICE later on this year.

Mr. Lewis: I agree with the hon. Member for Carshalton and Wallington that this is not a party political issue; of course, it is not. It is about the best interests of people with personality disorders. However, politicians must take responsibility for what they say and they must be consistent in what they say. In this place we are constantly told by Opposition Members that the Government should not seek to command and control public services. The Government are told that they should trust those in the front line and give more power and responsibility to professionals and commissioners. That is the only point that I am making.

I want to respond directly to the comment made by my hon. Friend the Member for Birmingham, Selly Oak. Two areas of discussion are still taking place that are relevant to the future decision and how the process may work out. One of them is the engagement with relevant local authorities about their overview and scrutiny functions. A local authority could decide that, before a final decision, there ought to be extensive consultation with the local community on overview and scrutiny functions, to inform the overview and scrutiny committee's ultimate decision. If that happens, the relevant local authority overview and scrutiny committees will still have an opportunity to express a view about whether they want to move to significant and extensive consultation before a decision. The decision made by the trust board is an in-principle one, subject to engagement with the committees to find out whether they think that the decision on Henderson requires extensive consultation.

The discussions taking place between Cassel and Henderson are crucial. As I understand it, the distance between the two units is minimal. If services are being provided to people with personality disorders within a relatively small area, it would be logical for the two units to consider the possibility of offering an integrated service—in fact it would be irresponsible not to do so. There could be a variety of models for that integrated service. However, it is unacceptable that discussions on best meeting the needs of people with personality disorders within the local population have not taken place over the past few years.

Mr. Burstow: My request was not to be a commander, but simply to be the holder of the ring during discussions. The parties to which the Minister referred, the regional specialist commissioners and NSCAG need to be involved. We must stop the PCTs commissioning on a spot basis. They are purchasing individual sites, rather than acting as commissioners. Surely that is not an effective way to provide the service.

Mr. Lewis: That is what ought to happen; we ought to have a regional strategy for those commissioning decisions. However, the hon. Gentleman is not asking me to say that commissioners need to look at those matters objectively, on a regional basis, and to look at patient outcomes and value for money and then make the best decision in the interests of patients. He is asking me to say that in all circumstances, regardless of what the commissioners decide is in the best interests of patients, Henderson will stay open for the foreseeable future. That is not a consistent ask. We have to consider two things: regional commissioning decisions based on a population-needs assessment and giving the local authority overview and scrutiny committees the opportunity to decide what they want to do about the trust board's in-principle decision.

I know that it is not customary to refer to people observing our proceedings—

John Cummings (in the Chair): I advise the Minister not to do so.

Mr. Lewis: Okay.

Many people care passionately about the service and the unit, which I completely understand. However, it is important to be honest: Ministers are briefed and receive information from a variety of sources, and I

know that there is a debate about the strength of the evidence for the interventions from the Henderson. There is no professional unanimity about whether its care model delivers outcomes so consistently that it would be superior to alternative interventions and models of care.

I am not a clinical expert or best placed to make that judgment and those choices, and to come to conclusions. I am entirely reliant on the views of professionals, but I have received no advice suggesting that the model is far superior to other clinical interventions for people with personality disorders. I understand the professionalism and passion and the unique ethos that has made a difference to many people's lives. The services must be commissioned regionally rather than by a single PCT. Services for people with personality disorders have changed and are changing, but there will always be a need for high-quality tier 4 services. The matter lies in the hands of the local authorities that have been asked to decide whether they want to pursue the matter, and in the hands of regional commissioners.

Extended Schools

4.45 pm

Ms Karen Buck (Regent's Park and Kensington, North) (Lab): I am grateful to have the opportunity to raise this subject this afternoon. I am very much a passionate advocate of the extended school programme, which the Government launched in 2003. There has been a huge expansion of investment in that programme, which is designed for many purposes: to offer wrap-around services for children and young people in schools, between 8 am and 6 pm; to offer holiday programmes and enrichment opportunities in sport, drama, music and other activities; to reach out into communities; to offer parenting support; to involve people from local neighbourhoods in their schools; to turn those schools, which generally are highly trusted institutions, into a means of supporting neighbourhoods and contacting parents and others in the community; and to be a springboard for other services, such as access to health care and benefits advice and so forth. I am sure that the Minister will expand on that in her response.

I am hugely in favour of the programme, which did not come about by accident; it was an act of political will to introduce it, with Sure Start, which it complements, and to find the money to develop them. I have one full service extended school in my constituency—Quinton Kynaston—and I know that the pupils there have benefited hugely from the services on offer. It has been run very well. As the Government's own evaluation of the extended school programme last summer demonstrated, that school has achieved improved results that seem to correlate strongly with the extended school provision itself. I understand that the Department's research, published last summer, found that the percentage improvement in GCSE results was double the national average. Not only did it produce academic benefits, but it seems to correlate with reduced levels of crime and antisocial behaviour. So there are many benefits.

As the Minister knows—she has been very generous in discussing this matter with me—my critique today is not of the service itself, but of the fact that, for a couple of important reasons, the schools and neighbourhoods that need the extended school offer the most are struggling to deliver it, and will struggle to sustain it, because of the way that resources are used. Some of those issues pertain specifically to the capital, and inner London, including my own local authority, and others pertain to the actions and behaviour of local authorities and their education departments and the ways in which they interact with schools.

This debate is particularly germane, because the extended school offer is also central to the delivery of the next stage of lone parent employment and the welfare reform agenda. For that reason, I am very grateful for the timing of this debate. It is my contention and that of the leading organisations in this field—the Minister knows that I am particularly indebted to the 4Children charity, which has taken an interest in this—that the offer does not match expectations for entry into the labour market for large numbers of lone parents. I shall return to those points later.

The central thesis of my argument, which I have made to the Minister before, is that resources are needed to kick-start and to sustain the extended school

[Ms Karen Buck]

offer. There are two issues: first, central Government support and funding; and secondly, the expectation about, and reliance on, charging policy. I shall deal with them separately.

We have money that we did not have before, so I hope that the Minister understands that I do not intend to sound churlish. We all want more money, I understand that, and we all want more money than we can get into any given service, but the issue is about teasing out what the big numbers of national funding mean for local schools, what the expectation is and what can be delivered. In a letter from the Minister for Schools and Learners to me last June, the investment that was discussed was bundled up with the school standards fund. Indeed, locally, some of it has been bundled up with Sure Start grants. In the letter, the figure for the school standards fund, the personalised learning support and whatever else, added together was £225 per secondary school pupil per year, which is good money and welcome for schools. However, it is not entirely fair to add the school standards fund and the personalised learning grant together and place them in the context of developing extended schools, because they are not the same thing.

I hope that the Minister agrees that we are dealing with schools, such as most secondary schools in my constituency, that have a legacy of desperate underachievement. I do not want to use that word, but the children are all capable of achieving a great deal more. In our education authority, none the less, there is a legacy of serious attainment problems in most secondary schools. We have an academy, which is on the rise, but which achieved only 17 per cent. A to C grades last year, including in English and maths. Surely, we do not expect personalised learning grants to be put into the extended school programme. Those schools desperately need to invest everything that we give them in boosting the curriculum and their in-school provision. If we remove that grant, and consider the Kick Start grant that is dedicated to extended schools, and the Sure Start grant, each school receives £14,000 to £16,000 this year, which equates to about £20 per child per year. As I have said in correspondence with the Minister, we must accept that it is not possible to provide wrap-around services that open at 8 am and close at 6 pm, offer holiday services for the summer, every half term and Easter, and provide enrichment and opportunities for sport, drama, music and all the other activities that we want to provide, for £20 per child per year. It is not possible.

In addition, some of our schools, particularly in inner London, have limited resources. They do not have outside space or playing fields, and in some cases, they are being asked to use their delegated budgets to access the facilities that provide the services that we want to provide. So the situation is made even worse, because the Government offer money to schools, and they have increased core funding to schools dramatically, but in some cases, the local authority takes money with the other hand to levy charges for access to local sports fields.

A representative of one secondary school told me during consultations in the past couple of weeks that it pays £10,000 a year for off-site facilities, including sports pitches. Almost £5,000 is spent just to access pitches on Paddington recreation ground. That £10,000 is half the money that we provide for extended schools, so does the Minister agree that one thing an education authority can do—particularly in that case, the education authority in my constituency—is say, "Let's at least support the ethos and practice of the extended school programme by ensuring that access to all local authority facilities, such as sports facilities, is free"? It is no good our giving with one hand and taking away with the other.

I am also concerned that investment in schools in the most deprived communities, and in children from the most deprived households, does not reflect their relative deprivation. That is a central point. I accept that the problem is due in part to the local authority's distribution formula, but it raises a bigger question for the Government. In my borough, we have an admittedly slightly larger secondary school, where 8 per cent. of children are on free school dinners. It receives from the Kick Start and Sure Start packages a larger grant than a secondary school that has 30 per cent. of children on free school dinners, 45 languages spoken and 35 per cent. of children on school action and school action plus. If we are not only to enrich the lives of children, but to do something to close the opportunities gap for children from the most deprived backgrounds, that situation cannot be allowed to go unchallenged.

I should like money to go to all those schools, and I am not trying to play the class warrior, but I have one ward where 83 per cent. of children live in workless households, many have been homeless, and by definition all live on benefits. They do not have access to the cultural enrichment that middle-class parents can offer their children, and we know that that matters. It is not the only thing that matters—people can overcome those disadvantages, and many do—but structurally that level of disadvantage matters and holds children back. We must reflect on how we can deliver an adequate offer that is biased towards children who experience the greatest disadvantages.

The Government have made it clear that the Kick Start grant is meant to be just that, to set a service up and get it running, and that the expectation is for a charging policy to be introduced to maintain the service. The Minister reinforced that message in a letter to me a couple of weeks ago. I am not opposed in principle to a charging policy, but I am concerned about how it will interact with the needs of the lowest income households in order to make services sustainable. There are two problems. First, there are schools that have a high proportion of children with free school dinner entitlement. They are by definition less able to establish a sustainable charging policy. Parents on income support, incapacity benefit or whatever can neither pay nor draw on tax credit, and if there are enough children in a school from that background, building and sustaining a service will be impossible. I have explained to my right hon. Friend the Minister that we have schools with 30 to 60 per cent. of children with free school dinner entitlement, and the borough is in the top 10 for authorities with the highest proportion of children on free school dinners.

A primary school head teacher wrote to me on Tuesday about the issue. Her school is able to draw on

lottery money—a three-year lottery grant—to help it with sustainability, and she said:

"At the moment we are lucky in that we do not have to charge the parents for any clubs but this is only because they are run by teachers and we have the funding"

the lottery money—

"for external teachers—but this...will not last. It is a cause for concern because we know that there is a huge drop-out when they are charged (as seen at Play centre)."

When Westminster city council increased its charges for play centres in primary schools, the number of children attending them halved, particularly among families on income support.

The second, complementary, problem is that the Department for Children, Schools and Families argues that child care tax credit can help, but as the figures that I have provided to the Minister demonstrate, we are a very long way from making that a reality. The Minister knows from the figures that only 450 households in the entire borough are in receipt of the child care tax credit, which is a tiny proportion. That is equivalent to the number of parents in one primary school only, out of 50 schools in the entire borough. The problem is partly to do with take-up, but overwhelmingly to do with the structural issue of accessing tax credit in high-cost areas, particularly in London. Even in luckier areas, where tax credit receipt is much higher, Rhondda has only 850 recipients, Hartlepool only 660, the whole of Newcastle just over a thousand and even the whole city of Manchester only 3,000. Given that almost all the credit that is paid is used for high-cost under-five child care, I suggest that the number of people using it to pay for holiday and out-of-school provision is in the hundreds across the country. Child care tax credit has its place, but I suggest that that is not it.

We know how many schools are delivering extended schools, which is excellent, and there has been real progress. We also know that in the autumn, under the Government's plans, 140,000 parents of 11 to 16-year-olds will be migrated on to jobseeker's allowance from income support. The Government's stated expectation is that there will be a service from 8 o'clock to 6 o'clock, 48 weeks a year, to back up current services. I appreciate that some of that will happen in 2009-10, but there will none the less be a national programme to meet the needs of those 140,000 people, with 260,000 people with children between five and 11 to be included later. Yet currently, as 4Children and the Make Space review have demonstrated, we have a place for only one in every 200 children. The need is urgent.

I wish to ask the Minister a question to which I have not really had an answer. Who is really monitoring, and can provide hard data on, the availability of provision that constitutes child care, although we would not use those words, that is safe, secure and guaranteed from 8 o'clock until the start of the school day, from the end of the school day until 6 o'clock and in every school holiday—the need is flexible—in each school? It seems that there are different views in the Department for Work and Pensions and the Department for Children, Schools and Families about what extended school provision should do and what the guarantee will be.

We need an urgent review of the capacity to meet the lone parent employment objectives. I should like a departmental commitment to review delivery in the most deprived areas first and a recognition of the difficulties that we have in delivering in high-cost areas with limited space. I want to see whether London Challenge can make recommendations on how we can deliver in London.

I should like clearer, transparent monitoring of the delivery of full 8 o'clock to 6 o'clock, 48-weeks-a-year wrap-around care, including holidays. I want assurance that we will consider the severe limitations of the child care tax credit for the purpose in question and that there are worked-up proposals for converting the credit into a voucher, which would be simpler, more accessible and help us to deliver the credit. I should like to be assured that the Department is having urgent consultations with regional development agencies. In London, there has been the childcare affordability programme, which has been a huge success in a difficult environment, and a youth offer is improving provision for older teenagers. The gap in the market is provision for five to 15-year-olds, and the RDAs should be prevailed upon to help us fit the missing piece in the jigsaw.

5.3 pm

The Minister for Children, Young People and Families (Beverley Hughes): I congratulate my hon. Friend the Member for Regent's Park and Kensington, North (Ms Buck) on securing the debate, and I thank her. She described herself as an advocate for children and young people, particularly for extended schools and related services. She is indeed a fierce advocate, and she has been responsible for getting the local authority in Westminster to think critically about how it operates its systems for the development of extended schools. There is scope for that to be done further.

I know that my hon. Friend supports the fact that Government have given an explicit commitment and top priority to transforming options for children and young people and their parents at local level. As she rightly said, the services in extended schools, operating from 8 o'clock to 6 o'clock with a mandatory menu of options for children, range from study support and extra-curricular activities to support for parents. They include secure child care upon which parents can rely, which is part of a wide package of measures, including children's centres and placing on local authorities a duty in law to ensure that there is sufficient child care of different types that meets parents' needs, not just in its quantum but through its high quality and with the flexibility needed for their working patterns in the labour market.

My hon. Friend will know that those changes, alongside the changes in maternity and paternity benefits and the right to request flexibility at work, are part of a package intended to give parents many more options for combining working and family life. There is a particular focus on families from more disadvantaged backgrounds, because it is for them that work is particularly important. It raises their standard of living and quality of life and can lift families out of poverty.

My hon. Friend rightly mentioned the importance of extended schools for the development of children and young people. Children in many families get the opportunity to do enriching activities that are important for their development and relate directly to their ability to achieve

[Beverley Hughes]

academically. The activities are not just nice add-ons that are good things to do, they are an opportunity to develop skills such as leadership, initiative and creativity, which are part and parcel of children's development. It is important that we extend those opportunities to disadvantaged children. The objective of ensuring that children from more disadvantaged families have the opportunity to take part in extended activities in school is of paramount importance to the Government. It is one of our top priorities.

My hon. Friend began by talking about resources. We cannot, and I believe should not, orchestrate the process of developing services from the centre with a command and control model. We must necessarily depend on local authorities and their partners, including schools, to take the general policy direction and resources that the Government give them and relate them to their local needs. Within the constraints of how policy is defined, they should implement and provide services in ways that reflect those needs. There is no other option. In the case of my hon. Friend's area, there are some problems in how that has been done, particularly for disadvantaged children. When we see such problems, we must recognise them and work with the local authority, but we cannot operate in a way that would require my Department to orchestrate the development of services from the centre.

I should like to take up another point. My hon. Friend said something like "It's not fair to muddle money together," referring to the different funding streams for extended school start-ups, the sustainability of extended schools and personalisation, among other things. We depend on schools and local authorities to use the different funding streams that come from central Government flexibly and in ways that add value one to another to achieve the best for children. That is not muddling those funding streams. We expect local authorities to use the extended school resources to put those things into particular schools. Alongside that, the money that they get for personalisation should be used to identify individual children for whom those different tranches of money can be brought together to assist those children and give them the most opportunities.

Personalisation is not separate from the opportunities that will come through a school that offers a wide range of extra-curricular activities. Personalisation for a particular child might involve having access to a wide range of creative activities, such as sport and drama, or having extra study support. That will come through the provision from the extended school, but it might be paid for at least in part by the personalisation money that is attached to that child precisely because they are a child from a disadvantaged background. I know that that is a difficult task for some schools and that some are doing it better than others at the moment, and we want to support them all to do it well, but it is right to tell schools and local authorities that they must have the flexibility to use that money creatively for individual children. By giving them that flexibility, if they use it properly, we can maximise the impact of those opportunities on individual children.

My hon. Friend asked about her local situation, particularly about sports fields. I know that some schools in Westminster do not have their own sports facilities, but that is a matter for the local authority. I agree with her in spirit that local authorities should make their leisure facilities available, free of charge, to schools that do not have such facilities. I am not dictating that to Westminster, but other local authorities have adopted that approach. Indeed, other local authorities have added their resources to Government resources to develop extended schools.

On the allocation of extended schools money, my hon. Friend compared two particular schools. If they are the same schools that she recently mentioned to me informally, I can tell her that I have looked into that in some detail and that we will talk to Westminster about some of those issues. Westminster has a method of allocating resources that is based 50 per cent. on school numbers and 50 per cent. on a definition of need, which is different for primary and secondary schools. The school in a middle-class area that she mentioned has significantly more pupils than the school in the deprived area, so the 50 per cent. that relates to school numbers will bump up its allocation of extended school start-up money. However, the formula for the need element is hard to understand, and it is worth my hon. Friend going to speak to the new director of children's services there, because it is hard not to agree that it looks strange that a school with only 14 per cent. of children on free school meals—not 8 per cent., as she said—should receive more than a school with 32 per cent. of children on free school meals, albeit a slightly smaller school.

Ms Buck: I am grateful for the line that the Minister is pursuing. I took that information from the school improvement partners profiles of those schools. That raises questions about working on different sets of information. It is not the first time that we have struggled to get to the bottom of things, when there are different sources of information, to help us to get a proper understanding of comparisons.

Beverley Hughes: My hon. Friend is right: we have had this problem before. The information that I have been provided with says that one school has 14 per cent. of children on free school meals and the other has 32 per cent. The first school has 772 pupils, compared with 593 in the other school. It is legitimate to ask why a school in a fairly affluent area, albeit slightly bigger, which has much lower needs in terms of social deprivation, should end up with a higher allocation of extended school start-up, given that we rightly expect schools to have a charging policy where that is appropriate.

However, the allocation of money in any local authority has to be agreed by the schools forum, as it has in this case. On child tax credit, there are several opportunities for Westminster to—

It being fifteen minutes past Five o'clock, the motion for the Adjournment of the sitting lapsed, without Question put.

Westminster Hall

Thursday 17 January 2008

[MR. MIKE HANCOCK *in the Chair*]

Participation in Sport

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mr. Roy.]*

2.30 pm

The Parliamentary Under-Secretary of State for Children, Schools and Families (Kevin Brennan): I welcome the opportunity to debate this important topic and I thank hon. Members present for their interest. *[Interruption.]* A crowd is gathering as we speak, which is very welcome news. It is appropriate, at the beginning of a new Olympic year, for us to be getting together to discuss participation in sport and, in particular, sport in schools. Obviously, in 2008 sport will not only be showcasing some of the best young sporting talent from around the world, but will be bringing together the international sporting community in a spirit of friendship and competition.

The Olympics will inspire not only the competitors. They will inspire people around the world—as I am sure many of us in this Chamber were inspired by the Olympics when we were younger—to rediscover their old sporting passions, to take up new ones and even perhaps to learn a little more about other cultures. More importantly, the Olympics will, we hope, inspire our young people to get involved in sport. I was pleased to visit just yesterday Millfields community primary school in Hackney, where people proudly told me that the school had been named as one of the partners for the Olympics this year in Beijing and for London 2012. They were proud to have been selected to be involved in that way.

Sport is a motivational force that brings people together, and its power to transform people's lives should not be underestimated. That is particularly true for children in our schools, where sport forms a very important part of their education. It can inspire young people and motivate them to achieve, with a very positive knock-on effect in the classroom. Already we have evidence that some of the best improvements in academic performance are being made in schools that have sport as a specialism. Through sport, children are learning valuable teamworking and leadership skills and a sense of fair play and integrity. All those are valuable qualities that future employers will want, and valuable qualities for life in general. Young people benefit greatly from a boost in their confidence and self-esteem, which is essential to personal relationships and to a sense of personal well-being.

It goes without saying that one of the most important benefits of sport is improved health. I am sure that all of us here could benefit from a little more exercise from time to time. One of my officials recently informed me that if I were to walk up the stairs to my office on the seventh floor of Sanctuary buildings once every day for a week, that would be equivalent to walking to the top of the "gherkin" building. I am trying to take that on as part of a new year's resolution. I am not sure what the answer would be in this building. We cannot all fit into the tower of Big Ben, but certainly there are many ways in which we can get more active in our lives. At a time when we face the unprecedented challenge in modern life of obesity, it is vital that we try to instil healthy habits in children and young people early on to get them in the habit of taking care of themselves and to get them to set their sights on achievable goals and becoming physically fit.

For many young people, participating in sport is extremely important. The Government have been working hard to try to extend those opportunities to more and more young people. I pay tribute to the hon. Members here for this debate, to previous Ministers and to everyone out in the country—the volunteers, teachers, school sports co-ordinators, coaches and so on—who is involved in trying to extend opportunities to more and more young people. That has been a key feature of the Government's policy over recent years, which has not always been recognised. We still hear in the media and read in the newspapers from time to time a debate that people will find is rather out of date if they go around the country and talk to people about sport, physical education and physical activity among our young people and in our schools.

Mr. Andy Reed (Loughborough) (Lab/Co-op): As my hon. Friend knows, one of the driving forces behind this has been the Youth Sport Trust, based in my constituency. The growth of the trust, with the backing of Sue Campbell and Sir John Beckwith, from being a very small charity turning over something like £1 million a year through the BT programme and others, to what it is now, a multi-hundred million pound programme that delivers sport across the country, probably encompasses exactly what he has been saying. I am sure that he would want to pass on his particular congratulations to the Youth Sport Trust for its work.

Kevin Brennan: Yes, there is no question but that one of our key partners in increasing the participation of young people in sport and particularly school sports has been the Youth Sport Trust. I shall refer later to what Sue Campbell has said about the development of PE in schools. I am very pleased to pay tribute to that organisation and the remarkable work that it is doing across the country, much of which I have seen in my time as Minister with responsibility for sport in the Department for Children, Schools and Families.

The Government have worked hard to extend opportunities. It is not always recognised in the debate out there that that has happened, but in reality a quiet revolution has been going on in recent years in school sport. For the world, 2008 is an Olympic year, but every recent year has been a tremendous year for school sport in this country. Ten years ago, direct investment in school sport was sadly lacking. A consensus has emerged that that was the case and that for too long, PE and school sport was left to languish. No schools officially specialised in sport at that time, and the facilities—the sports halls and gyms—in schools throughout the country were often housed in fairly shabby and dilapidated buildings.

Now—with £1.5 billion of investment over the past five years, with the support of our prestigious champions of sport, including Dame Kelly Holmes,

[Kevin Brennan]

and with a network of more than 450 school sport partnerships throughout the country—we have 438 specialist sports colleges and academies, which have much better, often state-of-the-art, equipment; we have introduced the first ever national strategy for PE and school sport; and, most importantly, we have had significant success in increasing the number of pupils doing at least two hours of PE and sport in a week in our schools. I am happy to say that the figure for that has risen to 86 per cent. We are confident that it will rise even further, but that 86 per cent. represents a breaching a year early of the target of 85 per cent. that we set for next year. That has been an extremely important development. Participation in at least two hours of PE and sport in schools is up by nearly 40 per cent. since 2003.

Those targets were ambitious but, as I said, we have surpassed them a year early and pupils are benefiting hugely from access to improved support, better facilities and increased choice in sport and PE in our schools. I do not know about other hon. Members here, but at the school that I went to—St. Alban's R.C. comprehensive school in Pontypool—the choice that we had in PE was rugby or rugby. Others may have had a similar experience. I should point out that that suited me fine, but obviously it may not have been everyone's cup of tea. There has been a transformation, a quiet revolution, in the variety of sports that are available to children and young people. They are offered sports that are much more appropriate to their individual needs and the variety of modern activities that are available. I shall say more about that later.

It is not only the Government saying that that has happened. Sue Campbell of the Youth Sport Trust, whom my hon. Friend the Member for Loughborough (Mr. Reed) mentioned, recently said:

"The national school sport strategy is the best thing to have happened to PE and sport for young people in this country in recent years. We are the only country in the world to have every school as part of a network of school sport partnerships...In the last few years, I have visited many countries around the world to exchange ideas about PE and sport provision, and wherever I go, they look on our provision with envy."

That is an important endorsement. In a meeting with Sue Campbell, she told me how she has even been out to Australia, to tell people there about the national school sports strategy that we have, and I think that we would all recognise the Australians' reputation as a significant sporting nation.

Mr. Paul Truswell (Pudsey) (Lab): My hon. Friend is quite right to extol the virtues of community sports colleges, two of which are in my constituency at St. Mary's high school and Priesthorpe high school. They have been an enormous success in terms of cascading their expertise out into surrounding schools. However, they consistently make two points to me. First, despite the comments that were made about facilities, there is still a dearth of facilities for some of the partnerships in a range of sports and there is a need to target investment to deal with that. Secondly, they tell me that, sometimes at local level, there is not sufficient co-ordination—there is not a single responsible group to co-ordinate the activities of these specialist sports colleges, the community sports clubs and the local authorities, which obviously have a key role to play, for example in pitch provision.

Kevin Brennan: My hon. Friend hits the nail on the head. That is why a strategy is required. One cannot rely just on the schools to join up all those important and different needs. A network of competition managers, for example, and school sports partnerships, must be put in place, and that is our intention. Also, there must be investment in order to provide the facilities. There is a need ever more for investment and we have listened carefully to what some of those sports academies and schools specialising in sport have told us. I am looking again to try to see what we can do about accelerating the refurbishment, replacement and renewal of the types of facilities that my hon. Friend is talking about. I hope that perhaps we will have something more to say about that in the near future.

In addition to what I was just saying about the Youth Sport Trust and Sue Campbell's endorsement, I had the great privilege of walking around the UK School games with Dame Kelly Holmes last summer and I saw the remarkable impact that she has on young people. I know about the remarkable work that she does, often with people who are not naturally motivated, particularly girls, to participate in sport. I pay tribute to her for the work that she does in that respect and also the work that she does as our national school sport champion. Referring to the strategy, she said:

"I am now at the start of my third year as National School Sport Champion, and in that short time I have been amazed at how far this country has come since the introduction of the national school sport strategy. Some of the young people that I have come into contact with in the last two years were in danger of going off the rails and dropping out of the system. Through sport, they are developing their self-esteem and self-confidence and are expanding their horizons."

So I think that there is justification for the claim that there has been a quiet revolution, and it is not justification that comes from the mouths of Ministers; it is actually out there, if one talks to people involved at the front line, including PE teachers, school sport co-ordinators and young people themselves who are involved in sport.

Increased participation in sport has also reached beyond the bounds of the school playing fields, which, of course, we are now protecting in a way that they have never been protected before. It is reaching into local communities, where sports clubs and facilities are springing up, organised by creative and committed volunteers. I recently went along to the new Wembley stadium to celebrate the 10th anniversary of the playing for success project, which I know many hon. Members have experienced in sports clubs in their own constituencies. I went there to open the new playing for success centre at Wembley stadium, which is a wonderful facility. Furthermore, that means that, for the first time in my 17 years in public life as a local authority member and a Member of Parliament, I now have a plaque somewhere with my name on it. The centre with the plaque in it is in Wembley stadium and, although it doubles as the coach drivers' common room when matches are on, I am still very proud of it.

The 10th anniversary of the playing for success project celebrated the project right across the country, which involves bringing learning centres into sports clubs; very often, it started with the Premiership, but

other football clubs, rugby clubs, even race courses and other sporting venues are now involved. It has used sport, if you like, as the magnet for young people who are perhaps underachieving in school in the basic skills, in literacy and numeracy, to bring them into another setting and the transformation that I have witnessed and heard about from teachers and young people themselves is very significant indeed.

I have visited a number of these projects around the country, not just the one at Wembley, since I was appointed to my current position. What always strikes me is the incredible commitment of the people running them; the importance of the partnership between local sports clubs and local schools and what that partnership can achieve; the passion for sport and learning of both the young people themselves and the people involved in teaching them, and also the impact that these projects have on the young people themselves.

I recently visited a project at Cambridge United, a football team that is no longer in the Football League although it is doing very well just outside it. I was really struck by what the teacher there told me about the impact that the playing for success project had had on the young people themselves, not just in terms of the improvement in their literacy and numeracy skills but in terms of the improvement in their attitude, their behaviour and attendance at school at quite a crucial time in their school career, in that transitional period between primary and secondary school. So that type of state of the art resource, in an inspiring sporting location with the learning materials that young people can relate to, is not only improving attainment but bringing improvements in behaviour and attendance.

Last summer, the Prime Minister announced £100 million of additional funding that will see not only all five to 16-year-olds benefiting from the two hours of quality PE and sport each week at school as part of the curriculum but all five to 19-year-olds being able to access a further three hours of sport outside of school time during the week. That scheme will include over-16s who are in employment or training as well as those who are still at school.

That is the next tremendous challenge for us. I recently met Sue Campbell of the Youth Sport Trust and we were discussing how we were going to meet that challenge, and I also recently attended a meeting with all the governing bodies of the various sports associations, along with the Secretary of State for Culture, Media and Sport, where we discussed how we will make that offer a reality.

Building on the successful national strategy for PE and sport, the additional funding will provide sporting provision outside school; widen access for disabled children, and extend our existing school sports partnerships into the further education sector. It will also provide children and young people with more opportunities to be trained by qualified sports coaches and to take part in competitive sport.

If I may say so, we all know what the value of healthy competition is; I suppose that all of us in politics understand the value of healthy competition. More than a third of pupils are now participating in inter-school sporting competitions, but we must raise that number even further. That is why we are setting up a network of 225 competitive sports leaders who will help schools to organise new competitions between schools. I am delighted to be able to tell the House today that we have met early our interim target to have 90 competitive sports leaders in place by the end of the month and we are working towards having that network complete by the end of January next year.

To inspire more young people to explore new options and challenge themselves to great heights, we will also have a national school sports week and we will recruit more coaches in schools and in the community who can help to offer expert training advice to aspiring athletes.

I have already mentioned the success of the UK School games, which I attended last August in Coventry. This year, the games will be held in Bristol and Bath, in the west country, and the following year, completing the mainland Great Britain trio of venues, it will take place in Cardiff; I am happy to say that the athletics event will be taking place in my own constituency. It is an event that provides additional motivation to budding athletes and it is a multi-sport event, which is very important. Anyone who has been to the UK School games will realise just what a huge event it is now becoming. It is akin in size to the Commonwealth games—a multi-sport event for school children from across the United Kingdom, with fantastic facilities, which mirrors the kind of provisions that we see in international sporting events. In that sense, we can be very proud of it. It will be a tremendous lead-up to the Olympics in 2012. We have already seen much success, and we want to see it replicated at every level and in every school, although perhaps not on such a grand scale.

Offering less traditional sports will be an important part of raising participation. Many people do not necessarily see themselves as sporting. About a quarter of youngsters will participate in any sport put before them, about half will get involved with a bit of encouragement, and the other quarter or so will need a lot of additional attention and help to get them involved in sport and physical activities.

Some may be put off by the idea of track running, hockey or football, but they might participate more readily in cycling or golf, going to the gym or becoming involved in some of the newer street sports. I have had the pleasure of meeting Darren Campbell several times in the course of my duties, and I know that he and others like him are very keen to promote that.

Increasingly, schools are offering more of the less traditional sports to pupils. I would like to see more of that throughout the country, extending to club and community provision. We need to think about the potential contribution of sport and exercise in the widest possible sense, and not as an afterthought or restricted to traditional activities.

Getting young people involved in activities such as cycling is also of great value in promoting habits that are environmentally friendly and that do not place a strain on our environmental resources. Schools should think about the environmental implications in their planning—for example, for green gyms, cycling routes and so on.

It will be a challenge, but widening the sporting opportunities available for young people even further is crucial to extending participation. Sport England and the Youth Sport Trust are valuable partners and are geared up to work with us towards that objective.

Mr. Truswell: A few moments ago, the Minister mentioned the importance of coaching. Does he share my view, gleaned as a parent and a sport fanatic, that coaches can be important as a catalyst for engaging and enthusing young people in sport irrespective of their level of ability. I give an example. The Aire-Wharfe cricket league in my area has been very successful in developing a girls' cricket section, many of whose participants play with their male peers in the under-15 matches. Much of that has been generated through a dedicated and enthusiastic female coach, who has been able to engage girls at school in the sport, through quick cricket and other means, and get them involved. What are the Government doing to ensure that we continue to make that sort of coaching provision available to schools, possibly through community sport clubs and other organisations?

Mr. Mike Hancock (in the Chair): That was amazingly close to a speech.

Mr. Truswell: I apologise, Mr. Hancock.

Kevin Brennan: I thank you, Mr. Hancock, for giving us appropriate coaching on procedure.

We have met our target to establish 3,000 community sports coaching posts; it was to have been achieved by the end of 2006. It is a significant achievement; 17 sports have been endorsed to deliver UK coaching certificate qualifications at one or more levels, with more to follow. We have developed a network of coach development officers across the country. The coaching project is transforming coaching in the UK by creating real step changes in the recruitment, education, employment and deployment of coaches. Over the past few years, the Department for Culture, Media and Sport and my Department have invested more than £60 million implementing the key recommendations of the coaching task force. My hon. Friend is right, and coaching remains a key part of our strategy.

As well as school teams and structured activities, it is important to allow young people to explore games, and to become involved in less structured activities such as pick-up games in the park, playing basketball or even knocking a ball around in the local park. However, they need safe places to do so. I know that that is a major concern among hon. Members, but particularly so for the parents of younger children, who want safe places for their children to play.

I have said before that we want to see a generation of free-range organic children, not battery-farmed kids who are kept at home and never allowed out. Young people themselves consistently tell us that they want more places to go, better facilities, better youth clubs and open spaces where they can skateboard, play football or whatever.

As well as encouraging good health and cultivating skills for later life, sport and physical activity is also a great social institution. We need to invest in it if the next generation is to form a nation of participants rather than spectators. That is why, in the children's plan, published at the end of December last year, we committed £225 million of investment to provide safe places for children to play and to pursue outdoor physical activities, often with supervision by trained staff in certain areas. We committed a further £160 million, in addition to the £60 million announced in "Aiming High", to improving youth facilities. Last month, my colleague Beverley Hughes, who is in charge of our youth strategy, allocated a £420 million fund for the continuation and expansion of the positive activities in the young people's programme and in the youth opportunity and youth capital funds, which will provide yet more places to go and things to do for young people throughout the country.

Being involved in sport does not always mean participating directly. Sport is the lifeblood of our voluntary sector; nearly 2 million volunteers give at least an hour a week to sport, and sustain more than 100,000 affiliated clubs, serving more than 8 million members. The sporting sector makes the single biggest contribution to total voluntary effort in the country.

In the 2012 Olympics, there will be a great many roles behind the scenes, as well as in the arena. It will be an exciting time for the UK and for our younger generation, whose talent will come under the international sport spotlight. Preparations have already started, and last week the second national talent orientation camp concluded, which gave young athletes the chance to learn what it takes to compete at the highest level. My colleague Jim Knight has been discussing with the regions how the structure of planned opportunities such as the Olympics can reflect local creativity and imagination.

I do not know whether other hon. Members have met any of the young people in our network of young ambassadors, but they have been acting as role models to inspire other young people and to help promote opportunities in schools in connection with the Olympic games. I have attended events with them, including a recent one sponsored by Sky; those young people are admirable and impressive and are doing a wonderful job in mentoring others.

In this Olympic year, we must fix our sights on the next Olympics in 2012. We must try to increase young people's enthusiasm and ability to participate in sport and give every young person the opportunity to go for gold—and not only the talented young athletes in the Olympic arena. Britain has a proud sporting legacy. Before Sir Steven Redgrave, the greatest British Olympian ever, we had Paul Radmilovic, from Cardiff. He won four Olympic gold medals before and just after the first world war. He would have one even more had not the great war intervened. He won in the sports of swimming and water polo.

We have a great sporting tradition. I have every confidence that it will be continued by the next generation, partly because of the policies that the Government are following. I am proud of our record, and of the quiet revolution that we have started, which is transforming school sport for the better.

Mr. Mike Hancock (in the Chair): We in the House have traditions, too, Mr. Brennan, and the Chairman of Ways and Means would not forgive me if I did not remind your staff that even when Ministers are talking about colleagues, they should be addressed by constituency or title and not by name. But you did it only twice; a third would get a gold metal.

2.58 pm

Mr. Andy Reed (Loughborough) (Lab/Co-op): I appreciate being given the opportunity to participate briefly in the debate. I usually find myself squeezed in at the end of debates and have to rush what I want to say, so in many respects, it is pleasure to follow my hon. Friend the Minister. [HON. MEMBERS: "Pace yourself."] I will have to pace myself. I want to make similar points today to those that I made last week in the debate on obesity, but I had to be squeezed in on that occasion.

My hon. Friend rightly said that, as individuals, Members know that we need to keep fit, particularly in this post-Christmas period. Inquiries for gym membership rocket in this early part of the year, and everybody has the sense that they need to be doing something. By February, however, that has all gone. My hon. Friend said that he wishes to do even more, but turning those who are willing into genuine participants is difficult. That is part of what today's debate is about. It is about setting up the structures, ensuring that the investment is there and talking about coaches, facilities and volunteers.

An important area, in which we need to do a lot more research, is changing social behaviour. A big time factor is involved in helping individuals to change their entire behaviour and their work-life balance, as opposed to just setting up the structures. Setting up structures that meet people's modern and daily lives is one of our challenges. These days, 65 per cent. of people work an atypical working week. A minority, rather than the majority, now work the nine-to-five working week.

As my hon. Friend knows, I regularly play rugby. I will be playing a game tomorrow. We will have the traditional 2.30 kick-off, because it is the middle of the winter and we do not have floodlights. If we do not kick off then, it is dark by the end of the game. In many cases, that probably would make no difference to the standard of play. In fact, our standard might actually be better. Like many junior clubs, we have struggled. Over the 25 years that I have been playing, we have regularly turned out three teams. Of course, people now work on a Saturday morning as well as during the week. The idea of being able to commit to every Saturday afternoon—I am as bad as everybody else—from September to May is no longer a reality for many people. There are those who are really committed and have understanding families and partners who allow that to happen, but the reality for many people is that 3 o'clock on a Saturday afternoon is an increasingly difficult time. The national governing bodies and others are reacting to that situation, but they have to think in a wider perspective about what they do.

My hon. Friend talks about the quiet revolution, and it is worth setting the scene: about seven years ago, school sport had fallen to a really low point. We can be reasonably happy with the progress that we have made in the past decade. The Government got off to a slow start. They did not take the matter seriously enough for the first two or three years. It is only in the last few years that we have started to make up the lost ground. However, we must not be complacent; there is always more to do.

The five-hour offer is welcome, but it is a massive stretch target and will be difficult to achieve. Success comes down to the balance of sport that is being offered inside and outside the curriculum. We understand that from the way people's lives work. That is the situation in my experience. My son is reasonably keen on sport—he does not have any choice from my perspective—and many of the activities that he undertakes occur outside school hours. That works fine for us, but it does not necessarily work for everybody, particularly if the sporting facilities are not available locally.

Returning to the vital subject of coaching, it is about getting coaches to people rather than getting people to facilities. In that way, we will change the mindset. It is important to recognise where we have come from. The national school sport strategy has transformed the way in which school sport works. It is also important not to eulogise countries such as Australia. As my hon. Friend said, Australians are now looking at how we are developing school sport. A great myth exists that, somehow, every other country has got it right and we have got it wrong: Actually, as my hon. Friend knows, obesity is increasing in Australia at equal if not faster rates than in the UK. The Australians are very good at supporting their elite level. If someone is reasonably good at a particular sport, they will be fast-tracked and given every opportunity to compete for their country. Australia loves to win gold medals and championships. Ironically, though, for every £1 we spend at elite level, Australia spends £7. Yet the other way round, at school sport level, for every £7 that we spend, Australia only spends £1. From a national perspective, it looks good to win gold medals, but it does not necessarily help to increase participation locally. Australian participation rates are slightly better than ours because of the enthusiasm for sport, the climate and a number of other factors. However, we have got our strategies and delivery largely right at school level. I think that, by 2010 and 2015, we will be pretty satisfied with what we have achieved.

My hon. Friend is also right when he says that changes are taking place in traditional areas. His school was rather limited in its choice of sport. At least we had rugby and football during the winter, and then athletics and cricket during the summer, so we had four activities to choose from. From what I understand, there is now an average of 21 sporting opportunities available in each of the school co-ordinated areas. That is important because we have seen a decline in traditional sport. Many people want to take part in other activities. That is important if we are going to extend the core of people doing sport.

My hon. Friend said that 25 to 30 per cent. of people will always do sport. They are mad keen and will always do it whatever they are offered. There is then 40 to 50 per cent. in the middle who, given the right opportunities, will participate, and then find that it becomes habit forming. Those people might take up activities such as skateboarding, rock climbing, walking, dancing or aerobics. It is the other core that I worry about, and I am sure that Sue Campbell has raised that matter with my hon. Friend as well.

We call the last 10 to 15 per cent. of people the hard-to-reach group. In a recent presentation from the National Institute for Health and Clinical Excellence, I heard one of the chief medical officers say, "We find them hard to reach, but quite often drug dealers, alcohol advertisers and others don't." There is obviously a disconnect between us and that group, but

[Mr. Andy Reed]

not with other people in society. However, they are not always such people. They can also be young Asian girls who have cultural barriers to participating in the sport that is provided en masse in school. Also children with special needs and learning difficulties are still poorly catered for in many areas. The Youth Sport Trust would be the first to admit that more work needs to be done in that respect.

We need to make more special interventions at that level, so that we can make an impact on those people who have not been given the opportunities that they want. We can deliver on that 25 to 30 per cent. who always want to do sport for its own sake. We need to do a lot more in building up the school-club link. By 2010, we will have driven up our participation rates—probably 85 per cent. of people will be doing up to five hours of sport a week—but what happens when they leave school? Are the clubs ready to take on that level of participation? At the moment, I do not think that they are.

The other group that is a worry is young girls, for whom the fall in participation rates starts much earlier. There is a dip at about 12, 13 and 14. Some 70 per cent. of girls at that age drop out of sport. Therefore, we need to take another look at how on earth we can respond with activities that will attract young girls to stay. As my hon. Friend knows, most of the research shows that it would not take an enormous change. We need to see a slight change in attitude and to address the barriers that some girls may face. For example, we need to look at the type of activity that is offered, the changing facilities and what they are asked to wear. Those minor issues represent small barriers to what they do. In every other walk of life, there are examples of best practice in which schools and others have responded to those challenges. They have offered girls all the things that are required to remove those barriers, and participation rates then increase. We need to roll out that best practice right across the country, rather than writing about it and shelving what we have written somewhere in the Department. That could make an enormous difference to obesity among girls.

Tom Brake (Carshalton and Wallington) (LD): Before the hon. Gentleman moves on, will he not agree that young women may be put off sport because the right activity has not been identified and because of the experiences that they may have with the coach? Very often, it could be a case of finding another coach to teach the same sport or identifying an alternative sport that they would feel comfortable with.

Mr. Reed: The hon. Gentleman is entirely right. There is an array of reasons why people do not participate in the first place. When they do participate, they are quite often put off. That is why professional coaching is crucial. The coach will understand the group or the individual that they are working with, and they will be as professional as they can be. At elite level, that will mean working with a national team. However, working with a group of young girls requires a specific set of skills.

My hon. Friend's comments about role models also relate to the media. A really positive role model can make an enormous difference, and Dame Kelly Holmes is a perfect example. However, our national media promote so few role models, and we do not read about them or see them often enough. Yesterday, I joined the Morgan inquiry, which is looking at youth volunteering, and the point made by young people and particularly—I hate this term—the hard-to-reach groups is that they want to see people like them, rather than just elite athletes, volunteering and participating in sport. In that respect, Dame Kelly's story and where she came from are important, and people need to see more role models, so that they can relate to sport and so that sport is not just on the back pages of our newspapers or just about the glamour of football. Lots more is going on that is much more important to people.

Everything comes back to three elements, one of which is coaching, and I have changed my mind about it over the years. The enormous amount that we have spent on facilities has not been successful. Although lots of national lottery money—about £1.5 billion—has gone into facilities, participation rates have not necessarily increased as a result. I should therefore like the figures in the coaching strategy to double or treble from 3,000 to nearer 10,000, because that is where we will make the difference.

The facilities will then need to follow, because what people will put up with has changed, although it does not always feel like that: in some of the rugby club changing rooms that I change in on Saturday afternoons, I am lucky to have cold water at all, let alone a hot shower to get the three inches of mud off my legs. However, people's expectations have rightly changed. The David Lloyd centres and others have moved gyms and changing rooms up a notch, and even local authorities have had to respond. Clearly, however, it is difficult for everybody across the board to raise their game at the same time.

As I said, therefore, we need the coaches and the facilities. However, we also need the volunteers, and this is where I declare my interest as the chair of the National Strategic Partnership For Volunteering In Sport. My hon. Friend rightly acknowledged that the biggest group of volunteers are sports volunteers, and 26 per cent. of all volunteers volunteer in sport. They do not necessarily regard themselves as volunteers, but as helpers who are helping out, but they are the vital cog that enables our grass-roots sport to function day in, day out. As somebody who brings in the post pads at the end of the game and organises things, I know that we can all make an enormous contribution by doing just a little, rather than leaving things to the club secretary and everybody else. We must get those things right; we must increase the number of coaches and continue to invest in facilities. That is why my hon. Friend's work on building schools for the future is vital.

We need to ensure that the once-in-a-lifetime opportunity that we have to provide facilities is not lost. Many of our facilities are very good—they are fantastic for school sport—but if they are to make a real contribution in terms of contiguity, we must ensure that they are also good for community use. One criticism that I have heard of some of the early designs of facilities—I hope that the problems have now been ironed out—is that they are great for school sport, but that they will have to facilitate community use, too, if we are to use them post-school. Just adding a couple of

badminton courts is not good enough, and that goes back to the need to have not only coaches, but suitable facilities that are comparable to those in the private sector.

The debate is entitled "Participation in Sport", which is an important subject, but it needs to be linked to the definition of our requirements in terms of core physical activity. I will have to stop playing rugby at some stage; indeed, my wife wanted me to stop 10 years ago, so I will have to stop. However, I want to continue doing something that at least helps me to do the four or five activities a week and the 30 minutes of moderate activity that the chief medical officer says that we require. Doing an activity five times a week is sometimes difficult, however, even in this job. People therefore require the right mindset and they need to make doing an activity a priority, but it is not possible for everyone to do so.

At the heart of the issue is the need for genuine joined-up thinking to respond to the potential epidemic that faces us. If we do nothing now, 50 per cent. of women and 65 per cent. of men will be clinically obese by 2050. We cannot let that happen, and that will require not only an enormous response from the Minister's Department, which has made the initial change in terms of education, but an effort on the part of other Departments to step up their game and to take the opportunity to focus on sport presented by the changes taking place in Sport England. I hope that my hon. Friend will use his ministerial influence to ensure that that happens.

In particular, we require local government and the Department of Health to be the drivers of the physical activity agenda locally. For years, I have been advocating that Sport England should concentrate on doing what it says on the tin and focus on sport, which it can do really well, but now is not the time to let the physical activity agenda slip through the net. As I said, I believe that the Department has got things right. We will be churning out youngsters who have formed the right habits and who want to participate in sport or physical activity. However, we must be ready out there in the community to pick them up, because if we are not, they will be lost.

We know how easy it is to give up once we have stopped. I have found it difficult to make up for the December excesses in this place and for family breaks, and the first two weeks in the gym have been really tough. I have been measuring my performance every day, and I can assure my hon. Friend that it always takes twice as long when people get to my age to undo the harm that they have done in the month before. Part of the problem for those who stop doing physical activity is that the first steps back are very difficult, and we need to ensure that primary care trusts and local government offer a set of activities that meet the needs of such people. If we do not do that, 50 per cent. of the country's people will become obese, and we cannot afford that.

As I said in the debate last week, we often think that obesity will kill the next generation, but the people from NICE told us in a recent presentation that obesity is actually a really inefficient killer. All that it does is make us really unwell for a long time and make us an enormous burden not only to ourselves, but to the rest of society. Obesity is one of the greatest health challenges that we face, and we must design different ways of working in local government and planning terms to redesign the way that we live our lives. We have heard all that before, and as my hon. Friend said, we should take the stairs, not the lift when we walk into a tall building. All too often, however, they are the ugly bits tucked around the back as a fire escape, but they should be the central features in the way that the glamorous lifts are, and we should always know that they are there. That is a minor change, but it is a change in perception and in the way in which we respond to these issues.

We face an enormous challenge, but we have come a long way, and if I were asked whether I would prefer to be where we were 10 years ago, the answer would be no. We have come an enormous way, and I am pretty pleased with what we have done, but there is a lot more to do. The 2012 Olympics give us a golden opportunity to inspire a generation, and anyone who talks to schoolchildren, as I am sure that hon. Members do, will know that they are inspired by 2012, which has given them a new hope and a vision. However, we still need some clarity about how we turn that enthusiasm and focus on 2012 into genuine, increasing mass participation in sport at grass-roots level.

As the chair of a county sports partnership, I can come up with lots of ideas, but there will be no money to deliver them, so we are talking more about using the Olympic dream to gold-plate all the things that we have. We can do that, but we need to be realistic about how we might deliver things if we do not have extra resources. There might be some underachievement in respect of the most important issue to come out of the games: increasing grass-roots participation in sport.

There are lots of challenges, and I honestly believe that my hon. Friend the Minister is up to them. I have worked with him in the past, and he is one of those Ministers who actually gets what he is supposed to be doing, so we do not need to convince him that sport is good. To go back to the point raised by the hon. Member for Carshalton and Wallington (Tom Brake) about our experiences, people have all too often hated cross-country running and have decided to take it out on sport for the rest of their lives. However, I have seen the Minister playing in the parliamentary rugby team, and he is certainly full-on and gives it his all. I hope that in responding to some of the points that have been raised, he will not rest on his laurels, but make this golden opportunity to increase sports participation a reality.

Mr. Mike Hancock (in the Chair): I thank the hon. Gentleman for a very thoughtful contribution. May I just offer him a bit of advice as somebody who was daft enough to play rugby until he was in his 40s? If he is having to scrape three inches of mud off his face, get rid of the ball earlier.

3.19 pm

Tom Brake (Carshalton and Wallington) (LD): Let me start by saying what a pleasure it is to have with us a Minister who knows what he is talking about.

I shall set out some of the background and follow on from what the hon. Member for Loughborough (Mr. Reed) said about obesity by giving some statistics.

[Tom Brake]

Currently, it is estimated that obesity costs the UK £1 billion a year, and the amount is projected to rise to £45 billion by 2050. A 2007 report suggests that on current trends about 60 per cent. of men, 50 per cent. of women and 25 per cent. of children in the UK will be obese by 2050. As hon. Members will know, there has been a steady and alarming rise in the number of children aged as young as two to 10 who are obese, from 9.9 per cent. in 1995 to 13.4 per cent. in 2004. As to the split between girls and boys, one fifth of boys are expected to be obese by 2020 and one third of girls by the same date. Girls are clearly at much greater risk of obesity than boys. There are many other statistics on obesity, which will I think cause all hon. Members present today to be concerned about the importance of tackling the issue. There are other statistics that provide useful background, to which we should respond.

Both the hon. Member for Loughborough and the Minister raised the question of what happens at the point when children stop participating—when they leave school and stop school sport. Do they continue with it thereafter? Unfortunately, seven in 10 children drop out of sport after leaving school.

I agree with what the Minister said about improvements in school sport. I do not intend to go over the same ground, but the progress being made in secondary schools is slower than progress in primary schools. We are, of course, an increasingly sedentary society. The two hours a week of PE in primary schools are welcome, but unfortunately probably all children, almost without exception, spend a lot more than two hours a week sitting in front of the telly, playing computer games or doing things that are completely inactive beyond moving a computer mouse.

For reasons of obesity and mental health, we need to do something to increase participation in sport. There is increasing evidence that mental health issues can to an extent be addressed by participation in sport, giving people a feeling of well-being. However, it is obvious that tackling obesity is not the only reason for extending participation in sport. We should extend it for the reasons set out by the hon. Member for Loughborough. We have heard that he and the Minister play rugby. I take part in sport fairly regularly; we all get enjoyment out from sport, which is another very good reason to extend participation in it.

What are the Government doing, and how are they responding to the challenge? So far, there is one event, with which we are all familiar—the Olympics in 2012—securing which was probably the biggest thing the Government could have done to increase participation in sport, certainly in the run-up period. However, as the Minister knows, the legacy after the games presents a challenge, because even in Sydney, where the games had such a high profile and such success, there was no legacy of participation. That is probably the biggest challenge for the Government.

It should be possible to secure such a legacy. Children are now hearing about the Olympics and being told about them by their PE teachers and when they go to sports clubs. Some are not of an age to be participants in the 2012 Olympics—such as my six-year-old son, who does gymnastics, and will clearly not, without dramatic improvement, be taking part in the 2012 games; but he is certainly aware of them and may feel that he wants to take part in the 2016 or 2020 Olympics. I hasten to add that I am not one of those pushy parents who stand on the sidelines shouting and pushing their children on. We should be looking beyond the 2012 horizon, because children in particular will already be thinking about the Olympics beyond 2012.

An area in which I am afraid the Government's performance is not as good is the general encouragement of people to participate in exercise of one kind or another. I am thinking of the 2 million more people target, and public service agreement target 3, which is to increase the number of people who participate in active sports. It will be interesting to see—I do not know whether the Minister is already in a position to give us more information—how the switch in responsibilities with respect to Sport England will work: how its focus on elite athletes will work and, more important for the general health of the nation, how the Department of Health will pick up and run with its responsibilities for increasing physical exercise. It was not clear that a handover process had been embarked on before the change was made. If there was a handover, and clear plans were in place, I hope that the Minister will give us an outline today, and explain how the Department of Health will deal with its responsibilities.

What do we need to do to increase participation in sport, improve the UK's sports performance, and reduce the incidence of obesity? Schools are one starting place. The Minister has referred to playing fields. In questions a few weeks ago I raised a possible loophole, and afterwards in the Lobby the Minister informally confirmed that there was an issue. The loophole concerns instances when a playing field site is bought, after which the developer sits on it for five years and does nothing with it. After five years, according to Sport England, its right to be a statutory consultee no longer exists, because the playing field has not been used for five years or more. There are apparently several examples of sites in London that have been left with weeds growing on them, because the developer knows that after five years it will be easier to convert them to some other more attractive use. I do not think that the Minister has responded to me on that yet, but perhaps the matter could be pursued, to see whether the loophole, if it indeed exists, can be closed.

Hugh Robertson (Faversham and Mid-Kent) (Con): I think I can help the hon. Gentleman. He is absolutely right. Something comparable applies to ordinary developments: if someone puts up an illegal development at the back of their house and it is left for five years, they acquire the right to have it there. By the same token, if a developer buys a playing field and holds it for five years, it loses its status as a playing field and becomes a brownfield site, which can be developed.

Interestingly enough, the England and Wales Cricket Board told me yesterday about another relevant area that is becoming a problem, although it is not something that one would blame the Government for—indeed, quite the reverse. An increasing number of companies that used to have sports fields at the back of their buildings are now closing them down. The board

thinks that for cricket, which clearly needs investment in pitches, that is as big a problem as the loss of playing fields was 10 years ago.

Tom Brake: I thank the hon. Gentleman for that helpful intervention, and I hope that it will help the Minister respond. Clearly there is an issue, and I have been told of examples in which perhaps half the playing field has been fenced off and is now out of use, specifically so that at some point in the future, five years hence, it can be developed.

Specialist teachers are also relevant. In primary schools there is a need for input from qualified PE teachers. That may be true at secondary level, but if we want children at primary school to engage effectively with sport, the type of activity I have witnessed my children getting involved in at primary school is not challenging them from a sporting point of view. That may be because of training levels and the abilities of form teachers to do things that would challenge primary school children more. The question needs to be considered, as does the capacity to offer alternatives. We have heard that the Minister had the choice of rugby or rugby at school. If for girls the choice is netball or netball, lots of children will miss sporting opportunities, and will grow up thinking "Sport is not for me," whereas actually they were not offered an alternative.

I would like to hear whether the Minister has any ideas about how to strengthen links with local clubs to ensure that if a school itself cannot offer sporting opportunities it can do so through local community clubs, which would widen children's opportunities. Throwing money at the provision of facilities is not always the solution. Interestingly, the UK Paralympics team does exceedingly well, yet it uses the same facilities as our other athletes who do not do nearly as well. Clearly, something about the way in which the Paralympic athletes are organised is different and delivers the goods. Mainstream athletics is obviously organised differently, because those athletes use the same facilities.

The provision of facilities at local level, however, remains an issue. I welcome the Government's heavy investment in education; the previous Prime Minister said, "Education, education, education", and we said, "1p on income tax". We scrapped that idea because the Government made the necessary investment. However, pockets of difficulty remain. For example, Wallington county grammar, in my constituency, does not have a sports hall. Clearly, the local authority, which has many other financial demands on it from other schools to provide other facilities, has not managed to put the sports hall at the top of its list. The school is struggling with facilities that are barely adequate—they were barely adequate when built 30 or 40 years ago. In some schools, issues remain over the provision of facilities.

We need to consider after-school provision, whether for children at school or for those who have left school and want to continue their involvement in sports, as well as voluntary community sports clubs. The hon. Member for Loughborough was right to sing the praises of the volunteers who ensure that those clubs can operate. When volunteers are mentioned, some people—I might be guilty of this—tend to think of people who work at the citizens advice bureau or in the Marie Curie shop. However, they also support the local sports clubs in which we need to invest.

I am sure that the Minister received the briefing from the Central Council of Physical Recreation on one voice for sport and recreation, which highlighted the need to invest in community sport. I shall mention a couple of clubs in my constituency. The first is the Sutton School of Gymnastics, in which I declare an interest, because my son goes there. It is struggling with facilities based in a school that needs to use its sports hall for normal school activities, which do not involve gymnastics. Before each session, people have to roll out the equipment and then put it away again at the end. Like the hon. Member for Loughborough, I try to do my bit. I put in my diary once a month that I will help to pack the equipment away, because it is quite a laborious process. The equipment is very heavy and the number of mats used means that a lot of effort is involved.

The club is in need of investment, yet it delivers some of the best athletes and gymnasts in the UK. Ross Brewer, who regularly wins gold medals in competitions in the UK and beyond, trains at the club, but is trying to cope with facilities that are barely adequate.

The second club is Roundshaw Colts, a successful football club for youngsters on the Roundshaw estate and the surrounding area—one of the most deprived estates in my constituency. However, the club is struggling to find funds to provide a new pavilion so that the youngsters can change in a proper environment. Funding remains a problem, therefore, particularly for community and voluntary sports clubs.

I want to raise the specific matter of athletes with disabilities and, in particular, those with learning disabilities. Medals tables suggest that our disabled athletes and Paralympic athletes perform reasonably well. The facilities might not be everything that they want, but clearly there is support. I am very lucky in having David Weir in my constituency; he is one of the country's best wheelchair athletes and regularly wins medals for our country. However, as the Minister will know, for the past eight years, since the Sydney Paralympic games, there has been an ongoing issue over athletes with learning disabilities, owing to the regrettable antics of the Spanish basketball team, who posed as athletes with learning disabilities. Since then, all athletes with learning or intellectual disabilities have been barred from participating in international events and from receiving funding from national sources—all because of the controversy that arose as a result of that incident.

I understand that the British Paralympic Association raised the issue in the International Paralympic Committee and, I think, secured a motion that will, we hope, ensure that by 2009 the matter will be resolved. If the resolution comes after 2009, realistically, our athletes with learning and intellectual disabilities will not be able to participate in the 2012 Olympics—or at least they will not be able to participate with their best chance of winning.

I was briefed by an athlete who came with his father to see me. He is a regular gold medal winner, but he can continue participating only because his parents are willing to fund his activities. He has the necessary level of personal commitment to his sport so he continues to be motivated, but he knows that even though he is one of the best in the country he will not be able to participate in the 2012 Olympics because that matter has not been resolved. I hope that the Minister will say something about what the Government can do to

[Tom Brake]

ensure that it is brought to a conclusion, so that funding can be released for athletes through the usual channels and they can receive training from paid coaches.

Learning disabilities are one of the biggest issues relating to the extension of participation in sport. A substantial number of people are affected. I was told that a significant percentage of the children not participating in sport have learning disabilities. We need to address that.

Young people need to be able to see their idols in action in the flesh. I am talking in particular about premier league football matches. My hon. Friend the Member for Bath (Mr. Foster) has been raising the issue of ticket prices for premier league matches for months, if not years. The price of a ticket to a premier league football match is about four or five times the equivalent price for a club of similar standing in another European country. One could speculate as to why that is: perhaps because UK clubs that are also businesses derive a lot of their revenue from other sources and are not quite as dependent on spectators going to see their favourite footballers in action. If we want young people to see players in the flesh, winning and scoring goals, to motivate them to get on to the pitch and perform in a similar fashion, we must do something about that situation.

I accept that the issue is outside the Government's remit, but they can take action in some respects, to which I shall refer later. Premier league clubs are fortunate: they have lots of cash and they can invest in new stadiums. Some clubs, such as Portsmouth, are not in a position to invest in a new stadium, or they are struggling; other clubs, such as Arsenal, do not face the same challenges. If we want young people to attend those events, we must address the cost of tickets. The clubs will say, "We have schemes in place, and there are discounted tickets for children under the age of 16." However, even with those tickets, the children will have to go into the family enclosure with an adult, so someone will still need to pay four or five times the price of an equivalent ticket if they were to attend a similar football match in Barcelona or elsewhere in Europe. I am told that if one does the calculation, one can actually fly to Barcelona, watch a match and come back for less than it costs to attend a match at one of our premier league clubs. There is something ludicrous about that, particularly if we want children to grow up seeing their favourite footballers in action and wanting to emulate them on the football pitch.

I hope that the Minister will find a way for the Government, and if not them, the Office of Fair Trading, to examine whether consumers get value for money. A reasonable point was put to me recently. If Members want to go and see Manchester United play, they have only one place to go, and only one club to see—Manchester United. If they are a dedicated follower of Manchester United, they will not want to watch, for instance, Newcastle, Arsenal, or Chelsea; they will want to see Manchester United. To a certain extent, therefore, Manchester United has a monopoly over its ticket prices, and I shall be asking the OFT to examine whether a monopoly is operating against the interests of consumers who want to go and watch football matches, and whether it or the Football Association, which somewhere hidden away in the detail has responsibility for ensuring that football clubs are football clubs, as opposed to businesses, can take any action to ensure that prices for attending a premier league match are more affordable for the people we want attending them so that they can see players in the flesh, rather than watching the match stuck in front of the telly.

Mr. Hancock, I have made a suitable reference both to Portsmouth, which I hope you will find to your satisfaction, and to the importance of the club's securing a new stadium. The debate has been important—much more important than its attendance suggests. We must do all we can to support sport in the UK at all levels, including schools and community clubs, at all ages, whether for young or older people, and for many reasons, whether health, well-being, mental health, or simply to win. We must maintain the broad consensus that operates on sport—although sometimes, particularly on the Olympics, there are some strains—because sport makes us feel good, it is inclusive, it breaks down barriers and it is worth every penny that is spent on it, and more.

3.44 pm

Hugh Robertson (Faversham and Mid-Kent) (Con): I entirely endorse the remarks of the hon. Member for Carshalton and Wallington (Tom Brake). Although the debate has not exactly been full to bursting, it has been interesting. It is a crucial subject, but the sadness is that such debates always seem to take place on a Thursday afternoon, and people's attention is often elsewhere.

This has been a thought-provoking and intelligent debate, and I very much welcome the Minister's opening remarks. The hon. Member for Loughborough (Mr. Reed) and I attend a fair number of these debates each year, and I am often taken by the fact that with sport, the battle is not between different ideas, from left to right on the political spectrum, about how it should be run, but between those who believe in sport as a means to achieve a range of Government objectives, and many difficult people who still do not. The battle for those of us who believe in sport as a way to enrich young people's lives, and to achieve a better balance, and a healthier and better integrated nation, is to get all the people who either do not believe it, or are unwilling to use sport to achieve it, to see the benefits that it brings.

I always enjoy the hon. Gentleman's contributions, and I really must go and watch one of his rugby matches. He is absolutely right to talk about the 2012 challenge and the challenges of increasing participation. We heard an excellent contribution, too, from the hon. Member for Carshalton and Wallington. He is right to highlight the facilities issue, which is a planning problem rather than anything else, and probably difficult to get around. He also made some powerful points about people with learning difficulties.

It is often said that being in opposition has little going for it apart from the chance to get out, visit people and listen to what is going on, but in the two years or so that I have been doing this job, I have been lucky enough to visit not only a great deal of schools in this country, but 18 months ago Australia, as a guest of

the Australian Government on one of their exchange programmes to see the schemes that they run. Hon Members are right that the Australians have not solved the problem, but they recognise that. It is rather bizarre to think of obese Australians, but obesity is a huge problem, and they tackle it by introducing innovative programmes in their primary schools.

We went to have a look at an organisation called the Bluearth Institute. I do not know whether the Minister has come across it, but it is a Melbourne-based charity that seeks to teach children physical literacy without necessarily using sport. Its staff play a lot of games in the playground, teaching children to hop, move, run backwards and forwards, jump and skip, so that the basics of physical literacy are built at that stage. The Australian objective is to try to do so between the ages of seven and 11, teach them sport from about 10 or 11 until 13 to 15, and build the elite level beyond that.

I also had a look at an interesting school called the Punchbowl boys high school, which was a failing school. The roll had gone down from 1,200 to 700, but a new head teacher had come in and decided to use sport to turn the school around. I went out for a run with them in the morning, and in the year since he had been doing such work, his exam results had improved by 30 per cent. and his truancy rate had fallen off. When he started, the kids were exhausted and slept through the first two periods of the day, but once they got used to it, they went home at the end of the school day having burned off their energy, and they were much more pleasant to their parents, who, as a result, became much more supportive of the school. It was a classic win-win—purely by introducing sport at the centre of the school curriculum.

There are two difficult challenges. I have a lot of sympathy with the Minister, who is right to say that a quiet revolution is going on and that much has been achieved. However, school sport is not an easy subject. I suspect that those of us who have watched a lot of it have seen fantastic examples of good practice, where one incredibly enthusiastic person drives it forward. They sometimes do so in desperate facilities, but sometimes we build fantastic new facilities, the person is not right and there is no human input to get people going, so it does not work in the same way.

Tom Brake: I thought I should give the hon. Gentleman a concrete example of that. When I was a child, I took part in a few tennis lessons in fantastic facilities, but I was just a beginner and the coach's response to my failure to put the ball in the right part of the court was to whack me on the head with a tennis racquet, which discouraged me from taking up the sport for about 20 years.

Hugh Robertson: I am afraid that there are many other examples. I took part in a chat show over Christmas on talkSPORT Radio, and somebody phoned in to say that they were at school in Wales, the head teacher loathes sport and so they are virtually forbidden to play it. They just did not have the opportunities that are available.

The challenge is two-fold. I shall first address what went wrong with school sport before the quiet revolution, then I shall turn to the structure of it and the strategy for what needs to be done.

There is always a temptation to look at school sport with rose-tinted spectacles—we have all met people who say that it was fantastic when they were at school and is not the same now. I am always a little suspicious about whether school sports were ever as good in the 1960s and '70s as some people would have us believe. However, it is clear that a number of things happened in the 20 years after that to cause the system to fall apart, some of them the fault of successive Governments and some not. The teachers' strike in the 1980s was damaging, because teachers stopped being so interested in extra-curricular activities and in many cases were told not to do it. The concentration on academic excellence that followed was entirely right in itself but often had the unintended effect of squeezing sport and other extra-curricular activities out of the curriculum. In some places there was an anti-competitive sport agenda, which was clearly wrong, as was the sale of playing fields.

As I have said, getting everything right is a pretty complex mix, but if there is one thing that makes a difference, on the basis of what I have seen in the past few years, it is the quality of the people involved. If the right people are in place delivering school sport, the results are often as they ought to be.

On the structure of sport, I have said that I have been to Australia and seen how they do it. One thing that they do much better than we do is structuring sport in government. Nobody should be blind to the fact that sport is a difficult topic for Government. The Department for Culture, Media and Sport looks after elite and mass participation sport, the Department for Children, Schools and Families looks after the school sport offer, and there is quite a lot of input from the Home Office, which is often interested in sport to help problem children and for social inclusion. Quite properly, we are increasingly using sport as a tool of international diplomacy and aid; UK Sport runs excellent programmes abroad. There is also the Ministry of Defence, and there are planning issues, of which we heard an excellent example this afternoon. It is incredibly difficult to bring it all together, as we find from talking to sports experts. I had a fascinating couple of hours six months ago with the professor of sport at the university of Toronto, who talked about the "playground to podium" ideal. It is incredibly difficult to bring that about by joining up all those activities.

I shall give the Minister a thought on how to do that. The Australians do it through the Australian Sports Commission, which brings together all the Ministers who have anything to do with sport so that they can iron out the various issues. It worked well in that way in its early days, but as it developed it also became a powerful champion for sport in Government. The equivalent to a Home Office Minister, for instance, would come along and say, "We have a problem with gun crime and knife crime," or whatever it was, and somebody would be able to say, "This is where we can help you by running a football programme." I know that Wolverhampton Wanderers runs a good scheme of that kind. Best practice can spread, and in that way the Australian Sports Commission became an incredibly powerful champion for sport.

The structure below Government in this country is also complicated. There is the Youth Sport Trust, and I entirely endorse the Minister's words about its fantastic

[Hugh Robertson]

contribution in the 10 years or so for which it has been involved. There are the other non-departmental bodies with responsibility for young people's sport, principally Sport England. For those who go on to elite programmes there is UK Sport. There are the sports' national governing bodies, which have a vital role to play because they have the clubs and coaches. If the five-hour offer takes off, they will probably be closely involved in delivering it.

There are also the professional teaching bodies that have an interest—I am sure that the Minister is familiar with the Association for Physical Education—and local authorities, which are often the forgotten partners. Finally, there is the private sector. I suspect that other Members, like me, received a briefing from the Fitness Industry Association pointing out that it owns nearly 6,000 facilities up and down the country.

Tom Brake: The hon. Gentleman is quite right—I received that briefing too. I hope that the Minister will respond to the question whether the private sector can play a more imaginative role, particularly on community facilities or the absence of them. They often have top-quality facilities that are underused at certain times of the day or week and could be accessed.

Hugh Robertson: I am sure that that is right, and I think that we would all agree. The FIA's briefing states that it has 6,000 facilities and more than 40,000 exercise professionals, which is clearly a huge wodge of expertise that we need to use.

Finally, as other Members have said, there are volunteers, who are key to the delivery of sport. So how can we pull it all together and make a strategy? I shall briefly mention the various elements of the strategy and what more could be done. The Government are there to set the strategy, pull it together and provide resources, but I hope that they will also act much more as an enabler. There are fantastic examples of good practice whereby, by giving a small tax incentive, the Government have been able to achieve an outcome far beyond what they had anticipated. One is the community amateur sports club scheme, for which there is a mandatory 80 per cent. rate relief. It has been a huge boon to sports clubs, and to qualify for it they just have to fill in a simple bit of paper. It is almost bureaucracy-free, and it has been a fantastic success.

Likewise, the national governing bodies lobby hard on corporation tax. The Rugby Football Union states powerfully that it is not a corporation and does not have shareholders but gets clobbered for corporation tax. If it were allowed to put that money into its grass roots programmes and its foundation, it could do a great deal more for young people's sport with little bureaucratic overload.

The Central Council of Physical Recreation is running a campaign on gift aid for junior sports club subscriptions. That is another simple thing that could be done if it met all the necessary public expenditure tests. If clubs were allowed to claim back 28p in every pound for every junior sports club subscription, it would be a terrific incentive to clubs up and down the country to recruit as many young people as they possibly could. The Government can do such simple things, which would make a huge difference.

The Government must also integrate the school sport strategy with the mass participation strategy. I hope that the Minister will be able to say a little about Sport England, although it is probably not directly in his remit. I entirely endorse the new Minister's strategy of getting Sport England to concentrate on sport. The hon. Member for Loughborough clearly feels the same. As he said, the responsibility for participation in exercise is due to pass to the Department of Health. Will the Minister confirm what is happening in that regard?

There is also the lottery. We have been campaigning for some while for the lottery money to revert to its four original pillars. The amount that goes directly into sport from the national lottery has declined from £398 million in 1998 to £208 million last year, which is a big cut. If we are to deliver on many of the 2012 objectives, that will need to be corrected. As I have said, sport governing bodies have a vital role to play through their clubs and coaches and, crucially, through school-club links. We have mentioned the Youth Sport Trust, and then there are the schools themselves, which are the hub.

The Minister mentioned the building schools for the future programme. It is vital that the new facilities are built in such a way that they can be open for community use when a school is closed. I am sure that everybody in the room has driven past a school on a Saturday morning and seen pristine playing fields completely unused.

Tom Brake: Very often, particularly if a new school is located on a controversial site—I can think of one in my constituency—ensuring that its sports facilities are fully accessible to the community is a clear pay-back that the local community might feel offsets its other concerns.

Hugh Robertson: Once again, I entirely agree. The problem has been with older schools, as it is difficult to lock off facilities to meet child protection measures. That should not be a problem in building schools for the future, so I agree with the hon. Gentleman and hope that that will happen.

The Government must ensure that sport is at the centre of the school curriculum. It is too easy for schools to concentrate entirely on the academic side of life because of the pressures of league tables and so on. I do not know whether there is any way in which schools that perform exceptionally well in sport could be recognised. We all agree that it is a good thing for schools, and schools that specialise in sport generally do better academically as a result. Something is needed to ensure that schools take that seriously.

Teacher training is an interesting issue. I do not know whether this is absolutely true, but I have been told—that is always dangerous in opposition—that a primary school teacher going into their year's teacher training will get only six hours of PE or sport training as part of the syllabus. That clearly is not enough to give them the confidence really to take on sport in primary schools. I have also been told, by the Association for Physical Education that, slightly disappointingly, the number of mainstream PE initial teacher training and education places is falling dramatically. It was 1,450 in 2005-06, 1,310 in 2006-07

and has now fallen to 1,180. It will be extraordinarily difficult to deliver the extra school sport offer if the number of PE teachers coming into the system is declining dramatically. I hope that the Minister will consider that.

Another issue that I want to address is that of primary schools. I was very convinced by the Australian model of teaching physical literacy. Most people who deal with sport seriously will say that if one can get the right habits into children between the ages of six or seven and 11, it is likely to stay with them for the rest of their lives. We need far more concentration on that.

Finally, there is the challenge of the extended school day and how we use it to produce the five-hour offer. I suspect that that will be done only through an integrated strategy. We are already linking schools to clubs, but we need to bring them in to help deliver that strategy.

This has been an interesting and thought-provoking afternoon, with several very good contributions from hon. Members. I think we all agree that much good work has been done on school sport, and I congratulate the Minister and his Department on that. Equally importantly, there is emerging consensus on the direction in which we are travelling and on what needs to be done. If there is one thought on which we should finish, it is simply that 2012 was won not on a promise to rebuild the east end of London, but that the Olympics would be used to empower the lives of young people through sport. That is the single most important reason for having them, and it is the only way in which their legacy can be rolled out across the country. If, after 2012, everyone across the UK is playing more school sport to a better standard, we will have achieved something worth while. If, however, all we end up with is a set of gleaming buildings in the east end of London, I think that most of us will agree that quite some opportunity has been missed.

Mr. Mike Hancock (in the Chair): Order. Before the Minister speaks, I do not want to be accused of offering him a bung, but I have just been told that we are expecting a Division at 4.30 pm. That might give him a bit of an incentive to save us from coming back.

4.2 pm

Kevin Brennan: A little birdie said "vote imminent" to me, Mr. Hancock, so I shall do my best to cover the many points that hon. Members have raised. What the debate may have lacked in attendance, it has not lacked in content. I thank Members for their contributions, which have been in the right spirit—positive, useful and with the right intentions. To use a sporting analogy, I have the feeling that we are all in the same boat and want to go in the same direction, but we are trying to find the right way to row at the same rhythm.

As Members have noted, school sport has been one of our biggest success stories. That is largely down to school sport co-ordinators, link teachers, coaches, mentors and all the volunteers who have been mentioned in the debate. I should like to pick up as many specific points as possible that Members have raised.

Mr. Mike Hancock (in the Chair): Order. We have been caught out. We normally suspend for 15 minutes for a Division, but there are only four of us, so we will try to get back in 10 minutes.

4.3 pm

Sitting suspended for a Division in the House.

4.11 pm

On resuming—

Kevin Brennan: A few more votes and quick turnarounds like that, and we shall all be fit in no time at all.

I shall attempt to respond to the points that have been made during the debate. It ranged fairly widely—some of it was, perhaps, a little beyond my direct ministerial responsibility—but I shall do my best to respond on behalf of the Government. Clearly, if Members have further queries, I will attempt to follow up with correspondence as appropriate.

My hon. Friend the Member for Loughborough (Mr. Reed) obviously is one of the Members of the House who has a great deal of expertise in and knowledge about school sport. He told us about his continuing participation as an active rugby player and as a volunteer in his local community. I pay tribute to him, to his leadership role in encouraging volunteering in sport and to the contribution that he always makes in these debates.

My hon. Friend started off by discussing obesity, which was also mentioned by other Members. We must acknowledge at the outset—in the spirit of the debate, I am sure we all will—that obesity is an international problem. It is a problem in all the countries of the western world whose stage of economic development is similar to ours. The recent Foresight report, which was commissioned by the Government and produced by the Foresight group under the leadership of Sir David King, brought home to us the significance of the issue, not as it is sometimes portrayed in the popular media in terms of morbid obesity but in the fact that we are all becoming more obese. To put it crudely, we are all getting fatter and, in decades to come, that will have a significant impact on the health and wealth of the nation. We need a proper response to that right across the Government and society.

In response to the Foresight report, the Government are planning to publish an obesity strategy in the near future. It will be the first go at responding to the challenges laid down by the report. It will be a broad cross-governmental response and will cover physical activity. The simple message of the report is that as animals who emerged from the caves a few thousand years ago, we are programmed through evolution to consume when we can, but our modern lifestyles do not require the same physical activity that would normally have been required even just a few decades ago.

Tom Brake: I accept that consumption may be slightly beyond the Minister's remit, but I hope that with colleagues he is considering a matter that was raised in the press a few days ago about what food manufacturers are allowed to state on ready-made meals packaging. I understand that the variation in the stated content of salt, fat and so on is 30 per cent. That seems very generous, and it should be addressed.

Kevin Brennan: The Food Standards Agency is conducting a review on that very point, and I hope that a consensus will emerge that will mean that all manufacturers and retailers of processed foods agree on the right system for giving consumers accurate

[Kevin Brennan]

information about the nature of what they are consuming. The hon. Gentleman is right in saying that we are straying a little, but he makes an important point in relation to obesity.

Returning to school sport and the contribution of my hon. Friend the Member for Loughborough, he mentioned that he had slightly more choice than I did in my school. I may have been unfair to my former physical education teacher, Mr. Geoff Bodman. When I was in school many decades ago, we played other sports, although representing the school in rugby was the one that was most available. We also did cross-country, which I did not particularly like but had to participate in, athletics, basketball and cricket, so there was a bit more choice.

The hon. Member for Faversham and Mid-Kent (Hugh Robertson) made a fair point that the '60s and '70s were not necessarily golden eras of PE, but I believe there is a consensus—I am not making a party political point—that things went wrong in the '80s and '90s, and that it was necessary to return to the subject to reinvigorate school sports and bring about the quiet revolution that everyone has acknowledged.

My hon. Friend the Member for Loughborough also made important points about the need to ensure that we can reproduce best practice, particularly in involving girls in physical activity and PE. Of course, the great challenge always to Government is getting best practice replicated across the board. It is not an easy thing to do, but, clearly, having a national strategy and a network such as the one that we are trying to set up is a way of trying to achieve that.

My hon. Friend made a good point about the so-called difficult-to-reach groups. He said that they need role models—not just great Olympians but people like them who are getting involved in sport and, in many cases, in volunteer activities around sport. We very much understand that point and take it to heart.

Coaching was raised by my hon. Friend and other contributors to the debate. He is right in saying that it is crucial and central to achieving improvement in participation in school sport. The hon. Member for Carshalton and Wallington (Tom Brake) described his unfortunate experiences as a young man. They were, perhaps, all too common in those days. However, by the end of November 2007—just three months ago—funding awards had been made to support 3,360 community sports coach posts, of which 3,089 were operational, including nearly 500 funded by the Department for Children, Schools and Families. There is significant investment in community sports coaches.

My hon. Friend the Member for Loughborough made a good point about the community use of sports facilities, and the subject was also raised by other Members. It is absolutely the intention of the extended schools and building schools for the future programmes that there should be community use of such facilities, and all the guidance in respect of building schools for the future encourages early engagement with Sport England to ensure that any new sports facilities are suitable for community use. That should now be built into the system, although I take my hon. Friend's point that during earlier stages of some of the programmes it was not happening as routinely as it should be happening now.

I thank the hon. Member for Carshalton and Wallington for his gracious comments, at the outset of his remarks, about my involvement in sport. Although it has been extinct—perhaps I should say dormant—for some years, I have a qualification to teach PE at subsidiary level in secondary school. He was right in what he said about obesity and its importance. There is no single cause of obesity in children and tackling it is complex, as I mentioned earlier. No other country in the world has yet managed to push back the tide of obesity. We have recognised that difficulty. When I came into this post I looked at the matter early on and realised that there is a bigger challenge than people had realised; it is a new challenge for us all.

Clearly, primary responsibility for children's lifestyle in normal circumstances lies with their parents in their family life. However, although it is not our role as a Government to tell people exactly how to live their lives, the public expect the Government to help them make healthier choices and provide a framework in which it is possible to make those choices, so the Government are committed to helping families eat better and lead healthier and more active lives—hence the school sport strategy and the school food strategy.

As I said, yesterday I visited a school in Hackney. In a deprived area, serving food under the new guidelines, we have achieved a 40 per cent. increase in the take-up of healthy school meals, with more than 50 per cent. of those meals coming from organic sources. We also managed to get involved in the Olympic programme. We need to hold up that beacon as an example of what we in government can do in relation to the matter. However, a broader cross-Government response is needed in response to obesity and the challenges that were outlined for us so clearly in the Foresight report at the end of last year.

The hon. Member for Carshalton and Wallington mentioned the increasingly sedentary lifestyle of youngsters. As a parent I am often aware of the difficulty of encouraging youngsters away from computer screens. Perhaps we should consider persuading manufacturers to build in an automatic switch-off for some computer games after a period of time, or at least the ability for parents to activate such a thing in computer games to try to get youngsters off them.

Tom Brake: It's called a plug.

Kevin Brennan: It is called the on/off switch, but if it happened automatically it might help.

The hon. Gentleman mentioned mental health in relation to physical health. Some of this is not exactly new. The ancient Greeks knew the truth about a healthy body and a healthy mind and perhaps we are having to rediscover it. I have been impressed by the "Social and emotional aspects of learning" programme that is taking place in 60 per cent. of our primary schools and is being introduced in our secondary schools. A school in Bethnal Green and Bow that I visited recently—again, in a deprived area—has achieved remarkable results from that programme in terms of better behaviour and better physical health. Head teachers, teachers and the young people themselves attest to the success of that approach.

The hon. Gentleman also mentioned the Olympics. I remember participating in the debate about whether we should put in our bid for the London Olympics a few years ago. The late, great Tony Banks, a former Minister for Sport said in that debate that it was all very well Members supporting the Olympics then, but he asked how many of them would still support the games and how many would be crying foul when the going got tough and difficulties were experienced along the way, as happens in every Olympic journey from the inception of the bid to the games. He was right to say that, because it is all very well being a fair weather friend at the start of a difficult journey, but when the going gets tough we have to remember why we are there.

It is right to scrutinise the Olympic preparations and to hold the Government and other bodies to account for their pitch for the Olympics, which was based on young people and the legacy of increased participation in sport that we want. That is what won us the bid and why the Government are committed to continuing with their programme of trying as much as possible—for example, through the young ambassadors programme I mentioned earlier—to spread participation through the Olympic message.

We want to use the Olympic games in 2012 and the Paralympics to lever the strategic system and try to achieve the behavioural change that we need to transform young people's participation in sport and physical activity and, at the same time, identify more of our talented and gifted young athletes through the education system and get them into that elite performance. Many initiatives, including UK School Games, the young ambassadors programme and the annual summer camp, which I mentioned, deal with that aim. Trying to get the whole country involved in gaining the benefits of the Olympics is important: that is what their success will be judged on.

The hon. Gentleman mentioned Sport England. During our short break I had a quick word with the Under-Secretary of State for Culture, Media and Sport, my hon. Friend the Member for Bradford, South (Mr. Sutcliffe), who assured me that the current review will be a short one and will be reporting, we hope, in March. He said that community and grassroots participation in sport remains vital in the Government's focus on the matter. The Sport England review will feed into the wider cross-Government work led by the Treasury, creating a physical activity strategy to be published by the end of March. Both reviews are meant to provide clarity about the roles and responsibilities for all the key organisations to meet the Government's aim of getting 2 million more people active by 2012. I am sure that my hon. Friend will say more about that in the near future.

The hon. Member for Carshalton and Wallington asked me about the Department of Health and its continuing involvement. The Department will be working across Government. It is currently working with us in the Department for Children, Schools and Families and with the Department for Culture, Media and Sport and the Department for Transport to ensure a joined-up approach to obesity. We will hear more about that in the near future when the Government publish their cross-governmental obesity strategy. The Department of Health is seized of the new responsibilities that are coming its way as a result of the changes that are going on.

I am glad that there is finally broader recognition that the bad old days of the sale of playing fields are over, although that line is still repeated, glibly and unchallenged, in the media and we should all take the opportunity to challenge it from time to time. However, it is *not just simply a matter of having playing fields:* they need good drainage, for example. In respect of modern facilities, in many cases, all-weather surfaces and floodlit surfaces are needed if we are to attract young people into sport. If we are to have community use, those facilities must be usable in the evening, so it is about investment as well as protecting playing fields. However, since the end of the 1990s we have had much greater protection of playing fields.

Although there are cases of disagreement on the panel that comes to me, as Minister, to make an adjudication in any dispute about whether a playing field meets the criteria and whether appropriate compensatory playing fields are available, in recent years net figures for the number of playing fields have been rising rather than falling, which is welcome. I heard the point that the hon. Member for Carshalton and Wallington made, which was clarified by the hon. Member for Faversham and Mid-Kent, about the little planning anomaly. I will look at that. I suspect that the hon. Member for Carshalton and Wallington may be right: it might be one of those wicked, difficult issues to unravel. However, if there is widespread evidence on the ground of real abuse, it would be useful to know about it. If the hon. Gentleman has any evidence of that I should be pleased to hear about it.

The hon. Gentleman mentioned links with local sports clubs. He is right: it is vital that we make such links. That is the territory of the DCMS, but if the five-hour offer for students is to be in place, it is vital that links with sports clubs in the community are built up, because we will need their participation for the initiative to succeed. Work is ongoing at the moment to try to build up and improve the links between sports clubs in communities and our schools to achieve the five-hour offer. That has been helped, as all Members who participated in the debate generously acknowledged, by the community amateur sports club rate relief arrangements.

I remember that, during my days as a chair of finance on a local authority, we regularly had to decide on a discretionary basis whether we could grant rate relief to clubs, and it seemed silly that we were doing that when the benefit that they were bringing to the community was obvious. On 31 October 2007, 4,524 clubs were receiving rate relief and other benefits that effectively amount to an additional £21.5 million going into grass-roots sports since that scheme was introduced.

The hon. Member for Carshalton and Wallington referred to learning disabilities and participation in sport, and I am very much aware of the issue. I undertake to raise it again with my colleagues in the Department for Culture, Media and Sport to find out whether we can obtain an update on where we are. It is sad that that abuse should have led to this situation. Clearly, I am aware of the need for us to look at greater participation by youngsters with disabilities, particularly learning disabilities, in UK school sports and games.

[Kevin Brennan]

The hon. Gentleman's final point concerned premiership football. He ranged fairly widely, although he was careful to sweeten his comments with a reference to the need for a new stadium for Portsmouth, and it is testimony to his political skill that he managed to do that. It might be a little beyond my powers directly to do much about the cost of tickets, although I acknowledge his point. My love of sport and of watching it came very much from the schoolboy tickets that used to be available to watch Wales at Cardiff Arms Park when I was a youngster growing up in south Wales. That was an important part of building up sporting heroes, in the way that he described, so I take his point. However, premiership football is a private business, although we see it in a different light from other businesses. As he knows, it has huge costs, such as players' salaries, and it is a global sport when the best players come to play in this country. If the Government decide to nationalise Northern Rock and we have "HM Government" printed on the front of Newcastle United shirts, we may be able to do something more directly about prices at one club, but I want to make it clear that that is a light-hearted remark.

The hon. Member for Faversham and Mid-Kent brought his expertise to the debate, as did the hon. Member for Carshalton and Wallington. The hon. Member for Faversham and Mid-Kent made some interesting and enlightening observations about his experience when visiting Australia. I have not had that privilege. Ministers do not always get to venture as widely as Opposition spokespersons – the furthest that I have been in my job so far is Telford – but it might happen one day, who knows?

The hon. Gentleman made some valid points about physical literacy and the need to engage the youngest of children in physical activity at an early age and before they get into competitive sport. Our play strategy—we announced that we will develop it in the children's plan—will have something to say on some of those issues, and I would welcome any contribution that he might want to make to the consultation on that strategy.

The hon. Gentleman was right to point out the effect of the 1980 teachers' strike. I was working in schools at that time, and it was unfortunate that relationships had become so poor that teachers withdrew their outwith-contract activities and withdrew from school sites at lunch time and after school. It was a sad period, but I am glad to say that a social partnership between the Government and teachers has now been in place for a few years, and with the new investment in school sports, we are no longer in that state. But the strike had an impact for many years after it ended.

The hon. Gentleman was also right to point out the effect of the sale of playing fields and the crowding out of physical education in the curriculum, although I acknowledge that it was put into the national curriculum during that era. A silly and daft ideological, anti-competitive view in some areas did not help matters, but we are well beyond that now, thank goodness, and in a new era of school sports.

I listened with interest to the hon. Gentleman's comments about the Australian Sports Commission and Ministers. We have a dual-key arrangement—perhaps it should be a triple-key arrangement—after the machinery of government changes last year, and Ministers are working closely together on delivering our broader sports, obesity and physical activity strategy. We work together regularly and pool budgets to achieve some of the targets, but the hon. Gentleman's observations on what they do in Australia were interesting.

The hon. Gentleman is right to say that the picture is complex below Government, including the fact that, in the United Kingdom, Scotland, Wales and Northern Ireland have their own sporting national bodies, and rightly so. Given that diversity, it is important to ensure that we do not lose the synergy that can be created by being in the same boat and rowing with the same rhythm, because that is important. The Government are trying to play their role in bringing people together, rather than leaving them in their silos, in which case we would not make progress.

I heard with interest the hon. Gentleman's suggestions about gift aid and corporation tax, and I am sure that my colleagues in the Treasury will read them with interest. The Chancellor will no doubt consider those proposals when thinking about the forthcoming Budget.

The hon. Gentleman referred to some of the concerns about the lottery. No existing lottery project will be affected by the Olympics. Sport England, for example, should still have about £40 million of new lottery money between 2008-09 and 2011-12. We will continue to work with DCMS and Sport England to ensure that the 2012 games are not just about London, but about the whole country. Sport England is working with the sports sector to ensure that an Olympic legacy of community sport is delivered, as the hon. Gentleman emphasised it should.

The hon. Gentleman talked about the need for facilities to be available to the community, to which I have referred, and the need for recognition in the curriculum. I thought his point about awards and recognition for schools that are doing well in sport was well made and one that we should ponder to see how we can take that forward.

The hon. Gentleman discussed teacher training places, and it is true that they are planned according to pupil numbers and need. There will be tens of thousands fewer pupils in schools in years to come, and planning for teachers across subjects must take account of that. There are shortages in some subjects, as there have been in science, but there are signs of improvement. There is no shortage of PE teachers, and vacancy numbers are not a cause for concern. However, we have been careful when planning teacher training numbers to ensure that the new responsibilities and the additional competition managers and so on, which may draw into that area PE teachers who may then want to return to become heads of department or whatever, have been taken into account in planning for teacher numbers in years to come. We are confident that there will be a fairly healthy market in PE teachers, and a fairly healthy work force available to teach PE in schools and to deliver the aims that we have talked about today.

The hon. Gentleman also talked about primary schools, and the need to ensure that teacher training is sufficient. His point was important, and we should

consider it carefully to ensure that trainee teachers receive sufficient training to teach in primary schools. He also emphasised the importance of ensuring that our extended school provision is used to the full. That initiative has also brought great benefit.

We have had a very useful debate this afternoon. I thank hon. Members for their participation and for their constructive ideas and thoughts on the issue, and I look forward to discussing it further in the near future. In particular, in this Olympic year, I look forward to the inspiration that we can expect from Beijing before London 2012.

Mr. Mike Hancock (in the Chair): I should like to thank all the hon. Members, including the Minister, who participated in the debate—they were few in number, but the quality was first class. The debate was very interesting. For the second day running, there has been a consensus across the Chamber about the importance of the issue under discussion and a lot a common ground on where we are going, which is very useful.

Question put and agreed to.

Adjourned accordingly at twenty minutes to Five o'clock.

Westminster Hall

Tuesday 22 January 2008

[MR. BILL OLNER *in the Chair*]

Home Workers

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mr. Watson.]*

9.30 am

Mr. Fabian Hamilton (Leeds, North-East) (Lab): Allow me to welcome you, Mr. Olner. It is a pleasure to see you in the Chair. I am delighted to introduce the debate, as this subject is of huge importance to thousands of people in this country—predominantly women—who carry out work on behalf of employers in their own homes either because they prefer to work at home, or, as in the majority of cases, because they have no option other than to work from home.

Almost 100 years ago, on 22 July 1908, the House of Commons Select Committee on Home Work published a report under the chairmanship of Sir Thomas Whittaker. It may be useful—it is certainly relevant to today's debate—to quote some of the report's recommendations and conclusions. The first recommendation was that

"there should be legislation with regard to the rates of payment made to Home Workers who are employed in the production or preparation of articles for sale by other persons."

The fourth recommendation—I am sure that you will be grateful, Mr. Olner, for the fact that I shall not read the whole report, which is 286 pages long—was that

"it should be an offence to pay or offer lower rates of payment to Home Workers in those trades than the minimum rates which had been fixed for that district by the Wages Board."

Recommendation 6 was that

"all Home Workers who are employed by other persons in producing or preparing articles for sale should be required to register their name, address and class of work at, and receive a certificate of such registration from, the offices of the Local Authority, and that the keeping of accurate outworkers' lists by employers should be strictly enforced."

Recommendation 7 was that

"it should be an offence for any person to employ any Home Worker to produce or prepare any articles for sale by another person unless the worker produce a certificate of registration."

I thought that quoting from the 1908 Select Committee would give a context for today's debate, 100 years later. The Committee spent a good deal of time and effort investigating the way in which workers were exploited by unscrupulous employers who used outworkers, working in their own homes, to lower wage costs and increase profits, usually at the expense of the home worker, who struggled to complete the piecework in the time allocated. For many home workers, little has changed in the past 100 years.

There remains, in 2008, a pressing need to bring home workers into line with other workers in our economy who, thanks to the Government, have seen their terms and conditions at work dramatically improve. Add to that the National Minimum Wage Act 1998, which was strongly opposed by the Opposition at the time, and it is clear that workers' rights and wages for the majority who go to work in a workplace each day have been greatly enhanced. However, there remains a large group of workers who were clearly exploited in 1908 and remain in the same position today.

I wish not only to draw the Government's attention to the plight of home workers, but to call for a further change in the law. Why does it matter? Thousands of workers in the United Kingdom are vulnerable to exploitation from unscrupulous employers. That continues either because they do not have full employee status, or because it is unclear whether they have employee status. Although uncertain employee status is a problem for all kinds of workers in the UK, it is a particular issue for home, agency and temporary workers. Home workers who have worked for a company for several years—often on low wages and taking on rushed orders at short notice at the company's convenience—can discover, if they become pregnant or fall ill, or if their work simply stops, that they have no protection under the law, because they are not classed as employees.

There are three main types of employment status under current law: employees, workers and the self-employed. Qualifying hurdles and exclusions may apply, but in broad terms, employees are entitled to the full range of employment rights and protection in respect of unfair dismissal, redundancy, sick leave and pay, maternity leave and pay and the right to written terms and conditions. Workers, on the other hand, are entitled to a smaller range of basic protections, the most significant for home workers being the national minimum wage and holiday pay. The self-employed are free to negotiate their own terms with the people with whom they contract.

Many home workers do not receive full employment rights. If challenged, their employers can argue that they are workers and not technically employees. The only way in which that can be resolved is at an employment tribunal, which can be extremely stressful and highly unpredictable. Alternatively, home workers may be told by their employers that they are self-employed even when they do not have the independence or control over their work patterns that would enable them genuinely to negotiate terms. False self-employment is just another way for unscrupulous employers to avoid their obligations to employees.

David Taylor (North-West Leicestershire) (Lab/Co-op): In another life, as an accountant, I dealt with outworkers and self-employed people on some scale. Does my hon. Friend agree that the difficulties in defining the characteristics of self-employment that he describes need to be revisited by Her Majesty's Revenue and Customs and other Departments? Individual employees who are being coerced into self-employment feel very vulnerable and are unlikely to pursue their employers with any vigour. There is a pressing need for some kind of class action on behalf of a group of employees to get them designated as employees, so that they benefit from the protection that he describes.

Mr. Hamilton: I thank my hon. Friend for that intervention. As I shall describe, many of the more unscrupulous employers frequently force their workers to take on self-employed status, but their situation is clearly nothing like being self-employed. I have been self-employed and know that the self-employed have a lot of control over their lives. They may not have the

[Mr. Fabian Hamilton]

benefits of being employees, or a lot of employment protection, but they have much more control over what they do, when they do it and how much they charge for their labour. The big difference for those who are really home workers but are designated as self-employed is that they have absolutely no control over what they charge, when they do their work, how quickly it must be done, or how or whether they advertise. I therefore think my hon. Friend's proposal is very helpful.

If unscrupulous employers try to avoid their obligations to employees, they can be challenged only at tribunal. That uncertainty can make it difficult for home workers to assert even their most basic rights to the national minimum wage and holiday pay. Workers can be deterred from demanding those rights through the very real fear that they may lose their work as a consequence. Without employment contracts, they have little protection against that sort of victimisation.

In 2002, the Government conducted a consultation exercise, asking whether

"there are any categories of working people currently excluded from statutory employment rights who require the protection provided by some or all rights and how they would benefit."

Amongst many others, the National Group on Homeworking responded. It argued for the extension of all existing employment rights to all workers, particularly home workers who are not genuinely self-employed. Unfortunately, although the consultation raised hopes that the Government were intending to take action, their response, which was delivered only on 30 March 2006, was extremely disappointing. In the "Success at Work" strategy paper, the Government rejected calls for a change in the law. Furthermore, that 58-page document, which was intended to protect so-called vulnerable workers, made no specific mention of home workers.

The current situation is hugely complex and confusing, and the unpredictability of tribunal rulings on status benefits no one. Home workers have to negotiate their way through a maze of legal arguments, tests and obstructions, simply for a chance to gain the rights to which other employees are automatically entitled. The Government need to take swift and decisive action to grant full employment status and rights to all UK home workers who are working for another person and not genuinely in business on their own account.

On 21 November last year, together with my hon. Friend the Member for Keighley (Mrs. Cryer), I hosted in the House of Commons the launch of a report entitled, "Subject to Status". It was written and researched by Nesta Holden and was published by the National Group on Homeworking, which is based in Leeds. It is the only national body that supports and helps home workers. Accompanying staff from the organisation and the author of the report were several home workers who came to Parliament to tell their stories in their own words to Members of both Houses.

One home worker's story concerning her status amply illustrates the issues, which the report so ably highlights. Pamela James took her employer to a tribunal to establish that she is not self-employed nor does she have the rights and benefits of an employed worker—she falls between the two. But let her speak in her own words:

"I have nothing to advertise, I have no customers, I have no trade name. I am provided with work and I am told how to do it. I work as a courier by delivering parcels on behalf of a multinational company. The company tells me that I am self employed and that I need to use my own car and phone. Because of these costs I receive less than the minimum wage and I have never received an increase in my pay rates since I started with them, over five years ago.

I have tried looking for other work but being a lone parent I need some flexibility especially during school holidays. It's not easy to find a job when you live some distance from the city, there are limitations, and I could never afford a childminder. Yet at present I feel that something is better than nothing.

According to an article in a national newspaper the company whom I work on behalf of made a one billion pound profit"

£1 billion

"in 2004. That year I earned comfortably less than £3 per hour, if not £2 per hour, yet the company kept telling me that I am self employed and it hurts because I am struggling and they won't listen.

Recently I took the company to the Employment Tribunal. There was a preliminary hearing to discuss my status. This hearing lasted 5 hours. In the courtroom the clerk put the Bible in my hand. I became distressed. I thought, does this mean that everyone in my position has to go to court to seek something so basic as the minimum wage? Other people have an automatic right to this, why can't I?

If I was genuinely self employed I would have my own control, I could negotiate rates, I could advertise, I would have my own customers and my own profit and loss account. Despite all of this I lost the court case. This was mainly because of a small clause in the contract. Presently I am making an appeal to the courts because accordingly the clause is not genuine. I feel that the clause was a false label with the intention to save the company costs. A clause to enable them to offload their obligations onto others.

Even though I felt shut out the NGH have been of much valued support to me throughout all of this and they are still doing everything they can to help. I truly can't imagine how I could have otherwise coped on my own.

An email response from the DTI"

the Department of Trade and Industry, as it was then called

"with regards to the loophole in the law, states that a change to the legal framework could damage labour market flexibility and result in a reduction in overall employment. I am wondering if they mean that if everybody paid as much money as the minimum wage would there be no employment? It is not consoling for myself or others like me who are locked out because of this loophole. It is also not consoling when the company whom I work on behalf of wrote a letter to the Inland Revenue which stated, 'We do not believe that the minimum wage is appropriate for this population of workers.'

I assume they mean this population of workers are the loyal homeworkers whom do work on their behalf. My children are important to me. I believe that it is unfair that the minimum wage is not considered appropriate for us, and I know there are thousands out there like me who feel the same as I do. If I do belong to this population of workers, then I wish them to know that we are real people and I ask you to please help us and support our campaign to close this loophole in the law. I believe that every single homeworker deserves at least the basic employment rights."

That powerful plea was made before Pamela's most recent tribunal hearing, which took place at the end of May last year. Eight months later, she is still waiting for a decision. It would be helpful if the Minister, who I know cannot interfere with tribunal decisions, used his influence to get that decision, whatever it may be, as soon as possible.

David Taylor: I put it to my hon. Friend that it would be a public service if he placed on the record the name of the firm that has benefited in that disgraceful way from exploitation on that scale. Is he able to do that?

Mr. Hamilton: I thank my hon. Friend for that intervention. Unfortunately, I am unable to name the firm. We managed to get the testimony from Pamela James, but she does not want to reveal who the employer is, and I can understand the reasons for that. However, my hon. Friend is right: it would be helpful to know. There cannot be that many firms that do courier and delivery work and earn a £1 billion profit, so it might be easy to find out.

I am sure that the Minister will agree that eight months is far too long to wait to find out whether Pamela is a worker or not. It is two years since she started her campaign for a minimum wage, during which time she has lost her job and suffered real financial hardship.

I wish to illustrate one or two more cases through the words of home workers themselves. Gemma works from home sewing novelty items for retail to sports fans. She did various types of sewing work over the years in a factory before her son was born and now works from home. She is an experienced, multi-skilled machinist but has struggled to find decent work that uses her skills fully. Her problems include low pay—she is currently earning about £3 an hour—and the fact that the supply of work is irregular. She states:

"The times I have been out of work we do struggle with things like paying the bills and buying food. It is hard."

When work is available, her boss expects it back very quickly. She says that it is

"sometimes impossible to get it done when they drop it off and expect it to be done yesterday. They (the suppliers) get it on the neck and it is always passed on to us even if the delay was at the printers or cutter before it reaches the homeworker, the buck always stops with us."

Another home worker, Shazia, works from home sewing trousers. She is Pakistani and came to the UK more than 20 years ago. She speaks Punjabi and Urdu. Her main reason for working from home is that she looks after her children, but she also says that she does not like to work outside the home. She states:

"I feel we should get proper rates of pay with employment rights and regular work. We are contributing to the local economy and should be valued and recognised for it."

Shazia is paid by piece rate and earns approximately £2.10 an hour. She has been working for the same employer for three years and has never had a pay rise. She says that, when she asked for an increase in the piece rate,

"he told me that it was up to me to work and if I was not happy with the work I could stop working."

Zoe works at home packing small items, such as screws, into blister packs. She has two children—one below school age and one at school. She has been doing home work for four years. Although she received a pay increase when the minimum wage compliance unit visited the company that she works for, Zoe is still earning only £3.10 an hour. She receives no sick pay and has continued working throughout a serious health problem, because she could not afford to stop. She states:

"I had an eye infection which lasted for three months. Everything was blurry but I had to work through it because I could not get sick pay or income support. I did the work by feel, never any sympathy, I was always expected to get the work done."

Of course, not all employers are exploitative and unscrupulous. Madison Hosiery of Leeds has shown that home workers can be treated ethically without the company going bankrupt. It made a conscious decision to treat its home workers as employees with the same rights and rates of pay as those who come to work at its premises in the city. As a packing company, home workers are key to its business, and it uses proper systems for calculating piece rates. That results in far greater loyalty and, of course, better quality, as well as a decent wage for the home workers. However, Madison is an exception and, sadly, faces unfair competition from companies that do not actually break the law but certainly exploit its ambiguities.

As I said, the Government have done a great deal to make the lot of workers in the United Kingdom considerably better, but there is growing concern about vulnerable workers. Many are being denied rights to which they are legally entitled, while others are vulnerable because the existing legal framework does not provide them with adequate protections. The Government have acknowledged that there is a need to address the problems faced by vulnerable workers and have established the vulnerable worker pilots and vulnerable worker enforcement forum. The Government define a vulnerable worker as

"someone working in an environment where the risk of being denied employment rights is high and who does not have the capacity or means to protect themselves from...abuse. Both factors have to be present."

By that definition, home workers are clearly vulnerable workers. The Trades Union Congress is highlighting the plight of vulnerable workers through the establishment of the Commission on Vulnerable Employment, which defines vulnerable workers as

"workers whose participation in the labour market places them at risk of ongoing and often extreme suffering, uncertainty and injustice resulting from an imbalance of power in the employer/worker relationship."

The commission specifically and explicitly identifies home workers as a vulnerable group.

As we have said, home workers are vulnerable in a number of ways. They may need to work from home because of their caring responsibilities—often child care—or their language, disability or long-term health problems. They are isolated. Very few home workers join trade unions, and trade unions rarely recruit them. By the very nature of their job and the way that they work, home workers do not enjoy the company of fellow workers. Work is irregular and they live in fear of losing their jobs. When there is a problem, home workers are frightened to complain because the employer will probably just take the work elsewhere. Home workers also have an uncertain employment status, and addressing that issue would tackle one of the core problems of vulnerability.

In the Minister's reply to a letter from Nesta Holden, the author of the report "Subject to Status", he stressed that the Government are keen to ensure that

"homeworkers have appropriate rights and protections."

Yet on the wider question of employment status and distinctions between workers and employees, the Government's position remains that the present legal framework should not be changed. However, I commend the Government for the fair piece rates legislation of 2005, which should ensure that home workers who do piece work receive the national minimum wage when paid by piece rates. That is a great leap forward, although, like all such legislation, it will succeed only if properly enforced—something that the

[Mr. Fabian Hamilton]

Minister is working hard to achieve and that the Shipley office of the national minimum wage team of HMRC has been set up to do.

Since 1997, the Government have introduced and extended a number of rights to protect people at work, including employee rights, such as the right to request flexible working; maternity and paternity leave; and most recently, making age discrimination illegal. Other rights that also apply to workers include the national minimum wage, working time regulations, including those on holiday pay, and the part-time workers directive. Some of those rights, most notably the national minimum wage, have been introduced in the face of intense opposition from business and dramatic warnings of a devastating impact on employment. In practice, those warnings have been exposed as scaremongering. The Government's economic record demonstrates that protections for workers do not have to come at the expense of jobs. Although the rights that workers and employees can benefit from may have increased under this Government, a growing grey area of atypical workers now find themselves with few protections.

Home workers miss out on employment rights, because they lack employee status or because their status is unclear. Home workers who have worked for a company for several years, often on low wages, find that they have no protection under the law, because they are not employees. Many of them are deemed by their employers to be self-employed, leaving them ineligible even for the minimum wage. The law is unclear: short of taking the employer to a tribunal, it is virtually impossible for home workers to be certain of their rights under the law. As the case of Pamela James shows, going to a tribunal can be extremely traumatic, as well as very expensive. It is deeply unjust that the home workers, who are among some of the lowest paid workers in the country, are also those with the fewest rights.

In a recent strategy paper, the Department for Business, Enterprise and Regulatory Reform, formerly the Department of Trade and Industry, rejected calls to extend employment rights to any group of workers who are not currently covered. It stated that

"changes to the legal framework would not prevent instances of abuse or lack of awareness. It could however damage labour market flexibility and result in a reduction in overall employment... The government believes that it meets the labour market's current needs and there is no need for further legislation in this area."

The Department's argument against extending rights seems precisely the same as that used by the employers who opposed the national minimum wage. It is an argument that the Government have discredited through the success of their own national minimum wage policy. It is an anomaly that, while introducing much valued rights for employees, the Government are turning a blind eye to the exploitation of thousands of workers. The welcome extension of employment rights and protections under this Government needs to be accompanied by an extension of those rights to all home workers who are not in business on their own account.

Finally, I should like to thank Nesta Holden and Linda Devereux of the National Group on Homeworking who wrote and published the report "Subject to Status" and who organised the launch and reception in the House of Commons on 21 November. I should also like to thank some of my colleagues from Leeds, my hon. Friends the Members for Elmet (Colin Burgon) and for Leeds, East (Mr. Mudie), who have done far more than I have over the years to draw attention to the plight of home workers, and my right hon. Friend the Member for Leeds, West (John Battle) whose work over 30 years or more fighting poverty in this country and overseas is legendary. I thank my hon. Friend the Member for Birmingham, Northfield (Richard Burden), who asked me to co-sponsor his private Member's Bill, the Outworking Bill, and who introduced me to the issues and problems facing home workers. I also thank Sharon Jandu who has done a great deal to publicise the NGH and helped to launch the report in Parliament on 21 November.

Richard Burden (Birmingham, Northfield) (Lab): I thank my hon. Friend for his kind words. Going back to the Outworking Bill, he will remember that it focused very much on home working scams and proposed a prohibition on companies demanding money upfront from home workers before they supplied them with the goods that they would make, pass on, produce and so on. Does he agree that there is still a need for such a simple measure, as well as the employment rights, to tackle some of the injustices that home workers face?

Mr. Hamilton: I thank my hon. Friend for that. There is no doubt that the work that he did on the Outworking Bill drew national attention to those so-called scams. It is a disgrace that that kind of fraudulent activity, which is effectively what it is, should deprive some of the most vulnerable and poorest workers in the country of what little savings and money they have, to enrich people in a criminal way. Very simple legislation to outlaw that kind of upfront payment and the other so-called scams to which my hon. Friend drew attention in 2001 is still lacking and could be easily put in place.

Thank you very much, Mr. Olner, for the chance to illustrate the plight of home workers, and I hope that the Minister is listening and that the Government will finally close the loopholes that allow this most vulnerable group of workers to be exploited in the way that they have been.

9.58 am

John Battle (Leeds, West) (Lab): May I thank my hon. Friend the Member for Leeds, North-East (Mr. Hamilton) for raising this debate again? I also pay tribute to the National Group on Homeworking, which for years has championed home workers and insisted that they should not leave our agenda. I congratulate my hon. Friend on his research. He dug up reports that were compiled some 100 years ago. I am reminded again of how much unfinished business there is in the House that we have to return to again and again. In his first manifesto, Keir Hardie, the first Labour MP, said that his main aims were to tackle unemployment, introduce a minimum wage and do something about housing conditions. Those issues are still on our agenda.

We have made some great progress in the last 10 years on the first two issues. We have introduced a minimum wage and we are working very hard to ensure that we have high levels of employment in Britain. Keir Hardie

also warned that if we do not understand the relationship between trade and international solidarity, all our efforts will be doomed—and that was before the new world of economic globalisation.

Eighteen years ago, I raised the issue in the House of home workers in my own constituency, in Bramley. Those home workers were mainly women who worked wrapping Christmas cards in cellophane and threading the little strings on to gift cards. How did it work? A company in Bradford employed an agent on the estate, who took the packages around in a van, dropped them off in the house and told the women to have them finished by Friday. The women worked and worked to finish them, but more work was always piled on them than they could actually complete. Wage rates at the time worked out at less than 50p an hour—well below the average in the low-paid market. Then, as usual, the van failed to turn up on Friday with the money to pay the women and their families who had helped to meet the deadline, so the boxes were left stacked in their hallways and front rooms for ages as we tried to sort out the problem. It was a mess. Eventually, we managed, through the supply chain, to track down the employer and we had a real go at them, saying that they had to act responsibly towards those people.

It must be remembered that that was the age when people thought that home working was a good thing. We should distinguish between types of home worker. People who worked in an office might be told, "Please go home and work from your computer there—that will be much more relaxed." That was 10 years ago. Today, we read reports of people wanting to get back into the office and do hot desking because working at home is so stressful.

There are not only office workers. I like the expression that some of my hon. Friends have used: outreach workers. That refers to people who have work pushed out on to them, who are in a different position from those in the middle income brackets who are working at home on computers, because if they complain, they lose the work altogether and lose the vital income that is propping up their family budget. I was told, "Please, John, don't take the issue up with the company, because it might just cut off the supply line." It is true that the company in Bradford employed some of the people, but others lost their jobs altogether.

One million people in Britain are still doing home working. Some are packing Christmas cards and tags; some are knitting and sewing; some are doing inspections of industrial seals; and others are making souvenirs for sports shops. When I learned of that last one, I was tempted to wonder whether, in the supply chain of life, when we buy our products, we think about who in the chain is paying the highest price for those goods. Home workers are still right at the bottom of the pile.

I would like to add another dimension. In the search and struggle for what we now gloriously call joined-up government, which I believe is incredibly difficult, we must bridge across Departments. The global is now local, and the local is global. We are in an interdependent world writ large, particularly economically. In the past five years, people have thought that home working has gone offshore: it is done in China, India and the Philippines, where the footballs, football shirts and so on are made; it is not a British issue. Well, it is. Of course it is a two-thirds world issue, in the poor countries of the world, as a result of globalisation, but I say to the Minister that we need to tackle poverty worldwide as well.

I serve on the Select Committee on International Development, which is a great privilege. We all know of the millennium development goals. Which one is missing? We can work on health care, HIV/AIDS and education, but the issue that is missing is employment and wages. There is no MDG to ensure fuller employment or decent wages. That is a big lacuna in the international system. In Oxfam's 2004 report on home working entitled "Trading away our rights", for which it surveyed 12 countries, it demonstrated that if the poor are paying the highest price in one country and a campaign is started to do something about that, the company is shut down and people are out of work and the practice moves across the world to another country. We cannot do that; we have to join things up.

In this country, as my hon. Friend the Member for Leeds, North-East said, a million workers are without proper remuneration or employment rights, which has something to do with the fudge of the definitions of an employee, a worker and the self-employed. He spelled that out eloquently, so I need not repeat it. Our employment law provides different levels of protection for those different categories. Those who are classified as employees have a range of employment rights, which we have been strengthening: protection against unfair dismissal, sick pay, some maternity rights and the right to redundancy pay. We are even encouraging people to take up resources to get child care so they have some space to work. However, all those rights fall away from a person who is not an employee and works from home. They fall down the gap between the different categories. We have never properly resolved that issue.

The present Government introduced the national minimum wage. That was not my personal responsibility, although I was in the Department of Trade and Industry when it was introduced. At that time, we were saying, "Well, we can't introduce it for home workers. That would be too complicated." Why? Because we had not sorted out their employment status. We cannot give them the wage if we have not clarified their status. That is unfinished business.

One part of the problem is that many different Government agencies deal with the issue. There are agencies that deal with legal definitions of employment—that involves the Department for Business, Enterprise and Regulatory Reform. There are rights that relate to health and safety at work that are not covered there. Even rights relating to child care come through a different Department. I simply suggest that, even with all our best intentions for the legislation in this place, home workers are falling between the frameworks of different Departments. I am making a plea to my hon. Friend the Minister: the sub-committee that draws together different Ministers in different Departments should take this small issue seriously, put together a working party on it and crack it. It should drive through a means of joining up the agendas.

I would like international and national law to be brought together with good practice. There is a home workers code. That has something to do with the whole business of checking sourcing. If we could regularise legislation and sort out where home workers fit in the piece so that they have protection, that would be a start.

[John Battle]

In 2004, a report entitled "Made at Home" was published by, interestingly, the TUC, the National Group on Homeworking and Oxfam. At the ground floor level, people are joining together the agendas: the TUC for workers' rights, Oxfam, which works internationally as well in Britain, and the NGH. That group could be a means of demonstrating how such joining up can be done. The general secretary of the TUC, Brendan Barber, said at the time:

"The main problem is that homeworkers are often isolated, without the support of workmates or a union to speak up for them. Many are not 'employees' and so lack even the most basic employment rights including protection against unfair dismissal and maternity leave. Legally all homeworkers should be getting the minimum wage and holiday pay, but the reality is that many employers prey upon and exploit their vulnerable position for their own ends.

The situation is made worse because the law covering homeworkers is unclear. If they complain, it's likely that their supply of work will stop without notice, so many homeworkers stay silent and abuses go unreported. Homeworkers should get the same employment rights as all other employees – their status as third class workers cannot be allowed to continue."

I absolutely agree. That is why it is unfinished business.

If that is the legal framework, we need to do more. How should I put this? It is in the light of the question asked by my hon. Friend the Member for North-West Leicestershire (David Taylor) about the company referred to by my hon. Friend the Member for Leeds, North-East. We need to do much more as a society—by which I mean civil society, campaigning organisations, Members of Parliament and Departments—in tracking where company profits come from. We are not doing enough to track the sourcing. Who pays the highest price? I have been quite shocked. In the International Development Committee we have been considering the ethical trading initiative, but if people go through the reports, they will find that the companies in Britain that are signed up to the ETI are the very companies that, through the chain of supply, are employing home workers and hoping that no one notices. We need to track them and say, "You can't sign up to ethical trading initiatives and claim the moral high ground when at the same time, four layers down, you are exploiting workers in the most atrocious way because you are exploiting gaps in the law." Tracking supply chains is a job that still needs to be done.

We need to regularise and fuse together at national level legal protections such as the minimum wage, employment law and those relating to health and safety and child care. We need to track supply chains and to push for more international action with regard to the work of the International Labour Organisation to get the standards in place so that we are not simply saying, "Well, if you're a home worker here and your job has moved elsewhere in the world, those workers will be exploited." What are we doing about building this issue into the framework of the World Trade Organisation, for example, and fusing the ILO and WTO together to ensure that workers do not continue to be exploited anywhere?

My view in this saga of unfinished business is that, at the end of the day, as usual, it is the most vulnerable, the poorest, who subsidise the economy, the growth and the profits and prop up the rich and the better-off. Furthermore, the poor always pay the highest price, whether that relates to energy costs, borrowing money from loan sharks, or indeed doing the work at basic level. We owe them the responsibility of saying that they should not pay the highest personal and family price. We should take legislative and practical action as a society, locally, nationally and internationally, to ensure that they get the same employment rights and protection as everyone else. That is part of the campaign to make poverty history and the campaign for fairer trade; but it is also part of the campaign for treating human beings decently. Sadly, after 100 years, we still have quite a way to go.

10.10 am

Lorely Burt (Solihull) (LD): I welcome you to the Chair, Mr. Olner, for this extremely important debate and I congratulate the hon. Member for Leeds, North-East (Mr. Hamilton) on introducing this subject for discussion.

It is interesting to look at the wider perspective on home working. There is a spectrum, from home working that has the potential to be liberating, through to home working that is enslaving—we have heard descriptions of the sorry state of some home workers. There are a great number of people involved in home working. The Economic and Social Research Institute says that 8.4 per cent. of people regularly work from home; the Department of Trade and Industry says that 3.1 million people work at home; and the National Group on Homeworking talks about 1 million people who are home workers. The discrepancy in the figures is because the National Group on Homeworking focuses on women, and on the least powerful and the most exploited people. Their situation was eloquently described by both the hon. Member for Leeds, North-East and the right hon. Member for Leeds, West (John Battle).

On the happier end of the spectrum—the flexible working end—I introduced a private Member's Bill last year to extend the age of the children for whom an employee can request flexible working to 18. I am delighted that the Government will introduce such a measure—I see it as greatly enlightening. At some stage, I should like everyone to have the opportunity to request flexible working. However, it is important that such a right is protected. For the vast majority of workers, greater working flexibility would greatly increase equality in our society. I would love to see the end of the culture of presentism, whereby when a child is born, one parent must make the economic sacrifice. It is usually the woman, which contributes to the economic inequality of the work unit and to women's lack of ability to catch up when they return to work.

More flexible working would bring benefits to the environment. Savings in carbon emissions would come because people would no longer travel to work. People would have more time, so there would be an improvement in work-life balance. A growing number of mothers are turning to self-employment—true female entrepreneurship—because it fits in to their work-life balance. It has become a lifestyle choice. If as many women as men turned to an entrepreneurial lifestyle, 500,000 additional companies would be set up in this country. That would make a difference to our balance of payments and prosperity.

That is the good side of home working, which definitely has benefits: for the employer, it can mean a motivated work force, and reduced staff turnover, sick days and

infrastructure costs. There is a social responsibility aspect: carers and people with disabilities have much more flexibility for their work. Although it can be liberating, it can also be enslaving—at least it can be where irresponsible companies are concerned.

John Battle: I am grateful to the hon. Lady for expanding the debate. She is absolutely right on work for women: they could have what I believe is called a better work-life balance, and there would perhaps be a better gender balance. However, I am thinking particularly about people who are not self-employed, even those who are more mobile in the labour market, if I may put it that way, who have decent jobs and qualifications and who work in offices but who sometimes go home to work. In a sense, it is about the attitude of employers to home workers. They do not see home working as a way of helping people to be liberated; rather, they are looking at how to reduce their costs. There are now rows about who pays for the lighting and the electricity, and people are pleading to go back into a workplace because on-costs are being pushed on to them. More than a million people who are at the behest of an employer rather than self-employed are picking up hidden costs for the employer. That is the real exploitation. Such people are paying a high price. Not only do they not receive a wage, but by paying their lighting bill and other on-costs they are subsidising their employer.

Lorely Burt: I am grateful for that point—it gives another perspective on the matter. However, I have recently been through the trauma of completing my tax return. I have been advised that a proportion—one eighth for a Member of Parliament—of one's lighting and heating costs can be claimed against one's final tax Bill, so the Government try to make allowances for employees who work at home—*[Laughter.]* It was news to me too, but I am assured that that is the case—a House of Commons approved company told me. In answer to the right hon. Gentleman's important and significant point, there are circumstances in which those costs can be offset.

Of course, thousands of people are missing out on basic employment rights because of the ambiguity of their employment status, as was admirably outlined by the hon. Member for Leeds, North-East and the right hon. Member for Leeds, West. The Department for Business, Enterprise and Regulatory Reform, in a leaflet entitled "Contracts of Employment", summarises the difference between employed and self-employed as follows:

> "If the employer has a duty to provide work, controls when and how it is done, supplies the tools or other equipment needed to do it and pays tax and national insurance contributions on the worker's behalf, then it is likely that the worker is an employee. If, on the other hand, the worker can decide whether or not to accept work and how to carry it out, makes his or her own arrangements for holidays or sickness absences, pays his or her own tax and national insurance contributions and is free to do the same type of work for more than one employer at the same time, this points towards the person being self-employed."

The leaflet goes on to state:

> "The important question is whether or not the worker is genuinely in business on his or her own account."

That is the important distinction. The Government say that self-employed people can refuse work and work for more than one employer. How can home workers do that if they have only one major source of work? We have heard this morning how home workers are afraid to turn work down, because they are worried that if they do so, they will not be offered more work. They are isolated and powerless.

Mr. Hamilton: Does the hon. Lady agree that in addition to that clear description she gave—it was extremely helpful—sometimes, the home worker is expected to provide their own machinery, especially in the sewing industry? I cannot think of a better description of that than the one in Monica Ali's book "Brick Lane". The machinery is supplied, serviced and looked after by the home worker. The home work can only be done with the right equipment, but the employer pays nothing towards its costs. Does she agree that that is another abuse of home workers?

Lorely Burt: I totally agree that it is an abuse in such circumstances. There might be another perspective; I want to understand it from the other side. For instance, someone may want to start up in business for themselves, buying their own equipment to produce clothing—perhaps bespoke clothing. It is not simply that the person has to buy their own equipment, it is the relationship between that individual and the employer—the power balance between the two—that is so out of kilter in the examples that the hon. Gentleman cited.

The problems of home workers have been described; they include long hours, a lot of stress, repetitive strain injury, and the fear of complaining about the volume of work and pay rates. The National Group on Homeworking estimates that 48 per cent. of home workers are denied basic employment rates.

Wages are an important subject. The fair estimate agreements for output work were replaced in October 2004 by the four-fifths rule for rated output work. If employers do not pay an hourly rate, they have to pay 120 per cent. of the average work rate times the national minimum wage. For those employers who adhere to the Government's guidelines, that represents good progress. However, the thread constantly running through this is the fact that unscrupulous employers do not adhere to those guidelines.

The Government have legislated to protect home workers, but should they go further? In our desire to protect one class of worker, we must not threaten another. People such as professional contractors, who work as outside consultants but often from home, have a completely different status, which must also be protected within the law. It is important that we do not throw the baby out with the proverbial bathwater; people who are genuinely self-employed should not be incorporated in the definition of employee, as they would lose their exclusive status and their earning ability.

I am open to suggestions on additional legislation, but I believe that it is not so much the legislation itself that is important as the enforcement of existing law. The chance of a company's being inspected on its payment of the minimum wage is low; on average it happens only once in over 200 years. Enforcement is paramount here. Will the Minister say whether the Government have plans to strengthen the hand of the enforcement agencies, which can do only what they have the resources for? There is nothing better that the

[Lorely Burt]

Government could do than putting resources into these areas of concern and looking at those companies at the low end of the market.

The right hon. Member for Leeds, West spoke about ethical trading through the supply chain. It occurs to me that we could encourage companies, and especially large companies—the company I am thinking of must be large, as it has made more than £1 billion—to include how they pay their workers and how they look after them in their corporate social responsibility reporting. We are developing such a culture in all sorts of areas. I have been talking to the Minister about supply side diversity, and companies can be encouraged to take that step.

John Battle: The hon. Lady has been most generous in giving way. I am sure that my hon. Friend the Member for Leeds, North-East, who is an accountant, could clarify the rules of company accounting, but it would help if companies, including major household names, were not allowed to use corporate accounting methods to be what I would call absentee landlords, not being forced to reveal their suppliers further down the chain. If that was put into company and accounting law, it would make things much more transparent.

Lorely Burt: The right hon. Gentleman makes an interesting suggestion. I shall certainly consider it as a potential way forward. His earlier suggestion of putting together a policy group to consider the loophole in employment law would be extremely helpful, and I would be interested to hear the Minister's comments on that.

In conclusion, I am interested to know why the Government are not prepared to legislate for this group of exploited workers, and to work out a way in which they can be specifically targeted—not only in employment legislation but, which is even more important, in its enforcement.

Mr. Bill Olner (in the Chair): Before I call Eleanor Laing, I thank the previous speaker for enlightening us all on the tax rules.

10.26 am

Mrs. Eleanor Laing (Epping Forest) (Con): I join in your thanks, Mr. Olner; we shall all check up on that point.

I heartily commend the hon. Member for Leeds, North-East (Mr. Hamilton) for seeking to debate this extremely important aspect of employment law. It is an important subject, as we are dealing not with a few hundred or even a few thousand people but with a substantial number of some of the most vulnerable people. I shall return to that subject in a moment, but that is why I am so pleased to be debating the subject this morning. The debate is long overdue. I also commend the right hon. Member for Leeds, West (John Battle) for his passionate support. Both Members have been dealing with the subject for a long time, and it is through their hard work that people are now paying attention.

It is interesting to note the historical perspective: the subject was first raised in the House of Commons exactly 100 years ago. It is true that there is much unfinished business. The more we think that we are continuing to improve the way in which our society works—that we are becoming more equal, more fair, more reasonable, and reaching a better work-life balance—the more we uncover the fact that much is yet to be done.

It is somewhat ironic that the Prime Minister should now be in India and that he was previously in China—the more time he spends in India and China, the happier some of us will be. However, I commend him for undertaking the tour because our economy will depend enormously on the emerging economies of China and India in future. Although press commentators and many of those engaged in the political process are quick to recognise the importance of improving employment rights and human rights in China and India, low-paid workers in Britain are doing work in competition with work being outsourced—particularly to India and the subcontinent—and it is those back home in the United Kingdom who still need to be looked after. I do not blame the Prime Minister; I commend him for what he is doing on the international stage, but will the Government please recognise that there is still work to be done here at home?

While we are adopting the historical perspective, it is interesting that the hon. Member for Leeds, North-East said that, once upon a time, the Conservative party was opposed to the national minimum wage. That, too, is history. We are not opposed to the national minimum wage. Personally, I think that it is an extremely important rung of the ladder towards achieving equality and fairness in the labour market.

John Battle: We have waited 10 years to hear that.

Mrs. Laing: I think that some of my colleagues have also said what I said about the minimum wage. I certainly believe it.

I met the National Group on Homeworking some time ago, when they brought a large delegation of people to the House of Commons. In all truth, not only was I interested in the issues that arose from that meeting but I was genuinely shocked to discover the employment conditions under which large numbers of people work in Britain today. They are not the type of bad employment conditions that existed 100 years ago, or indeed those found in India and China at present—I am not being insulting to those countries, but we must recognise the reality and truth of the situation there. However, although the current employment conditions of large numbers of home workers are not as bad as low-paid workers once had to endure, they are still bad enough to require our attention and the Government's attention as soon as possible.

The hon. Member for Leeds, North-East highlighted the heart-rending stories of some people who were brave enough to put their heads above the parapet and allow their circumstances to be used as important examples. It is quite unacceptable that a tribunal decision should take more than eight months to come out. That is simply unfair and I hope that somebody somewhere will take note of that fact this morning and deal with it.

In general, however, we must recognise that people do not usually work from home, or want to work part-time or need flexibility in their working environment

because they choose to; nor is it because, as some employers and some other people would have us believe, they are housewives earning a bit of pin money. That view is an insult—an absolute insult. The reason why people work from home, or need flexibility in employment or to work part-time, is that they have other family duties, whether it be looking after children or looking after elderly or sick relatives.

Furthermore, we as a society not only recognise that that situation exists; we encourage it. We need people to do two jobs, especially women—let us not forget that more than 80 per cent. of home workers are women—but also men in some circumstances. We need them to bring up families and look after the elderly and sick but we also need them to be economically active, because we need their input in the economy. Our economy would not work without people doing those part-time jobs. Such work is not a luxury or an add-on, nor is it about pin money; it is absolutely essential. Given that we expect people, especially women, to organise their lives so that they can work, be economically active and pay taxes, and look after their children and elderly relatives at the same time, we ought to recognise their work and give them the respect they deserve for doing lots of different jobs at once.

Bringing up children is not an add-on luxury; it is an absolute necessity. Looking after the elderly is not an add-on luxury; it is the most difficult job there is. Where people are also trying to earn money at the same time, they ought to be given respect and support.

Flexibility is absolutely vital. I see from *Hansard* that I had an interesting exchange with the then Minister for Women, now the Secretary of State for Transport in the House of Commons on 8 June 2006, when I was shadow Minister for Women. We agreed with one another about the importance of encouraging flexibility. I was arguing that the right to request flexibility should be extended, a point to which the hon. Member for Solihull (Lorely Burt) alluded a few moments ago in her excellent speech. At present, the right to request flexible working is extended only to some people in the working population; like the hon. Member for Solihull, I argue that it should be extended far more widely.

I say that because children do not stop being an enormous responsibility when they reach the age of six or seven; actually, they become more difficult then. Sometimes, people do not understand that. A baby can be put in a corner to sleep, but that is not possible with an eight-year-old child. Children of eight, nine or 10 and especially teenagers need their parents even more than small children do.

John Battle: I absolutely agree with the hon. Lady about the importance of flexibility in the household, in domestic circumstances and support work; we must move in that direction. However, ambivalence exists because employers interpret the word "flexibility" very differently and can see it as a means of avoiding health and safety regulations and employment law. Until they start to understand flexibility more positively and not as a negative way of just squeezing out more profit, we will have a problem with the concept.

Mrs. Laing: The right hon. Gentleman is absolutely correct. I do not have time to go into that aspect in great detail right now, but I am sure that the Minister will be well aware that when one studies the effects of flexible working one finds that many of the best, most profitable and most employee-friendly companies in Britain have introduced flexible working or have experimented with it, and the vast majority of them have evidence that not only has flexibility improved the morale of their work force but, as a result, their profitability and the general well-being of the company, in economic as well as social terms, has improved, too.

Not so long ago, when people made an excuse to be away from the workplace it would be anything but, "I have had to go and pick up my child from school." I have done it myself. I have not dared to say that I could not be at such and such a meeting because I had to go to school; I did not dare to say that because I thought that I would be looked down on. However, in the last few years, since we have brought the subject right to the front of the political agenda, I am no longer afraid to give that reason.

The important issue is that many men in the political world have come to respect the position of women who are looking after children. I honestly pay tribute to the men who dared to stand up for the employment rights of women who have to look after children. I do not know whether that means that there are lots of "new men" in the House of Commons. I do not really care what they are called; all I care about is that we are addressing the issue.

My son, who is aged six, saw me on television asking a question about the issue at one point; he had seen me say something about it. The following day, I explained to him that I could not be there at bedtime because I had to vote at 7 pm. He said, "Well, Mummy, I want David Cameron to become Prime Minister, because he said that mummies should spend more time with their boys." I was very proud of my little son for having the political message so neatly wrapped up.

It is true that the Leader of the Opposition gave that message, but the real point to be made right now is that when we address the general issue of the gender pay gap the end of the market that we should concentrate on is not where we see glamorous, City executives earning hundreds of thousands of pounds per year; it is the other end of the market, where the gender pay gap between part-time workers is more than 40 per cent. It is the fact that most part-time workers and home workers are women that causes that enormous gender pay gap.

When we talk about the importance of bringing equality to the labour market, we must not ignore the position of home workers, because the gender pay gap would probably become much smaller if they were taken out of the statistics. I am not saying that they should be, but that somebody somewhere should examine what the gender pay gap would be if home workers were not in the picture. I do not have the resources to do so, but somebody somewhere has, and that would let us see how difficult the position of home workers is.

I shall conclude without saying all the other things that I could say about this important and wide subject because I want to give the Minister plenty of time to reply to the debate. Given that the Government have taken great steps forward on the minimum wage, equality and flexible working, I am genuinely surprised by their attitude to home workers. Of course, I recognise the difficulties in current employment law, which affect employers, employees and home workers alike, but I am

[Mrs. Laing]

genuinely surprised that the Government have not tackled the issue, so along with everyone else who has spoken, I want to hear what the Minister has to say.

10.41 am

The Minister for Employment Relations and Postal Affairs (Mr. Pat McFadden): I begin by paying tribute to my hon. Friend the Member for Leeds, North-East (Mr. Hamilton) for introducing the debate. He spoke with great expertise and passion, particularly about the individual examples that he raised, some of which are summarised in the NGH report "Subject to Status", to which he referred. He raised several issues relating to piece rates, the minimum wage and employment status, and I shall deal with those in more detail later.

I also pay tribute to my right hon. Friend the Member for Leeds, West (John Battle). I hope I will not embarrass him when I say that I have regarded him as something of an inspiration for many years because of the depth of his passion on issues relating to poverty, because of his belief in empowering people and because of the international reach of his thinking on these important issues, as we have seen today. The hon. Member for Solihull (Lorely Burt) raised important points, including questions about flexibility and enforcement, and I shall come to those later.

In a sense, the hon. Member for Epping Forest (Mrs. Laing) began where my hon. Friend the Member for Leeds, North-East began—100 years ago, which is when the report with which my hon. Friend began his speech was published. In a sense, 100 years ago is a good place to start because we are currently experiencing a great wave of globalisation. However, it is not the first, and there was another great wave of globalisation in the years before the first world war; indeed, the 1908 report would have been written in the middle of that phenomenon. The hon. Member for Epping Forest is therefore right to draw attention to the Prime Minister's visits to India and China and the powerful international economic changes that we have seen. I appreciate that you will not want me to veer too far from the subject, Mr. Olner, but history shows that the first wave of globalisation did not continue and was brought to an end by world war and then cold war. It is only since the end of the cold war that we have experienced a second great wave of globalisation.

My right hon. Friend the Member for Leeds, West raised some important questions about employment rights in an era of globalisation, which is a difficult issue, particularly for those of us in the richer west. It is sometimes argued that globalisation exploits people in newly developing countries and that we would not tolerate their working conditions and wages. Looked at from our end of the telescope, that might be true, but it might also be true that such conditions and wages are better than those offered by local employers. Indeed, if we look at the impact of globalisation, particularly in the two countries mentioned by the hon. Member for Epping Forest, we see that the number of people living on less than $1 a day has declined rapidly in recent years.

Lest I go too far down that road, however, Mr. Olner, I return to the issue of home workers in the UK labour market. I agree that it is an important subject, which raises important issues about the Government's role in securing a flexible labour market that offers people decent rights—one that both contributes to the success of our economy and is good for people to work in. That is what we are trying to achieve, and I would not want people to think that home workers have not been part of our agenda or of the work that we have done in the little over a decade that we have been in power.

My hon. Friend the Member for Leeds, North-East referred to the national minimum wage, which is important, because it was designed to put a basic floor under the labour market, beneath which no one should fall. My hon. Friend and my right hon. Friend the Member for Leeds, West also mentioned the distinction between workers and employees, and we will come back to that. However, section 35 of the National Minimum Wage Act 1998 ensures that those who fall outside the usual definition of a worker—for example, because they may not be obliged to do all their work personally—are still covered by the Act, and it is important that the legislation tried to reach out beyond employees to cover workers.

That was the first thing that was done to ensure that legislation reached home workers and those outside the normal definition of an employee. The second thing was to amend piece rates, to which the hon. Member for Solihull referred, and that was done through the fair piece rates legislation introduced in 2005, which addressed the fact that the bar was set at such a level that it seemed to justify payment beneath the national minimum wage. The way piece rates were calculated was changed to address that problem, and the fair piece rate was amended to ensure that people working at an average rate would get the national minimum wage. Those were important gains for home workers, and I am glad that my hon. Friend the Member for Leeds, North-East acknowledged them.

The Government also supply guidance on fair piece rates by means of the national minimum wage helpline, which anyone who is in doubt about their rights under the legislation can phone in confidence. My hon. Friend also referred to the fact that Her Majesty's Revenue and Customs has a specific enforcement team dedicated to enforcing the minimum wage in that regard.

My hon. Friend rightly said that there is a difference between passing a law and enforcing it. Although passing a law may be the first necessary and important step, we must all be aware of the fact that the law must be properly enforced. I therefore want directly to address the question raised by the hon. Member for Solihull about action on enforcement, because we have been very active on the issue recently. In fact, only last week, I was with the national minimum wage bus, which is sponsored by my Department. It is visiting 30 towns and cities, distributing information to people in town centres and shopping centres. On Friday we were outside St. Andrews football ground in Birmingham. I also visited the bus in Newham, and it is going on to other areas. It is part of an effort to make sure of two things: first, that people are aware of national minimum wage rates. The bus's route number is 552, and if one thinks about it that is the right name for it. People can go on the bus and find out directly whether they are being paid the minimum wage, as well as finding out about youth rates. They can also phone the helpline to report in confidence if they are not being paid the correct rate.

We have taken out advertising on local radio stations and in bus stops. There is an online campaign aimed at

young people and I have written articles for newspapers—particularly those more likely to be read by migrant workers, who are often exploited and not paid the minimum wage.

Awareness is important to our work, and so are resources. The hon. Member for Solihull was quite right when she asked about resources. The Prime Minister, in his final Budget as Chancellor, announced a significant increase in resources for enforcement of the national minimum wage—an extra £3 million or so per year over the next few years. That will allow Her Majesty's Revenue and Customs, which does the work of enforcement, to hire more staff to ensure that that important legislation is properly enforced.

As well as awareness and enforcement, there is a third arm to the relevant work, and that is changing the law, which we are doing in two respects. The Employment Bill received its Second Reading in the other place recently, and will eventually find its way to the House for discussion. It will change the law in two important ways: first, by increasing the arrears of minimum wage payable to anyone who has been underpaid, to give people a better deal on arrears and, secondly, by increasing the penalties for employers who pay less than the minimum wage. My right hon. Friend the Member for Leeds, West talked about employers and unscrupulous practice. We want to change the law so that employers who underpay the minimum wage will receive stiffer penalties than they do now. I do not think that legitimate business has a problem in that regard. In fact, at the TUC a few months ago, the director general of the CBI said that employers who behave in such a way "should get clobbered." He rightly sees that illegal exploitation of workers through not paying the minimum wage undercuts legitimate businesses, the vast majority of which want to treat their workers decently and fairly. On those fronts—awareness, enforcement through resources, and changes to the law—it is important to make the Act we passed seven or eight years ago even better suited to today's circumstances.

My hon. Friend the Member for Leeds, North-East also raised the issue of employment status and the employment status review. It was an exhaustive review, which took about four years. The ship of state did not move particularly quickly in that respect, and did not come out with overnight, knee-jerk conclusions. I think that my hon. Friend said that the work lasted from 2002 until 2006. I know that he does not agree with the conclusions he read out, but on the basic distinction between employees, workers and the self-employed, the Government decided not to change the legal framework. I have referred already to new law affecting the minimum wage, which is on the way and will also cover other issues, such as those concerned with employment agencies. It will be debated fully in the House. However, I must be candid with my hon. Friend and tell him that I shall not today announce a shift away from the conclusion reached by the Government in the employment status review, which, as I have said, took four years and concluded just two years ago. Nevertheless I should not want right hon. and hon. Members to conclude that workers are without rights and protections. That is not the case. Workers are entitled to the minimum wage and paid leave and they have redress for the enforcement of those rights. We do not want a labour market in which some people enjoy the kind of progress that my right hon. Friend the Member for Leeds, West spoke about, while others are abandoned.

John Battle: If I remember rightly, the relevant response did not mention the expression "home workers" and I think that part of the point of the debate that my hon. Friend has initiated this morning is whether, when the Government consider the issue, home workers can be positively and explicitly included.

Mr. McFadden: The review was concluded two years ago and there is no plan to start that piece of work again, now that it has been decided that there should not be a basic change in the legal status of the self-employed, workers and employees. That is not to say that suggestions that the National Group on Homeworking and hon. Members who support the campaigns may make with regard to home workers will be swept aside and not listened to. I do not mean that at all. Home workers deserve the protection of the law. They have it with respect to the national minimum wage and rights under working-time protections, as well as, for example, rights under discrimination legislation and entitlement to statutory maternity pay. They are not a group that should be without protection and it is important that their legal protections should be properly enforced, as the hon. Member for Solihull said.

We have made important advances in the labour market in recent years. The hon. Member for Epping Forest referred to the right to request flexible working, which is another change that we have made. It is intended to recognise the twin responsibilities of family and work, and to help employees and employers cope with them. We have worked step by step, through granting the right first to parents of younger children and to carers. Hon. Members will know that the Government recently announced a review of the arrangements, with a view to extending the right to the parents of older children. The review is being carried out by Imelda Walsh of Sainsbury's, a senior and experienced business woman. We are trying to establish a labour market that helps families to cope with the twin responsibilities of family and work and supports them in a way that business can accommodate.

Today's debate has raised important issues. We want a labour market with flexibility, but we also want it to have decency and dignity. That is the core philosophy behind the changes in the labour market that the Government have made in the past decade.

Regional Spatial Strategy (South-West)

10.59 am

Mr. Christopher Chope (Christchurch) (Con): There can be no more important issue affecting the lives, and quality of life, of our constituents, than the regional planning strategy that is now set out in what is described as the regional spatial strategy. It has a big impact on every constituency in what I like to call the west country. The west country has a population of more than 5 million—on a par with Scotland, which demonstrates a substantial democratic deficit. Today's debate should represent the beginning of detailed parliamentary scrutiny of the regional plan for the south-west before the Secretary of State takes any decision on its contents and proposed modifications.

Last Thursday, I asked the Leader of the House

"what role she envisages the Minister for the South West playing in"

today's debate,

"and what other opportunities there will be for a debate in Government time"

on this highly contentious strategy.

The response by the Leader of the House bears repetition:

"The Minister for the South West is my hon. Friend the Member for Exeter (Mr. Bradshaw). We are developing the role of the regional Ministers—*[Laughter.]* Regional Ministers are a new innovation. I think that they are doing a very good job on behalf of their regions and that we can build on that role. What we need to do next—we are looking at this in the Modernisation Committee—is to consider how to develop a system for regional accountability to the House. Perhaps the hon. Gentleman will contribute to that inquiry."—[*Official Report*, 17 January 2008; Vol. 470, c. 1090.]

I am happy to contribute to any inquiry, within reason, but I hope to hear from the Minister today how the regional spatial strategy will be held accountable, which is so important.

On 18 July 2007, in answer to a question from my hon. Friend the Member for Forest of Dean (Mr. Harper) about

"what assessment the Minister for the South West has made of the regional strategy",

the Minister for the South West replied:

"I will advise the relevant Secretary of State on the approval of regional strategies".—[*Official Report*, 18 July 2008; Vol. 463, c. 360W.]

That is not a system of regional accountability to this House. Will his advice be based on the views of west country Members of Parliament? Will his advice to the Secretary of State be published? When will it be issued? What about the regional Select Committees, which were promoted by the Government to address the democratic accountability deficit, but which now seem to have been shelved? Have they been conveniently shelved until debate on the regional spatial strategy is over?

The strategy was put on deposit between June and August 2006 and generated 1,982 responses and 14,786 representations. However, fewer than one in 10 of those responding were invited to appear at the examination in public, and despite the plethora of objections and representations, nine key matters only were selected for debate. The process at the EIP was seriously flawed, as I spelled out in a letter that I sent to the panel chairman in December 2006. In that letter, I stated that

"if this Plan is introduced unamended, it will result in substantial detriment to the built and natural environment in my constituency and will damage the quality of life of large numbers of my constituents. That is why as an elected representative in Parliament, I wish to have the opportunity to give oral evidence during the Examination in Public."

My request, and those of other Members in the west country, was turned down, on the basis—I suppose—that we were not sufficient stakeholders. Who could be a bigger stakeholder than somebody who needs electing to this Parliament? Instead of the elected representatives, we have a plethora of officialdom and quangodom.

Mr. Laurence Robertson (Tewkesbury) (Con): Chapter 4.3.23 of the panel reports states that

"the Panel does not therefore accept the argument advanced by Gloucestershire County Council that draft RSS levels of housing provision should be adhered to or reduced."

Even when very important bodies, such as a county council, make representations, the panel has the power to completely ignore them.

Mr. Chope: My hon. Friend is absolutely right, which is why we need to bring the panel to account, and I hope that we will hear from the Minister exactly how we can do that.

I shall not regale colleagues with all the detailed representations that I made, but will mention one on policy reference number SR25. I wrote:

"The policy of providing sufficient housing to meet the needs of a growing population is one of predict and provide which is both unsustainable and wrong in principle. Only very modest increments should be allowed to the existing housing stock because demand, particularly from retirees from elsewhere, will always exceed supply."

I suggested that the last sentence of SR25 should be replaced with the following words:

"Only a very modest increase in housing will be allowed in recognition of the environmental constraints. Increasing densities should not be permitted where this is to the detriment of existing character."

It is almost 10 years since the Government announced a rejection of the predict and provide approach to housing targets. In February 1998, the then Deputy Prime Minister told the House that the Government were

"determined to get away from a simplistic "predict and provide" approach in housing, as we have done for road building. We shall treat the household projections as guidance, not house building requirements."—[*Official Report*, 23 February 1998; Vol. 307, c. 21.]

Chapter 2.2 of the panel report provides the context for the whole of the strategy. It states:

"The RSS is founded on projections over a 20 year period... it is necessary to make estimates of economic and population change so that the best way of managing consequential development can be found."

That is flowery language for predict and provide—the very policy that the Government said that they rejected 10 years ago. The Government have policies to try and restrain increases in traffic growth, but notwithstanding those policies traffic has increased by 13 per cent. in the south-west in the last 10 years. Why can they not have

policies to try and constrain the increase in population growth, which is destroying our green and pleasant land?

Next year, England will have a higher population density than the Netherlands, and nearly four times the population density of France. The UK population is forecast to rise to 71 million by 2031; on the Government's own figures, 69 per cent. of that growth will be as a result of immigration. Net immigration is now 190,000 per year—the highest ever, and unprecedented in our nation's history. When the Government estimated the net immigration figure at only 145,000, a couple of years ago, they put the proportion of household formation caused by that immigration at 33 per cent., meaning a need for 200 houses every day just to accommodate immigrants. Those figures are now significantly higher and still rising, with the figure of 190,000.

Martin Horwood (Cheltenham) (LD): Is the hon. Gentleman aware that there are still more homes than households in this country, although the closeness between those figures is adding pressure on housing, and that the key issue for the south-west is not immigration, but migration from other parts of the country, which is putting excessive pressure on areas such as my constituency?

Mr. Chope: I agree with the hon. Gentleman to an extent. A large number of people are coming into Christchurch because they are being displaced from other parts of the country where the quality of life is declining, largely as a result of the uncontrolled immigration.

Mr. Tobias Ellwood (Bournemouth, East) (Con): Does my hon. Friend agree that the consequence of migration down to the south-west is affecting the quality of life there? Owing to the pressure to build houses without investment in infrastructure, we are building, in certain areas, the slums of the future, which will cause even more problems for whatever Government is in power.

Mr. Chope: My hon. Friend is absolutely right; that point was made very well by Ed Perkins, the editor of the *Bournemouth Echo*, in an editorial earlier this month, when he argued that the discussion about the regional spatial strategy is one about the quality of life of our area for generations to come. If the high densities required by this strategy and the building on green belts is carried through, I am sure that my hon. Friend's concerns will be proved right.

Mr. Ellwood: The very area to which the South West regional assembly spatial strategy pointed for building extra houses in Bournemouth was in fact completely under water last weekend.

Mr. Chope: That, I think, is a subject for another day. I cannot get into flooding and building on flood plains in this constrained debate.

Where does such mass migration—uncontrolled immigration—to the United Kingdom leave the west country? The Government tell us that we must sacrifice our own green belt, destroy our urban and suburban townscapes with high-density development built on back gardens, and spoil the very features of the west country that make it so attractive to tourists and retirees. West country traffic is up by 13 per cent. in 10 years, but we have not increased road space by 13 per cent.—or even by 1 per cent. Surely, the EIP should have examined household formation and unprecedented immigration, and developed around them a strategic policy that was not based on predict and provide.

John Penrose (Weston-super-Mare) (Con): My hon. Friend makes an eloquent case. I shall add to the evidence that he cites by explaining the situation in my constituency, where precisely the point that he has just made applies, too. There is appalling traffic congestion on junction 21 of the M5, and a variety of related problems with local infrastructure and services because of the failure to plan for a sustainable community rather than for a dormitory. Instead, the focus has been on predict-and-provide housing provision, with which local services have not kept up.

Mr. Chope: My hon. Friend is absolutely right, and I hope to turn to infrastructure, because the panel's report about infrastructure is one of the most critical issues in the whole matter.

I shall turn to another representation that I made to the panel. On policy reference SR29, I said:

> "An urban extension can only be acceptable to local people if it does not encroach on greenbelt and is an alternative in whole or part to increasing densities unreasonably in the urban area."

I suggested that in the relevant paragraph on development in south-east Dorset, all the words after "urban renewal" be deleted and the following words be added:

> "Any urban extension must not encroach on greenbelt and can be chosen by the local planning authority as an alternative to increasing urban densities."

A regional strategy should be a regional strategy; it should not involve the Government or unelected regional bodies imposing on small communities requirements about how they should manage their own affairs.

Mr. Oliver Letwin (West Dorset) (Con): My hon. Friend touches on a signal point. Does he agree that there is all the difference in the world between targets that descend on smaller communities, forcing them either to fight against them or to accept the unwanted, and what might have been, which is an effort to encourage people locally in small communities to accept more housing in sensitive ways that relate to the community and fit its culture and life?

Mr. Chope: My right hon. Friend is absolutely right. It was the policy and philosophy that the previous Conservative Government tried to promote. I can remember when I was a Minister in the Department of the Environment, and the issue of Foxley wood came up, when the then Secretary of State and his officials tried to second-guess the wishes of people living in Hampshire and impose a new settlement there. My right hon. Friend the Member for West Dorset (Mr. Letwin) will remember that an effigy of Nicholas Ridley was burned at Foxley wood, and it led to a complete change in policy. He said that policy should be bottom-up, with local people being able to decide what was best for their own communities and their own future.

Mr. Letwin: Does my hon. Friend agree that in place of burning effigies of the Secretary of State, or of the Minister for Housing, we could have small statues to her if the plan were to do what it will signally fail to do, which is to encourage, for example, community land trusts? In my constituency, the villagers of Buckland Newton have clubbed together to support extra housing for local young people, precisely because those villagers are able to control it through the community land trust and its shared equity arrangements.

Mr. Chope: My right hon. Friend is absolutely right again. Other areas are trying to emulate the achievements regarding community land trusts in his constituency. They have struck a chord with local people, and they are an example of truly sustainable development.

I shall provide my own example of the way in which a small community is being imposed upon by the panel's report and the strategy. There are 1,350 households in the parish of West Parley, and the parish and its residents association conducted a survey of all residents. They did not go door to door trying to get them to answer yes or no, they sent them survey forms and invited residents to return them. Some 65 per cent. of households did so, representing 1,755 people on the electoral register, and 97.78 per cent. of those residents said that they wanted to preserve their green belt in West Parley. They were also concerned about the lack of infrastructure, and about other issues relating to the proposal to build over the green belt there.

The EIP heard evidence from West Parley, but there is no reference to it in the report, save to say that the opposition to the development on the green belt arose because of a change of political control. That is, however, a completely wrong assertion. It was not a change of political control that caused people to become so angry about the removal of the green belt in that area. It was, however, material that if the local councillors did not go along with the wishes of the people, they certainly would have lost political control, and quite right, too, because surely that is what local democracy should be all about. Instead, the panel has chosen to re-impose through that process a requirement that West Parley should have its green belt taken away to provide 900 high-density houses right on the edge of the River Stour. West Parley parish council is seething, as indeed is East Dorset district council, which realises that the decision is completely at odds with local people's wishes. The recommendations are totally undemocratic, and they fly in the face of localism. Almost everybody recognises that we need more houses in East Dorset, but surely locally elected representatives should be able to decide on their location.

The next point that I sought to raise with the panel, by giving written evidence, related to policy reference SR29. I said:

> "The strategy presents the opportunity to incorporate a clear policy of rejecting garden land as being 'brown' and encouraging the retention of gardens in urban areas to help 'play'; to protect amenity and encourage wildlife."

That point has not been followed through in the spatial strategy. There is a desire to increase the densities in urban and suburban areas to as much as 50 habitable houses per hectare, which will be absolutely oppressive in the current East Dorset environment. It will mean that almost every tree has to be removed from any given site, that there will be no local recreational facilities for the people who are forced to live in those high-density dwellings, and that they will be forced to travel to other recreational hot spots at a time when Natural England says that it wants to reduce the amount of people using heathland in order to protect that valuable habitat.

My next representation, again on policy reference SR29, stated:

> "The density of development should be compatible with the existing character of the area and within the discretion of the local planning authority."

I sought to delete any expressions relating to "maximum densities", but the Government still require an urban extension to be accompanied by a maximum density. That is an enormous threat to the future well-being of our countryside.

I then wrote:

> "The 'key infrastructure' required is already known and usefully listed in paragraph 4.3.14. It should therefore be a formal policy recommendation"

that that key infrastructure be put in place before the development proposed can be implemented. I am horrified to say that not only was my recommendation rejected by the panel, but that it removed all reference to key infrastructure requirements on the basis that it did not know what that key infrastructure was. That is an absurd situation. I hope that, when the Minister examines the panel report, she will also examine a further recommendation that I made to the panel: that any development should depend on the required infrastructure being in place before it starts. A problem in our planning system in the past 10 or 15 years has been that developers, and sometimes public authorities, have promised to put in infrastructure after the event, but the developments have taken place and the infrastructure has never been put in place. The result has been the pressures that we see every day: increased congestion and pressure on sewerage, waste facilities and water. That is all because the Government refuse to recognise that there must be a link between infrastructure and development.

Mr. Ellwood: My hon. Friend touches on the crucial matter in the debate—the fact that infrastructure is so inadequate. We share the Wessex way, which is almost at gridlock, and Castle lane is completely inadequate. We also have an airport served by a country bumpkin road. That is not the backdrop to which 48,000 houses should be built.

Mr. Chope: My hon. Friend is absolutely right. I know that it is suggested that there should be development on the green belt in north Bournemouth, in the northern part of his constituency. To enable access to that land, an enormous amount needs to be spent on infrastructure improvement, but there is no way in which that money can ever be afforded. The proposal in the original report that there should be a proper infrastructure link between the A338 and the airport, to enable new employment, has been rejected in the panel report.

Probably the only good thing in the whole panel report is the suggestion that the A31 should be made a dual carriageway towards the west. The panel regards

that road as an "urban road", although it is currently a single carriageway through heathland. That is how it justifies the requirement that it should be a dual carriageway. There is not yet any suggestion as to whether the Highways Agency is in favour of that, and if so, how it will be afforded, but it is about the only crumb of comfort that I could find in the whole 500-plus-page report.

The report mentions the number of houses to be built. I was in the position that you are in today, Mr. Olner, chairing a debate here on the north-east regional strategy last June. The hon. Member for Bishop Auckland (Helen Goodman), who is now the Deputy Leader of the House, complained that the north-east was not being allowed to build enough houses. The north-east regional spatial strategy stated that there should be a net increase of 6,500 new properties a year, compared with the requirement of 28,500 in the south-west. She said that only 19,000 were proposed in Durham for the whole 15-year planning period, which compares with 48,000 in Dorset. She said that she knew of Members of the House who had complained about lack of infrastructure, congestion and declining quality of life because of development in the south, and that she wanted more of that in the north. If the Government were to say, "Our strategy is to spread the demand for housing and the provision of housing across the country," we would be talking the same language. That would truly be a strategy led by the Government. Instead, we have the fall-back position of the predict and provide policy.

Serious matters were raised in the report, and the result of the loss of green belt in Christchurch and particularly East Dorset will be dramatic. East Dorset district council has described the panel's proposals as

> "the nightmare scenario...The proposal for 1,000 additional dwellings, apparently intended to be an urban extension, puts the whole inner boundary of the Green Belt, established through local plans and local plan inquiries, into question and review."

In other words, every part of East Dorset that is not already developed will be a prime target for developers, and the district council is being deprived of the means of controlling the destiny of its area. I hope that the Minister will examine carefully the proposal to increase housing provision in East Dorset by 1,000 properties, with the implications spelled out succinctly by the council.

The report states:

> "Regional stakeholders will work with the Highways Agency to manage demand in a way that minimises congestion on the trunk road network while meeting the requirements for development."

That is a pretty meaningless statement. How will that ever be delivered? When I was the Roads Minister, the policy was to transfer as much traffic as possible on to the strategic trunk road network, rather than the reverse. Now it seems that we are not going to be doing that. There is a reference in the panel report to restricting the use of the motorway around the Bristol conurbation. What implications does that have for the alternative route into the west country, the A303? It should go via Stonehenge, but the Government have abandoned that project and the panel report states that we should have a gentle approach to developing a second thoroughfare into the west country. The matter has not been thought through, and even the Highways Agency's proposals for investment to ensure that we have reduced congestion in the west country seem to have been rejected.

I hope that this will be the first of many debates on the subject. The Leader of the House ducked the second part of my question last Thursday about further opportunities for parliamentary scrutiny. I hope that the Minister will assure us of her willingness to receive deputations from our constituencies on the subject matter of this important report. I do not wish to give an autobiography, but I can remember, when I was a Planning Minister, receiving deputations from Members of Parliament who had concerns about proposed changes to county structure plans. Those plans were much closer to the people than these regional monstrosities that we have now, and the public examination of them was much more thorough, albeit long-winded, than that of the regional spatial strategy. In those days, Ministers recognised that the most important stakeholders in local communities were the Members of Parliament elected by them.

We must balance the interests of a parish threatened with losing some of its green belt, people saying that they want more affordable housing for young people and firms that say that they need to expand and want larger areas in which to do so. We must bring a balanced and rational approach to that, which is why it is unforgivable that until now we, the MPs representing the west country, have been excluded from the process.

Mr. Bill Olner (in the Chair): Order. I have the names of only two Members who wish to participate in the debate, and I intend to call them first. I intend also that the Liberal Democrat spokesman will start the winding-up speeches at 11.55 am. I am delighted to see so many Back Benchers here to participate in the debate, but it will be down to your discipline as to how many of your colleagues are called.

11.31 am

Annette Brooke (Mid-Dorset and North Poole) (LD): I congratulate the hon. Member for Christchurch (Mr. Chope) on securing this debate. For once, we have a great deal in common, and I shall reiterate some of the important points that he made. I shall be fairly brief because, having had the general introduction, it is appropriate that I refer to specific constituency points.

I begin with a basic point about the report's lack of democratic accountability. Like many other MPs, I asked to attend the examination in public. In fact, I requested that three times. I tried to get beyond the secretariat to the examination in public, but that person seemed to have all the power at their elbow. I could not get beyond them.

What concerns me particularly is that we frequently have statements from the Government that the green belt is safe, that it is Government policy not to encroach on it, but that of course local authorities might make adjustments. So where does an unelected regional body that is proposing massive changes to the green belt, regardless of what local councils and elected representatives might say, come into the equation?

I notice, for example, that the Government office for the south-west indicated that an approved green belt should be altered only in exceptional circumstances.

[Annette Brooke]

The examination in public panel concluded that the scale of demand and the application of the principles of sustainable locations provide the exceptional circumstances to justify alterations to the green belt in the region. At what point can locally elected representatives challenge that conclusion?

There is a further conclusion that I find unsatisfactory. The strategic authority suggested that greenfield development in my area needs to be phased in to ensure that it does not prejudice the rate of development within the area, particularly the Poole regeneration area. That is a large brownfield site on which people would support the building of 2,000 dwellings, if they could be secured—it is proving to be difficult—a high proportion of which would be affordable housing. Development on that old power station site is supported by all. Surely that should be attended to before this development comes forth, but the panel's view was that no evidence had been provided to demonstrate that there was a need for phasing.

Without phasing, how will our existing infrastructure cope? Any Members who have visited Dorset or attempted to travel through it will be aware that it is beautiful but that there is not even a tiny bit of motorway within it, that it has incredibly poor public transport and that it is difficult to travel westward in general. The county lacks infrastructure, yet the thrust of the report is build, build, build, everything will follow. I do not have confidence in that strategy.

I would like to mention the situation in east Dorset, to which the hon. Member for Christchurch also referred. Corfe Mullen is a large village in my constituency. It was proposed that the authorities working together should undertake a large development in the green belt. An interest group was formed, and it produced a massive petition. The parish council did not just go along with the interest group; as in West Parley, it did a detailed house-to-house survey on the right balance between building and tackling the serious local problem of the lack of affordable local accommodation for our young people. As soon as the results were in—the survey was very well done—they were presented to East Dorset district council. There was hard evidence from local people, and it is absolute nonsense, as the report suggests, to say that East Dorset had a change of political control. That is just one example of the many flaws in the report, and a very obvious one.

I want to refer particularly to the western extension, which is a location around a village called Lytchett Minster. It is true that, originally, the concept of a new town was explored. Natural England objected to that, and, for all sorts of reasons, the whole thing was thrown out. The south-east Dorset joint study area group commissioned a study to consider a reduced scale of development from a transport perspective. The study concluded that substantial highway infrastructure costs would be associated with the development. As a consequence, in evidence to the examination in public, Dorset county council, Purbeck district council, and Lytchett Minster and Upton town council all objected to any development in the area. Lytchett Matravers parish council would have been included, if it had been invited. There was no local support for any development in that green belt and flood plain area.

However, evidence was submitted on behalf of the developer. It is interesting that such evidence could be submitted, whereas I as an MP was told that my viewpoint would not be strategic enough. The person who appeared on behalf of the developer challenged the finding of the study commissioned by our local authorities and said that a development of that scale could be accommodated without the need for additional lanes on the A35. In due course, the examination in public supported an extra 2,750 dwellings.

At the start, Purbeck was asked to provide 2,100 extra dwellings. That has gone up to 5,150, which is an increase of 3,050 and half the increase for the whole of the Bournemouth-Poole conurbation. That is absolutely phenomenal. Purbeck has a wonderful world heritage coastline, it is in an area of outstanding beauty and it has an enormous proportion of heathland. Highly concentrated housing would be quite alien to the nature of the place.

I understand how the statistics might look from the outside. Purbeck has one of the highest ratios of house prices to earnings. Well, perhaps one should just build houses to bring house prices down. That may be the view from outside, but if one also considers the proportion of second homes, one begins to realise that building more and more houses and trying to build a way out of the situation is not the way to tackle the problem.

What is needed is a proper approach to providing affordable housing for local young people. It will involve working with local councils and communities. The right hon. Member for West Dorset (Mr. Letwin) gave some examples of how we should tackle the problem at local level. We need to protect the quality of life.

At present, my constituency has a rich diversity of rural and urban areas. It is fascinating to see how the two sectors come together. They are dependent on one another, and it is a delight to live in the area. The proposals will turn it into one large urban sprawl, apart from the land on which Natural England would object to any development whatsoever.

Martin Horwood: I am struck by the similarities between the opposition in Dorset and the opposition to urban extension around Cheltenham, where all elected and community representatives opposed the extension and only planners and developers supported it. Does my hon. Friend agree that a possible explanation for the way in which extensions are happening is that they are simply more profitable for developers than urban regeneration, development in counties such as Cornwall that need and want more housing, or smaller developments around villages with shops and schools that are dying for lack of smaller-scale development?

Annette Brooke: I agree entirely, and think that we should return to that issue.

Finally, if the Government really believe in localism, let us have a local response.

11.40 am

Mr. Laurence Robertson (Tewkesbury) (Con): I shall be brief as at least two more hon. Members wish to speak. I hope that I can secure a separate debate to discuss the impact on Gloucestershire of the regional spatial strategy, because I have many detailed points

that are not appropriate now that I should like to make in another debate while the Minister considers the report.

I congratulate my hon. Friend the Member for Christchurch (Mr. Chope) on securing a debate on this important subject. He tackled the issue as I would have hoped to myself, covering the nonsense of the Government's policy of being elected on the ending of the predict and provide approach to housing. We all applauded that at the time, because it was a necessary policy. I am sorry that it has been ditched. He could have gone on to say that when the regional government concept was rejected in the north-east, it would have been sensible to reject it throughout the country. Instead, we have regional government by stealth, and there is no worse example than this issue to show what an inappropriate way that is of carrying on government. When things are done regionally, there is no feel for the position locally, so inappropriate recommendations are inevitably made—no more so than in Gloucestershire.

I take us back to last July. My hon. Friend said that he would not discuss flooding, but with your permission, Mr. Olner, I shall. My hon. Friend the Member for Brentwood and Ongar (Mr. Pickles) was kind enough to visit Tewkesbury at that time, when he saw some of the devastation that the floods caused. Indeed, the Prime Minister, the Secretary of State for Environment, Food and Rural Affairs and several other Ministers from DEFRA and the Department for Communities and Local Government have been kind and generous with their time in the past six months. They have visited the area several times and are giving some money. We could do with a lot more, but does not everyone say that?

All that time, energy and interest will be wasted if we ignore the central problem in my area, which includes not only Tewkesbury but a wider part of Gloucestershire. We understand that we live in a flood risk area—two rivers converge at Tewkesbury, so there are bound to be problems—but there are still hundreds of people living in caravans in my constituency. It is six months since the main event, and those people are months away from being settled back into their homes. The question that bothers them more than anything else is whether lessons will be learned from the flooding. The DEFRA inquiry is going on and Sir Michael Pitt is carrying out an inquiry—I am meeting him tomorrow morning—and the main thing that my constituents would want me to say is, "For goodness' sake, we know that we live in a flood risk area, but let's not make things worse than they need to be."

It will rain heavily again in the future; indeed, the rain has been quite heavy in the past few weeks. People in other areas of the country have probably suffered a little more than we have this time. We know that it will rain again and that the water table is high in my area. We also know that the building of thousands of houses in the past few years has made the matter worse, but the RSS, which was, unbelievably, submitted to the Minister at a time when we were frightened that flooding would recur in Gloucestershire, proposes thousands more houses in my constituency, some of which will be on fields that have flooded. The RSS is not site-specific, but those of us with local knowledge can guess where the houses are going to go. Some will be close to areas that flood and some will take up green fields that would otherwise soak up water, preventing it from going elsewhere and causing flooding. It is important that the people who frame such documents understand that if houses are built on fields that previously soaked up flood water, there is a question not only of whether those houses will be flooded, although that is obviously important, but whether they will cause other houses in the area to flood. That concept seems to pass conveniently by people who want to find places to put thousands of houses.

I have a home, as does everyone present, I expect. Everyone is entitled to a home, but do we really want to build houses and homes for which the owners are unlikely to get insurance, certainly against flooding, or are likely to have large excesses on their insurance policies if they do get them? It is not unusual nowadays to have a £20,000 excess, which effectively means that those people are not insured against flooding. Should houses be in areas where they might flood or cause other homes to flood, or should we take a more sensible approach, as my hon. Friend the Member for Christchurch suggested in his opening remarks?

Finally, the report starts by stating that its central guiding feature is sustainability. I am not quite sure what that word means, and I am not sure that the report's authors know what it means. I should like them to give an example of what is not sustainable. Is a house flooding sustainable? Is failing to get insurance sustainable? Is a lack of infrastructure sustainable? The report talks about Ashchurch railway station, which has twice recently had train services cut. It talks about the possible Parkway station and says that it should be built between Cheltenham and Gloucester, but the Government recently turned down funding for it. However, I do not think that they were wrong to do that at this point, as there needs to be an awful lot more thought on it. We do not have the necessary infrastructure or land that is safe from flooding, so will the Minister give us her idea of what is sustainable? The proposals in the RSS to build in large parts of Gloucestershire certainly would not be sustainable on any understanding that I have of the word.

11.37 am

Steve Webb (Northavon) (LD): I congratulate the hon. Member for Christchurch (Mr. Chope) on securing the debate. I asked for one on exactly the same topic last week, so I was delighted when it came up. I shall, inevitably, raise a few local points, but some of the issues I raise will be of general interest, and I hope that the Minister will respond to a few of my points about procedure and going forward to the next stages of the process.

My constituency falls under South Gloucestershire unitary authority. The original RSS proposed an extra 23,000 houses over a 20-year period, and the panel came back with 30,800—an increase of one third. That takes South Gloucestershire to a very unwelcome second place in the rather dubious league table of all the unitary authorities and district councils. We are second only to Swindon. Our area has already had phenomenal growth in housing numbers with very little infrastructure to go with it. We are worried that the growth is simply unsustainable.

I shall try to give people a feel for what 30,000 houses will look like. Just as newspapers enjoy talking about a country the size of Wales, we have a local unit called a

[Steve Webb]

Bradley Stoke. Bradley Stoke is a large new town in our area, and a Bradley Stoke unit is about 7,500 houses. To give my constituents a feel for what is planned, it is four Bradley Stokes, or an extra Bradley Stoke, compared with the last plan. We are worried that we cannot cope with development on that scale. I do not dispute that we need more houses, including affordable houses—indeed, I have twice led debates in this Chamber on affordable housing in South Gloucestershire. This is not nimbyism. It is not about saying no to development but about saying that we need sustainable, manageable development and more affordable housing for local people.

The biggest change affecting my constituency is the extra 5,000 houses north of Yate. Yate town council made representations to the panel, but was not allowed to make oral representations. Even the developers asked for only 2,000 houses north of Yate, but the panel said, almost out of the blue, "No, we think there should be 5,000." It is a regional strategy, not a site-specific local proposal. If the proposal in the original plan had been for 5,000 houses, there would have been a huge response locally, but now it appears to be too late for that. I hope that the Minister will clarify, first of all, what happens inside the Department between now and the Secretary of State giving her response? In other words, is now the best time for the people of Yate to feed in what they think, or should they wait for the Secretary of State to give her response and comment in the consultation period? Clearly, the sooner we feed comments in, the better. The people of Yate want to reopen the process of giving evidence to the panel, because they were denied the opportunity to do that. They had no idea that this was coming and it was a complete bolt from the blue.

What are the problems? First, transport infrastructure is a problem. The situation is laughable. The document, at paragraph 4.1.61, says of Yate that

> "The settlement is also well linked to other parts of the conurbation by public transport."

We have a rather poor and expensive bus service, and a train service that is so poor and unreliable that people drive from Yate to the north fringe of Bristol, so the idea that that is the basis for 5,000 more homes seems absolutely incredible.

What about health care for these people? The local hospital is actually being closed, on the basis of population projections that are out of date. What will happen there?

What about drainage? Downstream from Yate, we are already getting substantial flooding. Where is the evidence that this number, which really feels as if it has been plucked from the air, will not make things worse? The document says:

> "A Strategic Sustainability Assessment was submitted as a supporting document. This document was submitted in relation to a proposal for 2,000 dwellings...but in our view there is considerably more scope for development and we propose a total of 5,000 dwellings."

That is it. Where does that number of 5,000 come from? It has just been plucked from the air and thrust upon us. What I fear is that, when we come to planning applications two or three years down the track and the people of Yate say, "We don't want this," I will have to say, "It's too late. The die is cast. Some panel you have never heard of in some hearing that you were not allowed to go to has decided, and that is it." Where is the local accountability in that?

The key question is this: why is what is supposed to be a strategic regional assessment giving these very detailed local proposals and how do local people now have their say?

11.52 am

Mr. Tobias Ellwood (Bournemouth, East) (Con): It is a pleasure to contribute briefly to this debate. It is an important debate for the south-west, particularly for Dorset, and I congratulate my hon. Friend the Member for Christchurch (Mr. Chope) on securing it.

Bournemouth, Christchurch and east Dorset is now one of the largest conurbations—perhaps it is the largest—in the south-west, challenging the Bristol and Bath area. For some reason, Bournemouth has been selected as one of 21 key towns and cities across the country for development. Can the Minister explain why Bournemouth has been targeted and why its citizens did not get an opportunity to have a say on whether they wanted to be on that list of 21 key strategic towns and cities?

We have heard that there will be an increase of 48,000 houses or dwellings in east Dorset. We should place on the record that Dorset has already contributed hugely to an increase in housing. We have already done a massive amount and it is important to continue that point about the not-in-my-backyard consideration. Of course, we need houses, but the massive contribution that Bournemouth has already made means that we are all the more astonished by these increases in the targets.

I touched on floodplains. The report specifies north Bournemouth. As I said, I stood in those fields last weekend and they were under water; I had to wear my large wellies to make the point. Now we are seeing these pictures on television—in fact, we see them today—of other areas of Britain where building on floodplains has caused serious problems. I would hate to be here in three or four years' time saying, "I told you so. This is exactly the reason why we should not be building." I also found it ironic that an organisation based in Exeter can pinpoint so specifically where the housing developments should be in Bournemouth.

Infrastructure has been mentioned. I am astonished to read that the report is saying that the Hurn road links to an international airport, but there is no extra funding or supported funding for that road. Any development of what I would call a country bumpkin road would have to come from local funds, but there simply is not the money available locally for that. If we were to do any decent development, that is exactly the first infrastructure that we would like improved, along with the continuation of the Wessex way and indeed Castle lane, which is close to gridlock.

We are challenging the quality of life and having a social impact on Bournemouth, Christchurch and east Dorset. It will only get worse if we build on this level of density. Bournemouth is already committing more than 640 dwellings every single year. We have now been told to up that number by another 200. That is an astonishing number, when we have also heard that the north-east of England actually wants more dwellings. It does seem to be a disparity in the logic of a unified strategy for the housing requirement for the country as a whole.

I ask for a meeting with the Minister. I would be grateful for the opportunity to talk with her about the challenges that Bournemouth specifically faces. Because it is such a small unitary authority, we are simply running out of space where we can build the new dwellings that are required of us, so I plead for a few minutes of her time to put the grave concerns that the people of Bournemouth, Christchurch and east Dorset have. That is the key issue beyond any other. As I have said, the character of Bournemouth is being challenged and I would be grateful for her assistance in ensuring that it is not completely wrecked.

11.56 am

Julia Goldsworthy (Falmouth and Camborne) (LD): I, too, congratulate the hon. Member for Christchurch (Mr. Chope) on giving us all the opportunity to raise this issue. He could have spoken on a much more narrowly drawn title—just on his constituency—because clearly there are specific concerns there. However, the number of people in the Chamber demonstrates the strength of feeling about this issue, although I am surprised that no Members from the Minister's side feel strongly on it.

It is important to remember—it is a recurring theme—that what we are talking about is the housing strategy in the south-west region for the next 20 to 25 years and that this is a decision that is being taken by the regional assembly, which is about to be dissolved. We are at the stage where the draft has gone out, there has been an examination in public and we are now expecting a further consultation before the document is finally signed off.

Mr. Colin Breed (South-East Cornwall) (LD): Does my hon. Friend take into account that the people of south-east Cornwall want to have nothing whatsoever to do with any regional strategy that involves the area with Plymouth? They find it offensive that the report says:

"From what we heard at the EiP"

the examination in public

"we are of the view that both Torpoint and Saltash are part of the wider urban area."

They are not, they never have been and they never will be.

Julia Goldsworthy: As my hon. Friend makes clear, people feel that large numbers of communities are being lumped together and treated the same, whether or not they are being lumped together as part of a wider urban area. The people of north Cornwall feel pretty much the same and object to being lumped in with north Devon. They feel that their towns have specific identities and different needs and that they should be allowed to be treated differently, if that is what they wish, or have some kind of say over their own future.

Mr. Andrew Turner (Isle of Wight) (Con): Will the hon. Lady agree to allow the Isle of Wight to have a similar view?

Julia Goldsworthy: The hon. Gentleman adds to the list.

A series of problems need to be identified and underlined. It is clear is that growth is not necessarily going where people want it and it seems to be entirely centrally dictated; it is a region, not a local area, making a decision about where growth points should be. Again, I am just thinking of an area, Truro and Falmouth, in my own constituency. There is a golden triangle that is relatively urban and it has been identified as a growth point. Within that same area, there are villages that are crying out for more affordable housing but there will be no opportunity for that housing because everything is being focused and it is easier to lump together 7,000 houses in one place than to allow communities to say, "We would like to be able to begin a negotiation process to enable us to have the housing that we need."

Another concern that I have is about how effective the liaison will be with the Department for Transport, because the examples that I have seen raise significant concerns. In my constituency, there are plans for a significant number of houses in the Camborne, Pool and Redruth area, which I support. However, the regeneration company itself has said that it is necessary to improve a road link, or build a new one, to support that development. The Department for Communities and Local Government do not have a problem with that, but the Department for Transport's approved model only considers congestion, journey time and safety, not jobs, employment and housing, which is the remit that the regeneration company has been asked to consider. On that basis, the Department for Transport has turned down that improved road link. Basically, the Department for Transport is saying that the building can go ahead, but people will have to wait until they see the congestion before the issue can be resolved. I worry that there is not sufficient co-operation between the different Departments and that that will be a wider theme emerging from this document, if that situation is not improved.

I also wonder whether the demographic issues have really been taken into account. Unlike the constituency of the hon. Member for Christchurch, Cornwall relies on migrant workers to sustain our economy. I do not see that as the driving force, but the fact that many people move to Cornwall to retire, and are not economically active, is an issue. I am not convinced that such specific considerations are taken into account in this document.

Another concern is the capacity of the building trade. I am not sure that there is sufficient capacity at a sub-regional level. Although representations are made from very large developers, development in many regional areas might be on a smaller scale. In my experience, there have been times when local developers have lacked the capacity to build on the scales that are required. While I welcome the development of more houses, I worry about the capacity to deliver on the scale that this document outlines.

Mr. Jeremy Browne (Taunton) (LD): I, too, want to talk about the scale of the proposed developments and whether we will see huge homogeneous blocks of new development attached to towns such as Taunton, rather than a more bottom-up approach with development across a number of communities. I accept that we need more social housing in my area. We also need more housing for people who are trying to get on the property ladder. However, if we build on the scale

[Mr. Jeremy Browne]

envisaged in the regional spatial strategy, I fear that the character of towns such as Taunton will be severely diminished.

Julia Goldsworthy: People are justified in feeling concerned about the effect on the character of their community. The strategy is driven entirely from the top down rather than from the bottom up.

I have one final concern about the document. In what kind of negotiating position does it leave the local authority? The hon. Member for Tewkesbury said that one does not need to be a specialist to work out what specific sites will be earmarked for development given the numbers specified in the regional spatial strategy. In what negotiating position does that leave the builder, or the people who own the property? They know that the local authority will be absolutely desperate. I am worried that such a measure will drive up prices even further. It is taking away from local areas the ability to negotiate. In St. Agnes, the local authority has successfully negotiated with a landowner over an exception site, which means that it is dramatically increasing the proportion of affordable housing. That kind of local negotiation will be lost if this strategy details the areas earmarked for development.

The fundamental question concerns the legitimacy of this decision. The decision has been led by the regional assembly, which is not directly elected and is to be abolished. The assembly is setting planning policy for decades and then disappearing. The nearest public examination of the decision took place in Exeter, 100 miles from my constituency and considerably further for those living further west.

My concern is that the matter reflects my experiences with other regional organisations. When the south-west regional strategic health authority was set up, we spoke to a delegation of MPs about some of the promises that had been made by the Devon and Cornwall SHA. They said, "We cannot be accountable for any decisions made by predecessor organisations. Sorry about that. Our job is to deliver national policy in the regions and not to take representations back up the line." My concern is that that is exactly what we are seeing here.

There is another fundamental question: where is the scrutiny process? How many real people are engaged in it? We have heard of specific examples that were ignored. Even if one takes on board the 14,000 representations, that is only a fraction of the regional population. There is a really big difference between consultation and participation, and I feel that this is consultation rather than participation. One just has to see the number of acronyms in the document to know that it is double Dutch to anyone not well versed in such issues. What will the parliamentary scrutiny process be? Today's debate is led by Back-Bench demand and not in Government time. The regional Minister is not here. Parliamentary answers show that all he plans to do is make representations to the Secretary of State. When the regional assembly was abolished, we were told that we would have an opportunity to make such representations through regional Select Committees. Those are being abolished. Yet, interestingly, in the Planning Bill, the issue of regional accountability is being raised. The Minister for Local Government wants to see a super-Committee established so that cross-cutting Committees can scrutinise these national policy statements. Why is there no counter-balance to that in the regional strategy process? Surely we should be considering processes that are led by local demand. That would place local authorities in a much stronger position to negotiate with land owners. Surely there must be proper liaison with other Departments. There is no explicit demonstration that these communities will be sustainable—economically, socially or environmentally. We need to support existing rural communities rather than picking out urban conurbations and saying, "Let's make them bigger." That is the easier thing to do when one is looking at a map of the south-west zone.

Finally, if the Government continue to insist on parallel scrutiny at parliamentary level, it smacks of something that has not been properly thought through. From the point of view of my constituents, this whole process is more likely to alienate than engage them.

12.6 pm

Mr. Eric Pickles (Brentwood and Ongar) (Con): It is a pleasure to follow the hon. Member for Falmouth and Camborne (Julia Goldsworthy). This is the first time that we have spoken together in a debate. I congratulate her on her new appointment. I thought that her speech was passionate and impressive. I also congratulate my hon. Friend the Member for Christchurch (Mr. Chope) on securing this debate. I have seen him in various ministerial guises and have always found him immensely courteous and keen to listen to what local people have to say. He never needed a stakeholder or a panel of experts to tell him what to do. He had a great deal of common sense and listened to what local people wanted. We could do with more people like him in Government.

I feel enormous sympathy for the Minister for Housing who has sat there in splendid isolation. She has had a Parliamentary Private Secretary for company—he no doubt wishes that he had something better to do with his time—but no regional Minister. I am not entirely sure what the Minister for the South West does. [HON. MEMBERS: "Not a lot."] That is not entirely fair. This grand panjandrum clearly has a role. He appears to be a highly decorated postman. If one sends a letter to him, he passes it on to someone else. If one expresses a view, he asks someone else for the answer. When the hon. Gentleman comes to write his extensive memoirs, his time as Regional Minister for the South West will not make more than a footnote. I hope, however, that he will pay some attention to the region.

I turn to the independent panel's reluctance to listen to elected politicians. That is entirely understandable because those folks are entirely unrepresentative. They are not elected by anyone, and, therefore by the nature of things, will find elected politicians intimidating. To see an elected politician would symbolise to those good folks exactly how much democratic legitimacy they lack.

My hon. Friend the Member for Christchurch talked about the simplistic approach of predict and provide and said that it had been replaced by an even more simplistic policy. We have some indication of that in the fact that the Government seem hellbent on increasing

housing targets. "Let us build 23,000 homes," they say; "No, let us make it 28,000. Let us build 38,000. No, let us go even higher." One can almost imagine the brickies standing by their hobs: "Comrades, let us put up some more. Off we go." Actually, they probably would not say "Comrades" but "Tovarishchi" because they almost certainly will be Polish plumbers and brickies. Let us meet this Government's target. We know what their response has been. Last week, we heard that there has been a 5 per cent. drop in new house buildings. Another projection for this year is that it is going to drop even further. The Minister, with the help of her Parliamentary Private Secretary, might as well take her chair outside, stand it on the piece of land on the other side of Black Rod's garden and command the Thames not to rise, because although she may increase the figures, nothing will happen unless people are prepared to build houses. There is complete detachment from the reality on the ground.

My hon. Friend the Member for Bournemouth, East (Mr. Ellwood) spoke about the country bumpkin lane that is close to his local airport. The hon. Member for Falmouth and Camborne spoke about the lack of infrastructure. We have representatives from a more local level who are very close to the people. The Launceston mayor, Mr. Eric Chapman, says that schools are absolutely bursting and it is difficult now to get an appointment with a health centre. He says that we would welcome houses provided that the infrastructure is provided at the same time, but unfortunately that is never the case.

Mr. Jeremy Browne: Will the hon. Gentleman touch on my constituents' concerns about larger-scale infrastructure, including proposals to step back from the original commitment to dual the A303 and the A358 between the Ilminster bypass and the M5, which is important for commerce and other travel in the south-west?

Mr. Pickles: The hon. Gentleman makes a reasonable and local point. The point that my hon. Friend the Member for Bournemouth, East was making was that unless the infrastructure—the schools, hospitals and roads—is there, buying a house in the south-west will be a form of internal exile, because once people are there, they will not be able to leave, certainly not in a timely fashion. Surely the point is this. It is not that local people are nimbies, but they want to get something out of new development. They want to see something on the human scale. They want to ensure that children can be educated—that development will not mean increased class sizes. They want to feel sure that dentistry services and hospitals will be there, that jobs will be there and that places are not being provided for people merely to sleep and commute elsewhere or for people who are looking towards second homes.

The point made by my right hon. Friend the Member for West Dorset (Mr. Letwin) about community land trusts was important. Let us consider the conurbations in the south-west. Clearly, there is a world of difference between Swindon and some of the villages in the constituency of my hon. Friend the Member for Christchurch. Things such as community land trusts offer a possibility of providing exactly what that area wants, which is reasonable, low-cost housing that will not act artificially to put up the price of houses but will be there for local people. If ever an area cried out for that, surely it is the one we are discussing. My hon. Friend also made a very reasonable point about the disappearance of back gardens. This weekend, the Royal Society for the Protection of Birds will do its annual count, and back gardens and the habitat that they represent are an increasingly important part of our ecosystem.

During the period of summer when the flooding occurred, my hon. Friend the Member for Tewkesbury (Mr. Robertson) showed enormous local leadership and was extremely persuasive in the House about the plight of the people affected. I remember visiting his constituency. I particularly remember looking at the plight of local businesses that had been flooded not once but twice and three times and were finding it increasingly difficult to get insurance. I am not entirely sure that the most significant part of people's income should be—I was about to say "floated" but then I realised that that would be an appalling thing to say—put into a house where there is the risk, within the normal lifespan of a building, of it being flooded two or three times, with a catastrophic effect. As my hon. Friend knows, six months or nine months is nothing when it comes to drying a house out. A degree of sense is needed.

I think that it is timely that I conclude now, because a number of very important points have been made on which I think that hon. Members will want to intervene on the Minister. Given that there is nobody on the Labour Benches to defend the right hon. Lady, I think that she should speak for herself.

12.15 pm

The Minister for Housing (Yvette Cooper): It is a pleasure to follow the hon. Member for Brentwood and Ongar (Mr. Pickles), who made an uncharacteristically short speech today. I hope that that does not suggest that he and his party do not have much to say on housing issues from their Front Bench, although I fear that that may be the case.

I congratulate the hon. Member for Christchurch (Mr. Chope) on securing this debate on the regional spatial strategy. I have listened carefully to the points that he and other hon. Members have made. I, too, welcome the hon. Member for Falmouth and Camborne (Julia Goldsworthy) to her post. This is the first opportunity that she and I have had to debate together. I congratulate her on being, I think, the only hon. Member today speaking for a south-west constituency who took the opportunity to welcome and support considerable house building development in her constituency. With respect, I point out to all the hon. Members who protested with some earnestness that they were not nimbys, that they then took the opportunity to expound in great detail their opposition to increased housing in their constituencies.

Several hon. Members *rose*—

Yvette Cooper: I cannot resist. I shall take hon. Members' interventions in turn.

Martin Horwood: As the Minister knows, because I have said this to her in Select Committee and in the House more generally, I have supported more than 8,000 new houses in the Cheltenham urban area, as is reflected in the regional spatial strategy. What we

[Martin Horwood]

object to is the continued imposition of even greater numbers spilling over into valued green spaces without appropriate consultation and with no democratic accountability.

Yvette Cooper: I shall let each hon. Member speak and then I shall respond.

Mr. Breed: Yes, we are nimbys in South-East Cornwall. Plymouth is already in our backyard; we do not want it to take over our house.

Mr. Jeremy Browne: I am grateful to the Minister for this novel format. May I echo the point made by my hon. Friend the Member for Cheltenham (Martin Horwood)? I acknowledged earlier that we badly need extra social housing and extra properties for people who are trying to get on the housing ladder. People come to talk to me about those issues all the time. Those houses are being built and my community by and large welcomes them, but we do not want something that is totally inhuman in scale, swamps Taunton and completely changes the character of the town while at the same time putting unreasonable pressure on amenities and services such as schools and hospitals.

Yvette Cooper: I welcome the slight shift in emphasis by at least two hon. Members who started talking about the need for more housing. I pay tribute to the hon. Member for Taunton (Mr. Browne)—I was already planning to do this—for being, I think, the first hon. Member in this debate to talk about the needs of first-time buyers. He recognised that much of what we need to do across the country is to recognise not simply the need for more social housing and more shared-ownership housing, but the needs of first-time buyers trying to get on the housing ladder.

Let me deal with some of the points about the regional spatial strategy. The hon. Member for Northavon (Steve Webb) asked in particular about the process of the strategy. The purpose of the strategy is to set out the broad development strategy for a 20-year period. It considers how much housing is needed, general location, priorities for new infrastructure and economic development, environmental protection and the policy for reducing carbon emissions.

The starting point is with local councils, which need to work through the regional assembly to put together initial proposals, which then are drawn together by the regional assembly. Such proposals were submitted in draft to the Government on 24 April 2006. We have had the 12-week public consultation, which provided opportunities to put comments to an independent panel. The independent panel then held an examination in public between April and July 2007 to discuss and test the draft regional spatial strategy, and to take a range of evidence before considering its report. It submitted its report to the Government on 10 December 2007; it was published for information on 10 January 2008, and it contains recommendations to the Secretary of State on all aspects of the draft strategy.

In the present phase, the Secretary of State is to consider the panel's report, but no decisions have yet been taken on it. Because of the nature of the process, it is not appropriate for me to comment on the detail of the regional spatial strategy, nor indeed to respond to particular points raised by hon. Members about their constituencies—Gloucester, Christchurch, Tewkesbury or South-East Cornwall and others in the area. It would not be appropriate for me to comment on the content of the regional spatial strategy overall, or proposals from individual areas. Indeed, so seriously do officials take the injunction that I should not comment on it that the first brief that I received from the Department on the subject contained no information about the regional spatial strategy for the south-west, so I sought additional briefing notes. However, the process needs to be gone through, because Ministers sometimes take quasi-judicial decisions.

The hon. Member for Northavon asked whether his constituents should be making representations at this stage. During the next stage of the process, the Secretary of State does not take additional representations, but will publish proposed changes to the panel's report. We expect that to happen in the spring, after which there will be a 12-week public consultation. During that time, those interested in the content of the regional spatial strategy will have the opportunity to make their comments known on the proposed changes.

Several hon. Members *rose*

Yvette Cooper: I shall give way to as many hon. Members as I can. If I may, I shall give way to all three and then respond.

Martin Horwood: I have been making submissions on the regional spatial strategy—this wretched document—for three years, since before I was first elected as a Member. I have endured days of consultation, and it does not seem to make a blind bit of difference. Despite more or less local unanimity against particular policies, the representations of local community and elected representatives never seem to make a difference to the document. Will there be a process in which we are not only consulted but have the opportunity to make changes?

Yvette Cooper: The hon. Gentleman will know that I cannot comment on particular proposals. Equally, simply because a panel inspector does not agree with him does not mean that the inspector has not considered his views.

Steve Webb: We all know that when consultation happens it is much better to influence people before they have decided rather than causing them to lose face by changing their mind. If the Secretary of State is thinking about her response now, why cannot my constituents feed in now in order to shape what she says? Once something is published, we would be sceptical about her ability to change it.

Yvette Cooper: We have a clearly defined and transparent process, in order to make clear what the opportunities are for everyone—not only for MPs or individual constituents, but for everyone who chooses to do so—to make representations at different stages. The first stage is obviously being involved in the Assembly's discussions, then making representations to the panel, and then making representations once the

Secretary of State has published changes, because the Secretary of State first takes advice from the panel that has considered the Assembly's report. That is how the process works.

Julia Goldsworthy: Will the Minister clarify whether the Government will be making parliamentary time available to discuss the matter, whether the regional Minister will be making an input, and whether the regional Select Committee structure, or any successor should it not go ahead, has the opportunity to engage in the debate? Our concern is that no scrutiny procedure has been put in place.

Yvette Cooper: The hon. Lady will be aware that Parliament has decided that the planning process should effectively culminate in quasi-judicial rather than parliamentary decisions on plans and planning decisions. That is how the process works.

Some hon. Members spoke of their difficulty in giving evidence to the panel as elected MPs. That is a concern, and I shall consider it further. The process currently means that discretion on who can give oral evidence lies with the chairman of the panel, but we need to consider that further in order to ensure that properly representative views are put forward.

Mr. Chope: Will the Minister answer the question about the role of the Minister for the South West in this process? Will she confirm that when we come to the next formal consultation period of 12 weeks, it will be not only on the recommended changes to the panel report but on the whole of the panel report as currently published?

Yvette Cooper: The process is first that the Secretary of State will publish proposed changes in the spring. That will give people an opportunity to make their views known overall.

The regional Minister will play an important role in considering those broader areas—where housing should link with transport, where different approaches to health should link with education, and the various things that link together in the region. Related to that, the hon. Member for Bournemouth, East (Mr. Ellwood), asked whether he could meet me on the matter. It would not be appropriate at this stage in the process for me to discuss the regional spatial strategy as it affects his constituency. However, I am happy to discuss the wider issues of housing, infrastructure and the nature of the decisions being taken on his constituency.

Mr. Ellwood: There are some flaws in the document. For it to pinpoint an area of Bournemouth that is currently under water does not make sense. I would welcome the opportunity to explain to the Minister that people in Westminster cannot make decisions based on a document that contains such massive errors.

If I may beg your indulgence on another point, Miss Begg, housing numbers have been proposed but with no reference to an increase in infrastructure spending. The latter is crucial. Many areas would not mind extra development if it was matched with an influx of investment in the infrastructure.

Yvette Cooper: As I said, there are obviously issues around the propriety of the process, so it is important that we respect that. I am happy to discuss specific issues of housing with the hon. Gentleman, but we need to respect the wider process. I would be happy to discuss the matter with the hon. Gentleman after the debate.

I wish to make two final points on the question of infrastructure and the wider issues that have been raised. As I said, I cannot comment today on the content of the regional spatial strategy or the overarching housing proposals for the south-west, but I can respond to some of the wider points made about housing that will impact on the rest of the country—for example, the need for more investment in infrastructure.

I strongly agree that we need more investment; indeed, the Department for Communities and Local Government is investing £1.7 billion in housing infrastructure over the next three years, but we believe that more is needed. That is precisely why we are legislating through the Planning Bill for local councils to be able to raise a community infrastructure levy, better to link housing with infrastructure. I hope that hon. Members on all sides will support those proposals, as they are particularly important.

Mr. Laurence Robertson: It is important that the Minister answers the point raised by my hon. Friend the Member for Christchurch (Mr. Chope). Will we be able to comment on the entire report during the consultation, or only the changes proposed to it?

Yvette Cooper: The hon. Gentleman will be able to put forward views to the Secretary of State on the proposed changes and the document that she publishes. He will be able to respond to the document set out by the Secretary of State at that time.

Hon. Members on all sides have spoken about the importance of the quality of life. I agree; it is hugely important. However, we also need to consider the quality of life for a 30-year-old who cannot live with his partner and his little baby because they cannot afford to buy a home together—the boomerang kids who are back living with their parents again because they cannot afford a home. We must also consider quality of life for overcrowded families, who also need more housing.

The debate is part of a wider discussion about the country's future and our need for more housing. We should all take responsibility for the next generation, to ensure that they have the quality of life that we currently enjoy.

David Burrows

12.30 pm

Mike Wood (Batley and Spen) (Lab): Thank you, Miss Begg. I am pleased to have the opportunity to consider a very serious and troubling case from my constituency.

Let me start by outlining what happened. In 2005, three men were stabbed—one fatally—and the man found guilty of the murder subsequently committed suicide in custody. That was a complete waste, and the family of the stabbed man want to ensure that lessons have been learned, so that no other family must face the loss and heartache that they have faced. Specifically, family members want to see changes in the way in which the police handle situations of escalating violence and in the interface between the police and the Crown Prosecution Service. They believe, with good reason, that their relative would still be alive if both those bodies had operated differently.

Time constraints will not allow me to cover the inadequacies, as the family see it, of the Independent Police Complaints Commission inquiry or the way in which the judicial system treats victims; suffice it to say that the family believe that they have not been well served in either case. Let me spend five minutes, however, outlining the background to the murder.

My constituent, Mr. Darrell Burrows, set up a haulage business with his brother, Clive Hoyland, in 1974. The business, which was based in Ravensthorpe in the constituency of the Under-Secretary of State for International Development, my hon. Friend the Member for Dewsbury (Mr. Malik), flourished, and other members of the extended Burrows family, including Darrell's son, David, joined the work force.

The family remember few, if any, problems before 2001, when Mr. Gavin Hogg rented a work space near the business. Within two years, however, the situation had changed dramatically, as the family's firm, along with several others on the industrial estate, started to be subjected to a campaign of intimidation, damage and antisocial behaviour by Gavin Hogg.

Matters came to a head in April 2005, when the company gained planning permission for an extension to its premises. The proposed development enraged Mr. Hogg, and there were several incidents involving threats and intimidation, which culminated on 9 May, when he blocked access to the site with a JCB and a car. The police were called for the second time in a matter of weeks to deal with the situation and they believed that they had resolved the problems.

Later that day, however, Mr. Hogg told another neighbour on the estate that he intended to kill Darrell Burrows the next day and make it look like an accident, and that is exactly what he attempted. As Mr. Burrows arrived for work on 10 May, he was greeted by Mr. Hogg, who punched him in the face and pulled him from his car before dragging him across a works yard and down a set of steps to a canal, where he intended to drown him. By pure chance, however, Mr. Hogg, not Mr. Burrows, fell into the water, which allowed Mr. Burrows to make his escape.

According to police records, Mr. Burrows was left with a bruised and swollen right eye with a cut above it, four grazes and cuts to his right forearm, cuts and grazes to three fingers on his right hand, grazes to both knees, cuts to fingers on his left hand, bleeding around a fingernail and both elbows grazed and bleeding. As one can imagine, he feared for his life. His trousers and sweater were also in tatters, his watch was damaged and his car, which had careered off when he was dragged out of it, sustained £13,000 of damage.

Obviously, the police were called again, but the neighbour to whom Mr. Hogg had outlined his intention to kill Mr. Burrows had himself been subject to two years of intimidation by Hogg and refused to sign a statement without police protection, but that was refused. The investigating officer heard his account, however, and it was included in information provided to the CPS later that day.

Despite two years of police involvement in the case, despite the fact that the police database showed Hogg to be a violent man and that at least one independent witness had said that the attack was a premeditated attempt at murder, and despite the injuries sustained by Mr. Burrows—a man in his 60s—Mr. Hogg, who was in his 30s, was later charged with a section 39 common assault and with criminal damage to the car.

As can be imagined, the family were distraught at that turn of events, not least because Mr. Hogg was bailed to continue his threats and intimidation. A month later, on 10 June, Mr. Clive Hoyland had a long conversation with the police to discuss the deteriorating situation. He is adamant that the police officer whom he spoke to agreed to visit the site to talk to the other factory owners, but that officer did not arrive and later claimed that no such appointment had been made.

On 13 September, Hogg was found guilty in the magistrates court of the charges of common assault and criminal damage and was bailed for sentencing the following day. Later that day, however, he again stalked and intimidated Mr. Burrows, who made two telephone calls to the police in the evening to request help, because he believed that Mr. Hogg was breaking the conditions of his bail. Nothing happened.

The following morning, on Wednesday 14 September, Mr. Burrows attended a local police station, accompanied by a work colleague and his solicitor, to outline the intimidation that had taken place on the previous evening and to ask the police to act. His request was refused on the officer's mistaken belief that Hogg had not broken the terms of his bail.

At lunch time that day, Hogg crashed his car into that of Mr. Burrows, which was parked outside the family's premises. When Mr. Burrows and colleagues went outside to investigate, Mr. Hogg stabbed him, Clive Hoyland and Darrell's son, David. David, a father of two, died soon after, and Mr. Hoyland, having missed death by half an inch according to the hospital consultant, was hospitalised for two weeks, while Mr. Burrows senior was hospitalised for a lesser period.

In essence, therefore, the situation worsened greatly over two years, and the police were involved on at least seven and, by some accounts, many more occasions. None the less, a man lost his life, and several families have been devastated.

Perhaps we should just accept that that is the way things worked out and that bad things happen in life. Psychiatric reports that were produced on Mr. Hogg at his trial suggested that he suffered either from a mixed personality disorder of some severity or a schizotypal

disorder, and he had had a psychiatric assessment as early as 1992. He was paranoid and apparently suffered depression for many years, and professional reports variously described him as suffering from social phobia and as being a

"bomb waiting to go off".

Well, the bomb went off on 14 September 2005, with devastating results for the Burrows family.

Family members believe that the events could have been avoided if a different course of action had been taken on any one of the many occasions on which they contacted the police to seek help. Specifically, they believe that, if the attempted murder of Darrell Burrows had been seen for what it was and treated as such, Mr. Hogg would not have been at liberty to kill David Burrows.

The family also believe that, if the police had been more persistent in working with the witness to Hogg's premeditated threat to kill Mr. Burrows, there would have been sufficient evidence for the charge of attempted murder, instead of the derisory charge of common assault. Even a section 47 assault might have made bail less likely. The judge at Hogg's subsequent trial, however, was quite clear that there had been an attempt to kill.

The family specifically believe that an unseemly rush to clear up matters—no doubt with one eye on the expectations of the public and the media—meant that there was a consistent tendency on the part of the police to underplay the seriousness of what was a steadily worsening situation. Several times, the IPCC reports uses the phrase

"the police were called and the matter was resolved".

Well, the matter was not resolved.

The family also specifically believe that finding a series of individual officers guilty of various failings in their duty, as the IPCC report does, misses the point. There appears to be a systemic problem with the way in which the police operate in such situations, with each incident apparently being treated as though there was no context. As a result, its seriousness and significance are missed.

I shall refer at this point to the Peter Woodhams murder of January 2006, in the constituency of the Under-Secretary of State for Transport, my hon. Friend the Member for Poplar and Canning Town (Jim Fitzpatrick). Exactly the same series of events seems to have happened, with the same response from the police force in question. That two officers were required to resign as a result of the inquiry misses the point, which is the apparent inability of the police system to intervene in such situations before a fatality takes place, despite many warning signs about the danger to the victim and the oft-stated view of the victim and his family that his life was under threat. Darrell Burrows told the police officer in the police station on the morning of the 14th—the morning of the murder—that if action were not taken, there would be a fatality.

I now want to deal with the involvement of the Crown Prosecution Service, which directed the police on the appropriate charges after the attempted murder of Darrell Burrows in May 2005. As we know, and as I have said, its advice was to proceed with charges of common assault and criminal damage. What hon. Members might not know is the process by which that decision and other such decisions are arrived at.

First, there was no face-to-face meeting between the police and the CPS representative, who sat in a call centre in the midlands and had information faxed and e-mailed to him. That is CPS Direct. That was then followed up by a telephone conversation between the police officer who completed the paperwork and the solicitor who acted for the CPS. However, the police officer who conducted that conversation was not the officer who investigated the crime and had not visited the scene or spoken to any of the other parties involved.

The CPS representative accepted that the case was one of premeditated violence against Mr. Burrows—that is apparent from the record sheet—but suggested a charge of common assault, in the face of an apparent refusal by the one witness to sign a statement to attest to premeditated attempted murder. Why was Hogg, I wonder, not bailed for further investigations, rather than being charged with two minor offences?

The CPS officer made his decision, as is again apparent from his record sheet, without reference to the full police files in the case. It is unclear whether he had police files on Mr. Hogg at his disposal either, although that also appears unlikely. As I said at the outset, the view of the family is that, if an appropriate charge had been brought at that juncture, Mr. Hogg would not have been at liberty to kill David.

What cannot be denied is the flawed nature of a system of long-distance liaison between the CPS, in the person of a solicitor who apparently had not obtained access to the full background details of the case, and a police officer who had to relay third-hand information given to him by the colleagues who had conducted the investigation.

As a result of what I have described, I have four or five questions for the Minister. The family believe that it is reasonable, in situations that develop over a period of time—in this case two years—and in which the police have several involvements, to expect the police to act proactively and not just to react to each incident in an atomised fashion. First, if the Minister agrees with the family about that, what changes can be made to police operations to encourage and support that approach? Secondly, has the pressure for results and for crimes to be cleared up reached the point at which, for both the police and the CPS, there is a tendency to downplay offences?

Let us remember a police officer was told by a credible business man that he was told by Hogg that he was going to kill Darrell Burrows. All the evidence was that he attempted to carry out that threat, but because the witness refused to make a written statement without some support that was dismissed as no longer relevant. Thirdly, should more efforts be made to secure a statement in such cases, as was suggested, again, by the trial judge in Hogg's case?

Fourthly, does the need to clear up cases get in the way of overseeing matters, which might have led to a more proactive approach in this case and in the saving of the life of a quiet family man, killed in his prime? Fifthly, what responsibility do the police have for liaison with mental health services? Both services had been dealing with Mr. Hogg since 1990. Finally, the family want to know what changes have taken place in police and CPS operations since the deaths of David and of Peter Woodhams, to ensure that such things never happen again.

12.45 pm

The Minister for Security, Counter-Terrorism, Crime and Policing (Mr. Tony McNulty): I congratulate my hon. Friend the Member for Batley and Spen (Mike Wood) on securing the debate, albeit on a tragic subject. As he said, the tragic case of David Burrows, who was murdered by Gavin Hogg on 14 September 2005, is precisely that a tragedy and I offer condolences to his family, two members of which, his father and uncle, were also injured by Mr. Hogg. I shall try to address the spirit of my hon. Friend's questions at the end of my remarks.

I am grateful to my hon. Friend for describing the circumstances of the events that led to the sad death of David Burrows and for raising concerns about the way in which matters were handled by West Yorkshire police and the Independent Police Complaints Commission. The IPCC gave instruetions on 6 December about disciplinary sanctions and words of advice to be passed on to police officers, but I will ensure that both CPS West Yorkshire and the chief constable of West Yorkshire get a copy of our deliberations today, and will ask them firmly what lessons they have learned from the events described by my hon. Friend. I shall seek assurances that those lessons have been learned.

I shall briefly outline my understanding of the circumstances of the case. My hon. Friend has set them out in some detail and is right to say that there were several disputes between Hogg and the Burrows family, which had on a number of occasions been brought to the attention of the police. As I am sure my hon. Friend will appreciate, decisions on how to respond to matters that are reported to the police are operational ones, and are ultimately the responsibility of the chief officer of the force, who must decide how best to use the available resources in the interest of the community that the force serves. However, I take on, and will feed back into my deliberations with the police more generally, the notion of context and oversight, when things are duly reported. I think that that does happen, but sadly things go wrong, as happened in this case. In defence of the police more broadly, they try to contextualise. I do not think that I accept the point that pressure for results and clear-up gets in the way of due process and the effort to contextualise and ensure that any history of a complaint is taken into account. However, I shall pass on my hon. Friend's comments.

My hon. Friend knows that David's father was assaulted in May 2005 and the family certainly think that that was a catalyst for what tragically ensued four months later. He has detailed how Hogg was charged just with common assault. The family believe that that charge did not reflect the seriousness of the attack, and that the police were responsible for that fact. However, as my hon. Friend is aware, the decision on the charge to be brought was made by the reviewing Crown Prosecution Service lawyer. The CPS is responsible for deciding whether criminal charges should be brought and what they should be. It would not be proper for me to comment on the decision that was taken, but I shall try to ensure, as I have said, that the lessons of the case will be learned.

It was following the magistrates court hearing for that offence, on 13 September 2005, that Mr. Hogg was released on bail with a condition that he must not contact or communicate, directly or indirectly, with the Burrows family. Mr. Burrows Snr. became concerned that Mr. Hogg was breaching those bail conditions and seeking him out, as my hon. Friend has so graphically outlined. As my hon. Friend is aware, he contacted the police. On the first occasion, Mr. Burrows Snr. telephoned the police and discussed his concern with an operator. I understand that the tape recording of that call shows that he simply wanted a record of the incident. On the second occasion, which was also on the evening of 13 September, Mr. Burrows contacted the police and asked to be seen at home. As my hon. Friend suggested, in the event, that did not happen.

Mr. Burrows went to Batley police station the next morning—14 September—to express his concern about the events of the previous night. The help desk officer made some checks and concluded—my hon. Friend suggests that he was wrong—that Mr. Hogg had not breached the terms of his bail. Advised of that, Mr. Burrows left the police station and expressed concern at the perceived lack of action. My hon. Friend knows about and has explained subsequent events. Mr. Hogg went to the Burrows family place of business, fatally stabbed David and injured both Darrell Burrows and Clive Hoyland.

In addition to the murder investigation, West Yorkshire police were required, under the Police Reform Act 2002, to refer the matter to the Independent Police Complaints Commission, because the death followed contact with the police—my hon. Friend said that contact was made seven times. It was referred on 16 September 2005. Mr. Hoyland made a complaint to West Yorkshire police on 19 October 2005 about the events that led to his nephew's death. As my hon. Friend is aware, the IPCC decided that a managed investigation should take place. It might be helpful if I explain what that means. Managed investigations are conducted by the police under the direction and control of the IPCC when an incident, complaint or allegation of misconduct is of such significance, and if it will probably be of such public concern, that it needs to be under IPCC direction and control, but does not need a full independent investigation.

Mike Wood: I am not asking the Minister to comment on specific cases, but does he think it appropriate that the supervising IPCC investigator was not only an ex-police officer, but that he had only recently been a senior officer in the police force that was under investigation?

Mr. McNulty: I think that it can be appropriate, but I accept the thrust of my hon. Friend's point. Clearly, the family would have seen a potential conflict of interest, and their sensitivities might have been better accounted for. I do not think that such an arrangement is inappropriate, but I understand that it might have been difficult for people given how they might have perceived the situation.

As my hon. Friend said, the investigation was carried out by a detective sergeant from West Yorkshire professional standards under the supervision of a detective chief inspector from the same department. The senior investigator, who managed the investigation, had previously served with West Yorkshire police, as my hon. Friend said. Decisions to assign IPCC investigators are made by a regional director in conjunction with the IPCC commissioner and are based on the seriousness of an incident and the level of expertise and resources that are

required to investigate a matter fully, but I take my hon. Friend's point. The incident was considered to be serious enough to be allocated to the most senior and experienced IPCC investigator available. That is part of the balance that must be struck when choosing an individual to conduct an investigation. I think that the person chosen was appropriate, despite his background as a serving West Yorkshire officer.

I understand that no concerns were raised about the senior investigator throughout the lengthy period of the investigation, and that the Burrows family and my hon. Friend have said that they have no reason to dispute his integrity or the quality of his investigation. One of the Burrows family is a former police officer and was aware from the outset of the career history of the senior investigator, for whom he had worked directly some years previously. I understand that he confirmed that he had every confidence in the senior investigator. Indeed, the Burrows family and my hon. Friend have met the senior investigator and the IPCC commissioner to discuss their concerns.

My hon. Friend is aware that the investigation did not find that the conduct of any officer led directly or indirectly to David's tragic murder. However, it recommended that a number of officers should receive words of advice or disciplinary sanctions in relation to the matter. As I said, the IPCC instructed West Yorkshire police to implement those disciplinary sanctions on 6 December 2006. That brought the process that emerged after the appalling tragedy of David's murder to an end.

I appreciate my hon. Friend's comments – he is more concerned to learn lessons than about the individual circumstances of the case or the consequences for the police officers or anyone else who was involved. Like the Canning Town incident, we should ensure that such events are not repeated. That is why I will arrange to forward *Hansard* and any other materials that my hon. Friend wishes to pass to me not only to the CPS and chief constable of West Yorkshire for their consideration; but to the commissioner of the IPCC to seek its assurances, which I will pass on to my hon. Friend. We need to ensure that if there are lessons to learn from this tragedy – I am sure that there are – they are learnt and fed back in to the police, CPS and IPCC, not only in West Yorkshire but throughout the country. If we cannot learn lessons of substance from such tragedies, we would be in a sorry position, so I shall certainly do that and let my hon. Friend know of any outcome from West Yorkshire CPS, the IPCC or the West Yorkshire chief constable.

Again, in the strangest way, given the nature of the tragedy, I congratulate my hon. Friend on drawing the matter to the attention of both me and the House.

12.56 pm

Sitting suspended

Slurry

1 pm

Mr. David Heath (Somerton and Frome) (LD): I am grateful for the opportunity to raise this issue. I offer commiserations to the Minister, because I am aware that this is the second time in a fortnight that he has had to come to Westminster Hall to talk about slurry.

The Minister for the Environment (Mr. Phil Woolas): I am receiving more letters on this subject than on international climate change.

Mr. Heath: I am not surprised. I, for my part, have not received a great dearth of letters from constituents affected. I am glad that those are getting through to the Minister, and hopefully the points that they raise will be understood and acted upon. Many farmers, and others interested in agriculture, have concerns about the effect of the proposed regulations and the result for many farms.

It would be invidious to read out every letter that I have received on this matter. However, I should mention that I spent a very useful hour or so, on the weekend before last, discussing the matter with one of my constituents, Mr. Phippen, of Court farm in Buckland, and a few of his colleagues from other farms whom he brought with him. I have also received very helpful letters from people such as Mr. Wellstead of Withy farm in Charlton Mackrell, Mr. Churchouse of Manor farm in Castle Cary, and Mr. Howe from Pen Selwood. They all raised various points about the regulations that need to be addressed.

Those points fall into a number of categories: first, the rationale behind the proposals; secondly, the practical consequences, and thirdly, the cost of complying for working farms. The Minister will be aware that, in my constituency, dairy farming is the primary agricultural sector. We like to think that Somerset has some of the best dairy land in the country. Despite the predations of recent years, I still have a large number of dairy farmers in my constituency, who are very concerned about the consequences of the regulations for their farm businesses. I must also mention the pig sector, even though it is not so prevalent, because I used to breed pigs. As he knows, the pig sector has regular economic ups and downs, which will not be helped by the regulations.

I am sure that the Minister is familiar with the formula, which has been widely circulated among dairy farmers, for working out the consequences for their own farms. I have some figures provided by Mr. Griffin of New Barn farm on Godminster lane in Bruton, who has worked out the consequences for his farm. He milks 150 cows on 100 hectares of prime Somerset grassland; he will require 22 weeks of slurry storage capacity and will have a whole-farm manure-loading limit of 170 kg of nitrogen per hectare. Those 150 dairy cows provide an average yield of 8,000 litres and produce 99 kg of nitrogen per animal per year. He also has 20 heifers less than 12-months-old producing 28 kg per animal per year. The total amount of nitrogen produced by those animals is 12,440 kg per hectare. However, when calculated against a loading limit of 170 kg, his 100 hectares of land available for spreading allows for a total permitted

[Mr. Heath]

manure capacity for the farm of 10,200 kg per hectare, which means that he is 2,240 kg per hectare over his limit.

Mr. Woolas: That is very useful information from Mr. Griffin. Will the hon. Gentleman repeat the figure on the cap?

Mr. Heath: The total capacity is 10,200 kg per hectare, which is why we are left with the excess total of 2,240 kg. I do not want to over-state those particular figures, but they do illustrate the problem. What options are open to Mr. Griffin if he is to comply with the regulations? He could reduce the size of his herd by about 25 cows, but that is an unappetising prospect for any dairy farmer, given the lost milk revenue, which he estimates at £55,000; he could buy more land, but again that would be expensive and possibly impractical, or he could export his manure to another farm, although I cannot imagine that neighbouring farms will be desperate for excess manure given the overall situation. If the proposals are passed, they will pose a real conundrum on the running costs of such businesses.

I would accept quite a lot of control if I felt that it was having a lasting and beneficial effect on the environment. However, it is extremely difficult to believe that the proposals will result in benefits in any way commensurate with the cost to the industry, and some would argue that they will result in little benefit at all. I have always felt that, in years gone by, the principal cause of nitrate leachate in our watercourses was the overuse of commercial nitrate fertiliser. However, it is no longer overused, and, arguably, as a consequence, levels of nitrate in our watercourses have reduced markedly in some areas of the country. I realise that those figures are disputed, and I do not have access to all those available, but certainly in some parts of the country it is clear that there is either stasis or a reduction in nitrate levels. Certainly there is nothing to suggest that this very expensive and overburdensome regulation will have a desirable effect in anyway commensurate with the cost.

It could be argued that the practical consequences of what farmers will be required to do in order to meet the regulations will have a detrimental effect on the environment. Slurry is a natural product that provides the nutrients that the soil needs for growth. If it is not available, substitutes, such as artificial fertiliser, will be used, which I believe to be of more concern for the environment than the spreading of slurry. I find it difficult to understand the justification for the regulations. Will the Minister expand on that? Furthermore, why is it not possible to undesignate nitrate vulnerable zones? That is completely illogical. If the risk has passed, owing to action taken, and there is no longer a problem, processes should be in place for undesignating particular areas.

The closed periods for spreading will present practical difficulties for many working farmers. What determines when it is appropriate to spread slurry? Rainfall is a major factor: one does not want to go out and spread slurry when it is pouring down with rain, as it is in Somerset at the moment—we are under monsoon conditions. Let that be an illustration, because when would have been the best time to spread slurry in the fields in Somerset? Back in November and December it was unseasonably dry and we had a real opportunity then, but under the proposals it would have been the closed season. The open season for spreading would have started in mid-January. Ever since the date from which spreading would have been allowed, it has been teeming down with rain. Any farmer that spreads under those conditions would be doing no good to their land, it would all run off into the rivers—exactly where we do not want it—and it would be rank bad husbandry. Any farmer left with a need to spread slurry on land would not be able to do so, sensibly and reasonably, during the current spreading season.

The difficulty is that if there is a long period of wet weather, which there tends to be nowadays at certain times of the year—not the same times as we used to have them, presumably because of climate change—as soon as there is a dry day, every farmer in the area will need to spread the maximum amount of slurry to meet requirements, without having any choice in the matter. Again, that will be bad farming practice, probably over-dressing the fields in that brief period, and there will be a synchronicity that has not been properly assessed in its environmental effects. Every farmer will be spreading slurry on the same day, and apart from creating the most awful smell across Somerset and a large part of the western counties of Britain, which will not do a great deal for our tourist industry, it will presumably have a cumulative effect of run-off into watercourses. Again, there will be an unlooked-for anti-environmental disbenefit rather than a benefit.

Another weather problem is temperature. The proposals make no reference to it, but farmers take note of it in deciding when to spread nitrate—slurry or artificial fertiliser. A difference in temperature results in a difference in take-up by the growing crop or grass. Unnecessarily reducing the days available for spreading to days when the temperature is not optimum will again produce an agronomical and environmental disbenefit. That cannot be the purpose of the proposals.

Mrs. Caroline Gent of Brottens Lodge in Doulting wrote to me about the matter. I do not think that she farms, but she is concerned about the matter. She raised the issue of organics. The proposals show no understanding of organic farming and the particular constraints of organic farmers, yet the Government say that they want to promote that sector. The proposals will have a hugely detrimental effect on it.

Tenant farmers must be considered. Where will the capital come from for slurry storage for tenant farmers, who do not own their farms? Why should their landlords put in the necessary capital investment for something that will be of no benefit whatever to them? If tenant farmers cannot get that capital investment, how will they survive?

I was not going to mention cover crops, as they were dealt with in the debate the other day. They are not a particularly strong problem in my area, but, as the Minister knows, they are elsewhere. There certainly seems to be an inconsistent approach, which brings us back to ground cover and the environmental benefits that we want.

We know that Ireland, Denmark, Austria and the Netherlands have sought derogations. I am not clear about the Government's position on that; perhaps the Minister can explain it.

Capital grants will not be available for investment in slurry stores, yet they will require huge capital investment. It is paradoxical and unhelpful that that coincides with the abolition of the agricultural buildings allowance. Many farmers in my part of the world look across the Bristol channel and say, "Why is it different in Wales? Why is it different in Scotland? Why do they have different regimes, which will give farmers in those areas a competitive advantage over English farmers in Somerset?" I noticed that in the debate the other day, there was a reference in *Hansard* to the hon. Member for Stone (Mr. Cash) talking about "deferential rates". I think that it was intended to be "differential rates", but I like the idea that we are deferring to the Welsh and Scots in the provision of grants.

There is the general matter of red tape. The compliance regulations pile yet more bureaucracy on farmers who could do without it. I had a real cri de coeur from my constituent Mr. Walford, of Upton Bridge farm in Long Sutton. I shall send his letter on; as it refers mainly to a different matter—it appears that the Department for Environment, Food and Rural Affairs is telling him that he cannot shoot pigeons, contrary to any law that I am aware of. He started his letter:

"I can no longer put up with the continuous flow of paperwork from DEFRA without protesting in the most vigorous manner".

which he then does in the course of the letter. He is right to do so.

I wish to give the Minister ample time to respond. I examined carefully his response to the debate two weeks ago, and it seemed that he was not entirely closing the door to further discussion and progress on some matters. He indicated that he was not entirely committed to the date of 6 April, for instance, which we had assumed was the date intended for implementation. There are so many question marks about the proposals, and so many implications for working farmers in the cost of slurry storage and the changes to working practices, that we need at least a postponement for further consideration and for the Minister to take account of the representations that he will have received from not only the industry but colleagues in the House, who have raised the matter with him many times. I hope that that will give him the opportunity to make changes. My preference would be to take away the proposal and accept that it is not necessary for achieving the Government's objectives, but if he does think that it is necessary, he can improve the design of the regulations and make them much more friendly to our farmers. They have had a difficult few years—he knows that; and I know that. I do not want to make it even worse and lose yet more of our dairy farmers in Somerset.

1.18 pm

The Minister for the Environment (Mr. Phil Woolas): It is a pleasure to serve under your chairmanship in this important debate, Miss Begg. The traditional but heartfelt congratulations are due to the hon. Member for Somerton and Frome (Mr. Heath) on raising this important issue again. He referred to the debate in this Chamber on 8 January, and this debate gives me the opportunity to give further reflections.

I recognise the great importance of the matter to the agricultural sector and thank his constituents Mr. Phippen, Mr. Wellstead, Mr. Churchouse, Mr. Howe, Mr. Griffin and Mrs. Gent. I apologise if I have missed out any of them. I often find Adjournment debates that are based on the experience of constituents the most enlightening.

In my defence, I wish to state firmly for the record that the directive in discussion is a 1991 directive. The hon. Member for Daventry (Mr. Boswell) was the Minister at the time and signed up to it. I do not wish to hide behind that, just to point it out in the interests of fairness. I hope that the hon. Member for Somerton and Frome, having mentioned his constituents by name, will respond to them with that information—perhaps with a copy of the debate.

My time is limited and I always think it best to answer the questions that have been raised, so may I say that the Government are committed to seeking a derogation from the prescribed limit? We are working on the submission, and I confirm my remarks in the previous debate about the date for implementation. I thank the hon. Gentleman again, but emphasise that the proposals before us are part of a consultation. It has obviously closed, and his debate is timely, as it raises several important issues behind the situation.

The principle of the polluter pays is one to which the hon. Gentleman and I adhere, and we are considering the practical implementation of the policy. Without rehearsing all the arguments to justify the directive, I shall put on record the general policy that agriculture is a significant contributor to the pollutants nitrate, ammonium, ammonia, nitrous oxide, methane, phosphorus and pathogens, some of which are greenhouse gases. For example, agriculture contributes about 60 per cent. of the nitrates, 25 per cent. of the phosphorus and between 25 and 50 per cent. of the pathogens that enter rivers in England, so those pollutants are of widespread concern to those of us—the hon. Gentleman is one—who care about the environment.

Less prominent in the debate is the cost to the water industry, which is also in DEFRA's remit, and indeed in my ministerial portfolio. The cost for treating water to meet the drinking water requirements on nitrates during the period 2005 to 2010 is estimated to be £288 million in capital expenditure and £6 million in operating expenditure. I make that point to demonstrate to the House that there is a cost equation. My attitude is to focus on how best to implement the directive, and to consider the arguments that are put forward.

The nitrates directive is subject to enforcement by the European Commission, which is the third side of the triangle. In recognition of the need to minimise the environmental impacts to which I referred, we have developed a range of policies that cover the on-farm management of slurries. Some of those policies involve advice and support, others regulatory controls. An example of an important regulatory measure controlling the on-farm use of slurry is the directive itself, which requires that we establish an action programme within areas that we have identified as nitrate-vulnerable zones. The hon. Gentleman asked whether it was possible to de-designate, a question on which we have consulted, and his views will be taken into account when the Government respond to the consultation.

The action programme includes measures that aim to control the on-farm use of nitrogen-containing materials, including slurries, and it suggests a minimum storage capacity, for example. We reviewed the effectiveness of the action programme and found that it was ineffective

[Mr. Phil Woolas]

at improving farming practices. It reduced nitrate loss nationally by between just 2 and 7 per cent. overall. If we compare our action programme with those in other member states, it is clear that we lag behind on implementation and on achieving the beneficial environmental outcomes that we seek.

We therefore developed proposals for a revised action programme, and they are subject to consultation. The consultation document was published in August 2007. As I have said, the consultation was genuine and it involved a well-informed debate, so my point about the amount of correspondence that I have received from Members in all parts of the House and from farmers is important.

The proposals in the consultation reflect the best view available at the time. They would bring us into line with the action being taken in other members states, but as I said in the debate on 8 January and must put on the record again, in other countries more stringent measures have been put in place. Nevertheless, the consultation, having closed on 13 December 2007, is being carefully considered.

Mr. Heath: In the other debate, the Minister quoted Finland, but I hope that he will accept that it is not an area entirely comparable to south-west England.

Mr. Woolas: I congratulate the hon. Gentleman on his research and on his astuteness in noticing that I have missed out that paragraph of my brief. There were other examples, but in the interests of fair comparison and time, I have missed out Finland. However, I am making a general point, and I am speaking to the Commission as well as to the hon. Gentleman, if he will forgive me.

We are working with the Environment Agency to develop an integrated approach to regulation enforcement, recognising the point that the hon. Gentleman has made on behalf of his farming constituents. Aside from regulations, we are seeking other ways of encouraging the best use and management of slurries. For example, we are keen to promote innovative technologies, such as anaerobic digestion—the production of power from slurry. It is a renewable energy technology that can reduce greenhouse gas emissions by capturing methane from the decomposition of organic materials, such as manures, slurries and other matter.

The hon. Gentleman asked about the finances, and £98 million, known as voluntary modulation money under axis 1 of the rural development programme for England, is dedicated to the livestock sector. I also know his argument's three criteria: the rationale, the practical consequences and the costs.

Finally, the long-standing codes of good agricultural practice for water, air and soil include advice on the management and application of slurry. They have been promoted by Governments since the early 1990s, and they form the basis of many policies and initiatives that I have mentioned. The hon. Gentleman will know that the Government recently launched a consultation on revisions to the codes, including their consolidation in a single code, which I should have thought his constituents would greatly welcome.

I am grateful to the hon. Gentleman. He has marshalled his arguments and he has clearly consulted his constituents on the measure's practical impact. There is another side to the equation, with which I know he and his party agree: the need to clean our watercourses. I am trying to walk a delicate balancing act by considering the cost-benefit relationship in the context of the directive, which has been around since 1991, and by putting our arguments on behalf of him and his constituents to the European Commission about how best in this country we can move forward.

With that, and with the undertaking that I shall phone the producer of "Farming Today" this very afternoon to try to interest him or her in reporting this debate, I thank you, Miss Begg, for overseeing the debate, and the hon. Gentleman for raising this important subject.

Loftus Saxon Treasures

1.29 pm

Dr. Ashok Kumar (Middlesbrough, South and East Cleveland) (Lab): This is the first time that you have presided over a debate in which I have taken apart, Miss Begg, so it is an honour and a pleasure to serve under you. May I put on record my gratitude to Mr. Speaker for granting me this debate? It is about a subject that is close to the hearts of my constituents in East Cleveland, especially those in Loftus.

I should like to discuss a set of archaeological finds that were uncovered in the countryside of Street Houses near to the market town of Loftus. I will stress the importance of keeping those treasures on Teesside for my constituents. That would be of great benefit to local people, particularly schoolchildren, as a reminder of the distant past of the area in which they live.

The find was an Anglo-Saxon cemetery near the coast, outside Loftus. The dig was conducted by local archaeologist Steve Sherlock with help from the Teesside Archaeology Society and local volunteers. The discovery is regarded by all the archaeologists who have seen it as one of the most important discoveries in the old kingdom of Northumbria. To set the find in its historical context, it dates from the era after the departure of the Romans from Britain, which left our shores and internal borders defenceless. By 450 AD, the Anglo-Saxons had begun their invasion of the north, colonising all the land north of the Humber in the area they called Deira, which was probably an adaptation of a Celtic tribal region or kingdom. The invasion was led by the Saxon warrior, King Ida the Flamebearer, and spread further north up to the valleys of Tyne, Wear and Tees. That was the early foundation of what was to become the great kingdom of Northumbria.

Spectacular gold jewellery, weapons and items of clothing found at 109 grave sites are believed to be from around the 7th century. The value of the artefacts suggests that they belonged to a member of the Northumbrian royal family. The team's first clues to the site's existence came from an aerial photograph showing evidence of iron age activity, but they did not expect to find a royal Anglo-Saxon site, as they are usually found only in the south of England. Steve Sherlock has long worked in the area, and realised the significance of the site from its size. Excavation began in 2005, when 30 graves were found. Another 13 were found in 2006, including the most northerly example in this country of a Saxon bed burial.

Excavations in the summer of 2007 revealed the full extent of this nationally significant royal cemetery. The team eventually uncovered an area the size of half a football pitch. No human remains were found because of the acidic soil, but a range of high-status jewellery survived, as well as glass beads, pottery, iron knives, chatelaines and belt buckles. Five of the graves contained gold and silver brooches, and one grave had a seax—a type of Anglo-Saxon sword. The site included a low burial mound, which is considered an indicator of high status, and an unparalleled arrangement of graves. The graves were laid out with measured accuracy in a square around the bed burial, which shows the planning and order involved in creating this marvellous cemetery. The cemetery also features a Saxon grubenhaus—a building with a sunken floor that is found rarely in cemeteries—which may have been used as a mortuary.

Among the finds are three spectacular gold brooches, one of which has red garnet settings and is believed to be an unparalleled example of Anglo-Saxon jewellery. Its workmanship has been compared with finds in the Sutton Hoo royal cemetery. Steve Sherlock, who has extensive experience, believes that such an item must have been commissioned from the best craftsman in Anglo-Saxon England, and he firmly believes that it would have belonged to an Anglo-Saxon princess.

In addition to those spectacular finds, other items of particular interest and value were discovered, including a triangular gold pendant and two silver coins that would have been worn as pendants. The coins were from the iron age, from a tribe that was known to live in what is now Lincolnshire. Mr. Sherlock believes that there may be a connection between the grave and St. Hilda, the abbess who founded the famous abbey at Whitby in 675. He has dated the jewellery back to around that time, when most of Anglo-Saxon Northumbria had converted to Christianity. He speculates that the owner of the jewellery, the princess, and St. Hilda could have known each other.

Amazingly, the site became a double top for Steve Sherlock and the Tees archaeology team, as it was found also to have been a site of habitation in the iron age. Evidence of houses and flooring materials has been found, and a number of iron age artefacts were unearthed and recorded. The fact that both sites survived intact for nearly two millennia is unprecedented. It is amazing to think how much time has elapsed since the princess and other members of Northumbrian communities were buried in those graves. Over the centuries, the graves have survived great upheavals in the world. They provide us with a link to our history and tell us about the order of society in the dark ages. They also show us that those people, far from being remote from us, felt some of the same emotions that we do and had the same sense of curiosity about the world around them and their place in it.

Those are the reasons why my constituents want the discoveries to stay on Teesside, as close as possible to East Cleveland, especially Loftus. The objects are being kept by an independent organisation until their ownership can be determined by a court—in this case, a coroner's inquest. After the inquest, the coroner will have to ask an independent panel of experts to place a value on the relevant objects. The people who decide such matters are usually academics, museum curators and antique dealers who buy and sell similar objects. I understand that the process is overseen by the British Museum, as an agent for the Department for Culture, Media and Sport. When a price is set, the purchasing museums service, in this case Redcar and Cleveland, will have a set period of time to raise the money—usually about three months. The owner of the land on which the dig took place has said that he will make no claim on the artefacts, and that he would like them to be kept locally and safely.

The Kirkleatham museum, the nearest museum to the site, is more than suitable to house the collection. It has a fairly eclectic collection of approximately 100,000 objects with key themes including industrial heritage, rural life and social history. The museums service has worked closely with the Teesside Archaeology Society for many years. Together, they have found and collected many objects ranging from second world war aircraft

[Dr. Ashok Kumar]

remains to dinosaur fossils, and have made a great contribution to many fine exhibitions. They have skilled and dedicated curatorial and display staff, and I have every confidence that the artefacts would be safe if they were placed there.

Redcar and Cleveland borough council, which owns the museum, the Teesside Archaeology Society, Steve Sherlock and the landowner all support the artefacts being kept at Kirkleatham museum. They want the objects to be displayed locally for everyone to see, free of charge, within a designated, secure exhibition area. The find has been described by the museum's curator, Alan Pearce as potentially containing the most iconic objects the museum would have. He is already receiving inquiries from Germany, France, New Zealand and America about the finds. Their monetary value is currently unknown, but their acquisition, conservation, restoration, interpretation and exhibition may cost around £150,000 to £200,000.

Richard Younger-Ross (Teignbridge) (LD): Funding for all those aspects is important. One way that local museums gather treasure is by local people finding it literally in the ground. Since Devon appointed a finds liaison officer, reporting of finds has increased by 248 per cent. Does the hon. Gentleman agree that if the funding of such people were discontinued, treasure such as that that he is trying to keep in his community would be lost to the community?

Dr. Kumar: I certainly agree that the treasure is valuable, but I am sure that the Minister could respond more eloquently than me on the situation in Devon. I am making the case for my own area.

The exhibition would make a marvellous contribution to the attractions of the area and to its regeneration. It would obviously have to be done in partnership but, given the enthusiasm of the borough council in particular, I feel that the ambition could be realised. I hope that the DCMS will be sympathetic to the case for the retention of these artefacts at a local museum.

The bond between a specific area and the historical treasures that originate from it is strong in this case. I am sure that the Minister is well aware of the controversy over what are called the Lindisfarne gospels. As she will know, there is currently a tussle between the British Museum and the people in Tyne and Wear over the siting of the manuscripts. I want to avoid such a tussle occurring on Teesside, and I am sure that my right hon. Friend would concur with me on that. With her backing and that of her colleagues in the DCMS, we can be confident that these mementoes of a bygone age, which are important to the people in the rural part of my constituency in East Cleveland and especially Loftus, remain in Teesside at least. That would allow a whole generation of local people from the area of Northumbria downwards to enjoy what we have. I hope that I have sympathetic support from my right hon. Friend, because this is an important issue for my patch.

1.42 pm

The Minister of State, Department for Culture, Media and Sport (Margaret Hodge): I congratulate my hon. Friend on securing this debate. Like him, I am excited by the excavations near Loftus in his constituency and what we are finding through them. I believe that it was somebody in his constituency who rightly described the objects as iconic, and those that have been discovered at the site are fascinating and beautiful. They certainly play a key role in helping us understand and link ourselves to our identity, history and culture.

The fact that this site is the first royal burial ground from the period to have been discovered in the north of England is particularly exciting, and, as my hon. Friend said, the excavations give us an unprecedented insight into the lives of the Anglo-Saxons who ruled that part of the country in the 7th and 8th centuries.

I congratulate Mr. Steve Sherlock, whom my hon. Friend mentioned in his contribution. Mr. Sherlock is the archaeologist leading the excavations at Loftus with the support of the Tees archaeology team and local volunteers. They are doing a superb job in helping us better to know and understand a key part of our history. Mr. Sherlock and his team have been digging at the Loftus site for the past three summers, and I look forward with great anticipation to what they will find when they start unearthing the next phase in excavations this year. Who knows what they will find?

My understanding is that the reports that the archaeologists have compiled about their finds at the site so far have been verified by experts at the British Museum and, as my hon. Friend said, are now with the local coroner. The coroner's inquest will make the formal ruling on whether the objects from Loftus are treasure, although there seems to be little doubt as to what the ruling is likely to be. Assuming that the objects are determined to be treasure, they will then go to the Treasure Valuation Committee, which is an independent panel of experts who will recommend a value for them to the Secretary of State for Culture, Media and Sport. Once a value has been determined, museums will be given the chance to acquire the objects.

Like my hon. Friend, I look forward to seeing the objects from this burial site in a museum. I am thrilled by the thought of members of the public, young and old, being able to enjoy the beauty of the objects and learn about their history from them. I believe we all agree that a museum is the best home for objects such as these. A museum with the necessary facilities and expertise is the right place to ensure that objects are appropriately displayed and interpreted for the enjoyment of the public and for the education of our children, that they are preserved for future generations and that they are made accessible for any future academic research.

When the Treasure Act code of practice was originally drafted in 1996, the usual practice was to offer treasure finds to the appropriate national museum for acquisition before offering them to regional and local museums. Today, a much more collaborative approach is taken, and the national museums always act in close consultation with relevant local museums over acquisitions of treasure. Indeed, the British Museum, which, as my hon. Friend suggested, would be the most appropriate national museum to acquire the objects in this case, makes its position on acquisition absolutely clear. If he would like to see it, it is available on its website. The policy states:

"the Museum normally expects Treasure finds from England to be acquired by regional museums and, in general, will acquire Treasure finds either when those museums are unable to proceed with the acquisition or, in the case of finds of major significance, only with the support of the appropriate regional museum."

My hon. Friend will see that the British Museum has confirmed that it has always been its understanding that the objects from the Loftus excavations would be acquired by a local museum, so I can assure him that the path will be entirely clear for a museum in Cleveland to acquire the objects.

I agree with my hon. Friend that Kirkleatham museum, which has already had some involvement in the excavation project at Loftus, would make an excellent home for the objects. The artefacts would be a notable addition to its extensive and diverse collections. They will help to show the significant part that the Anglo-Saxons played in the area's rich history. As he will remember, the Treasure Act code of practice states that ex gratia rewards for treasure finds are not payable to archaeologists. In the case of the Loftus treasures, therefore, the acquiring museum will have to pay only the landowner's reward. I note what my hon. Friend said about the landowner not seeking a monetary financial reward for the finds on his land, but, even were he to do so, the code of practice means that the acquiring museum has to pay only half the market value of the objects.

There is further good news for my hon. Friend about the sources of potential funding available should local museums have to find money to acquire the objects. For smaller items of treasure, grants are available from the Museums, Libraries and Archives Council and Victoria and Albert purchase grant funds, and from the Headley Trust. For the purchase of larger items of treasure, both the Art Fund and the Heritage Lottery Fund will consider applications for funding.

I hope that all that illustrates how well the UK's treasure system works. Indeed, it is a system that is highly regarded internationally, as my hon. Friend will know. Our approach of encouraging finders to report items of treasure, having them independently valued and then paying both the finder and the landowner an equal reward means that more and more items of treasure are being declared each year. If I may give my hon. Friend some statistics, in the period from 1988 to 1997, under the old treasure trove system, 256 items of treasure trove were reported in total. Since 1997, and probably thanks to some of the work of my hon. Friend the Member for Stoke-on-Trent, Central (Mark Fisher) when he held my post, and with the introduction of the Treasure Act 1996, from 1997 to 2007 a total of 4,180 items of treasure have been reported. In crude statistical terms, that is an increase of 1,500 per cent., so there has been a massive improvement.

Mark Fisher (Stoke-on-Trent, Central) (Lab): I am interested in what the Minister says and I think that she is absolutely right to say it. When she comes to consider the future of the portable antiquities scheme, which I have no doubt she will be doing in the next few weeks, will she bear in mind this very interesting and important find? Although it was not found under the PAS but by a professional archaeologist, her statistics prove the PAS has done an enormous amount, so to limit the scheme in any way would be a very sad blow and make finds such as this much more difficult and much rarer.

Margaret Hodge: I thank my hon. Friend for that intervention, which was similar to that from the hon. Member for Teignbridge (Richard Younger-Ross). I will refer to the PAS later, but I think that we would all concur that it has been an extremely successful scheme and wish to retain the best elements of it.

By giving museums and, in particular, local museums the first opportunity to purchase items of treasure for their collections, we are also helping to ensure that the best of what is found locally is available for study and enjoyment locally. This really is a win-win situation. The finder and the landowner get rewarded for their efforts in bringing the treasure into the public domain, and the public benefit by being able to see and inspect these important relics from their community's past.

Some people are concerned, however, that our past is a finite resource and that allowing metal detecting to continue unlicensed and unregulated will result in the unsustainable removal of our heritage. Indeed, I know that Channel 4's "Time Team" website contains a rather gloomy prognosis—I do not know whether hon. Members have seen it on the website—that

"there are likely to be no metal finds at all in the first foot of Britain's soil within 20 years."

However, that assertion is not borne out by the facts. In 2006-07, the last financial year for which we have figures, the number of reported treasure items was 744, which was the highest figure for a single year ever. Indeed, it was up from 673 in the previous year, which again was a record figure at the time. Therefore, the data shows that, year on year since 1997, the number of reported finds has grown steadily. That does not give a picture of a resource that would appear in any way to be in terminal decline.

There is a vast amount that the objects buried beneath us can reveal about our past. In fact, I describe it as modern day fishing—without the water—to see all the individuals using their metal detectors in that way. However, we think that people should carry out metal detecting responsibly. That is why we have a code of practice for responsible metal detecting, which has been endorsed by all the stakeholders, including the museums, English Heritage, landowners' associations and metal detecting groups.

If I may, I would like to commend David and Andrew Whelan, the father and son pair of metal detectorists who discovered the Harrogate hoard early last year. Those of us who are aware of that Viking hoard of coins and other treasures will know that it is the most significant find of its type to have been made in more than 150 years.

I cannot conclude a speech on the treasure system without also paying tribute to the excellent role that is played by the PAS. This scheme runs parallel to the treasure system and provides a network, as hon. Members have suggested, through which non-treasure material discovered by amateur archaeologists and other enthusiasts can be identified and recorded. The finder gets to find out more about her or his discovery; a bank of information is built up for the benefit of everyone through the publicly accessible database, and the finds can be displayed and interpreted for the benefit of the public.

The database that we now have covers more than 300,000 objects. It is available for everybody to use, free of charge, and anyone who wants to research the archaeology of their local area—or anyone else's local area—can do just that. It does not matter whether someone is doing a postgraduate research degree at one of our top universities or a new entrant to secondary

[Margaret Hodge]

school in year 7 struggling with their homework; everyone has access to the same information. That is a really wonderful thing and represents a marvellous step forward in the democratisation of the study of our past.

Richard Younger-Ross: The Minister paints a very rosy picture of the PAS. However, the reality is that funding for the scheme is likely to be frozen, which, in effect, is a cut. Considering the success of the scheme, will she make a very strong case to the Treasury for funding to be continued to the scheme at the rate of inflation, so that it can continue its good work?

Margaret Hodge: I am proud of the settlement that we achieved within the DCMS in a very tight fiscal environment, when many other Departments faced rather swingeing cuts. Within that tight settlement, we must give flexibility to the Museums, Libraries and Archives Council to dispense its money in the way that it wants. We have ring-fenced the money for the renaissance in the regions budget and I believe that all hon. Members here think that that programme has done a fantastic job in building the capacity of our regional museums. If one looks at the data, it is those regional museums that have really opened up access to museums for people who, in the past, would probably never have gone over the threshold of a museum. Conserving and building on that hugely successful programme is very important.

The PAS does a good job. However, in the current environment, I suggest to the hon. Member that to pick out growth for this particular area is a little naive. We have done very well to get where we are. As with all other parts of Government, the PAS has to seek its efficiency savings. There is no organisation in the public voluntary sector that is funded by Government that does not have to go through that task, particularly making backroom savings out of their administrative budgets.

As I said, the PAS is funded by the Museums, Libraries and Archives Council, which recognises its national significance and it is committed, as the Government are, to seeing it thrive and evolve. Indeed, the council has said that, for 2008-09, it will commit to maintaining the current levels of support for the PAS. Given the position that the MLA itself is in, that is a very powerful recognition of the importance of the PAS in the MLA's view, as indeed it is in the view of all of us.

The MLA has now announced that it will review the PAS over the coming months to look at how best the programme's objectives—they are what we are interested in—can be delivered in the future and explore whether there are any potential synergies with the renaissance in the regions programme. We need to see whether that process can save some money and ensure that we can keep the scheme, as it operates on the ground at the front level, going. I think that that is good. I support the review—we will see what it comes out with—and I am extremely pleased that the British Museum has agreed to carry out this review in partnership with the MLA.

I am sure that all hon. Members will agree that the treasure system and the PAS are in rude good health. The Government believe that our policies of encouraging the voluntary reporting of archaeological finds, encouraging responsible metal detecting through a mixture of advice and inducement in the form of rewards and sanctions and penalties for irresponsible or inappropriate metal detecting strike the right balance between protecting our national heritage and allowing people's legitimate interest and passion for our past to continue to flourish.

I also congratulate my hon. Friend the Member for Middlesbrough, South and East Cleveland on what is happening in his constituency and I wish him and his constituents well in enjoying the fruits of that particular archaeological excavation.

It being Two o'clock, the motion for the Adjournment of the sitting lapsed, without Question put.

Westminster Hall

Wednesday 23 January 2008

[MR. MARTIN CATON *in the Chair*]

Overseas Footballers

Motion made, and Question proposed, That the sitting be now adjourned. — *[Siobhain McDonagh.]*

9.30 am

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): I asked for this debate not to demand that politicians and the Government get directly involved in running UK football, or any sport for that matter, but because, like many hon. Members, I take an interest in football. I care that the national games of England, Scotland and the other home countries are in good health, and when they are not, I want to ask key questions and initiate a debate.

Many hon. Members will remember that the English national side crashed out of the European championship rather ignominiously last year. At the time, under much criticism—not just from the media—the Football Association promised a root-and-branch review. It said that it would not be rushed into appointing a new manager and that it would do everything in good time, but within a few weeks, it had rushed to appoint a new manager and the root-and-branch review was apparently so deep that no one has heard of it since. The FA may be searching even now to find out what the roots are, but most of the spectators—the season ticket holders who turn out, day in, day out, year in, year out, and fork out lots of money—should have a part to play. I am concerned that their voice has not been heard. Many of them say that they do not know what is going on and that they are fed up with it. To allow this issue to disappear into quiet considerations among men whom no one really voted for and whom no one from the fan base seems to have any contact with would be wrong. Lord Triesman's arrival presents an opportunity to initiate a debate, and I want to help. If nothing else, the House should at least ask questions and start a debate that reflects the interests of many people in the country.

I want to address two linked issues. The English premiership is peculiarly unique in many respects. I shall not focus on Scotland, because it has sorted out many of the issues that I want to discuss. The Scots' team did incredibly well in the competition, and it was a tragedy that it did not qualify—not the other way around. Many relevant issues have been sorted out in Scotland, including its youth policy, and we may well have lessons to learn.

The English premiership is so dominant. The first issue that I want to address is the effect of training on the development of new, young English players coming through to the top sides. The balance of overseas players in the premiership seems to be out of kilter with almost everybody else. On training, the premiership declares:

"Young players must fight for first team places against some of the best players in the world. Those who succeed can be confident that they have been tested against the best, and deserve their places on merit".

I worry about such statements, because they sometimes miss the point. Making youngsters from possibly every nation in the world compete at that age begins to limit the number of places available for young English national players.

The different attitudes on training are interesting. Alfie Apps, the European scout for West Ham has said that, in England, our clubs have put money into training and demanded that players develop quickly. Many clubs discard players at a very early age if they do not think they are up to the job—18 is normally the limit. Many overseas coaches are concerned that, on the continent for the most part, they persist with the development of young players until they are 22. Ironically, that is often the age at which English clubs pick up overseas players, having discarded their own at an earlier age.

Other interesting developments go hidden in the lack of debate. What is happening about the lack of premiership academies? It is staggering that more and more of them are taking overseas players at younger and younger ages, thus squeezing opportunities for young English players. Currently, 15 per cent. of youngsters attending academies are from overseas, and that number is increasing. Arsenal now has an academy in Africa, and Liverpool has forged links with MTK in Budapest. No less a person than Sir Trevor Brooking, for whom I have huge respect, has said that

"in five years' time we are going to have a far more serious problem: can our English youngsters even get into the academies at Premiership clubs?"

I shall come to premiership numbers in a moment. If one watches carefully, one sees that the situation is beginning to mirror what has happened between the advent of the premiership and today—a slow squeezing out of English participation. If Trevor Brooking is worried about it, I think we all should be.

The current situation stems from a problem deep in the roots of youth training. When Juninho came here and saw our training, he said:

"This is a load of rubbish. It's like learning to swim on dry land."

He had a very poor opinion of the quality of training. Trevor Brooking made a telling point when he said:

"Only a small percentage of clubs—Manchester United is an obvious example

of an exception—

have full-time coaches working with the five to 11s."

On the continent, people are really looking at football early on, trying to fish out players early and stay with them over a longer period; it seems that almost exactly the opposite happens here.

I am not a supporter of Manchester United—indeed, I gloried in Tottenham Hotspur's great result last night, which will go down in the history books, I am sure—but one has to respect Alex Ferguson and Manchester United enormously, because the club's player participation ratios are among the best in the premiership. Also, Alex Ferguson's ability to bring on young players is worth considering. He criticised the rule that prevents English clubs from signing under-12s who do not live within an hour of the club's academy and under-16s who live more than 90 minutes away, and he should have been listened to. Such matters could and should have been dealt with, but they have not been dealt with early enough.

[Mr. Iain Duncan Smith]

On the pressure of training, Damian Comolli, the sporting director at Tottenham Hotspur, who knows something about this, said:

"Over four years between the ages of 12 and 16 a French boy would receive 2,304 hours of training",

whereas in England, the amount would be 1,152 hours on average. The point that he is making is that the French seem to take training much more seriously, and theirs is much more skills-based. How much do we complain about watching a side that cannot keep the ball when it plays other international sides? That starts with training.

Mr. Jim Devine (Livingston) (Lab): I congratulate the right hon. Gentleman on securing the debate. We have four home nation teams, and not one of them will participate in the European championship this year. Does he agree that they had passion and commitment, but clearly lacked technique?

Mr. Duncan Smith: I am not setting myself up as an expert on technique; I am simply asking the questions that most fans are asking, such as the one that the hon. Gentleman asks. I think that Scotland has got to grips with some of the problems. If the English premiership were a bit more like the Scottish, I sense that there would not be the same kind of problems—he is right about that.

Let me come to the FA's role. When I secured the debate, we asked the FA how much money is being invested and what it could tell us about the effectiveness of that investment. We hear an awful lot about football being a business. We constantly hear that it is a global business, that we are in competition and that it is all about business. I shall come back to that point in a moment. The FA gave us a global figure that £60 million a year is invested; £38 million into the grass roots, including £15 million to the Football Foundation charity. My point is that we cannot get any deeper than that.

If I were running a business and was training people, I would constantly assess the effectiveness of the training. I would measure it against the outputs and outcomes, not just the inputs. That is what I am worried about. It should be more public, and we should be talking about it. Clearly, something fundamentally wrong is going on, and it is only fair that every fan can get to the roots of that.

I return to the point that I began with: why do we have so many overseas players? What is the problem? I have to tackle head on the whole issue about the premiership being a business. I do not doubt that business is involved in it. Clearly, money is necessary to make these things run, and clubs must be as profitable as possible and run as businesses for that reason. But is football just a business?

Let me quote something from a press release that was included in the premier league's documents that came over to me when I started talking about this debate. Page 1, which is normally where one places some of the most important, key, salient facts, states:

"Premier League has become much more than just the United Kingdom's most popular regular sporting competition...an important economic agent, with a significant impact on employment, GDP and local economies...generates significant taxation revenues for national and local Government, giving the Government and local authorities a direct interest in the continued economic health of our competition."

I could pick that up from pretty well any annual report published in the City. Where is the passion? Where is the idea that the premier league is about teams playing all the way up to international level? I have never been to a football ground where the chant has been, "Our price to earnings ratio is better than yours," or "Your profit and loss is rubbish." It does not make any sense to me. Imagine fans debating and chanting across at each other about financial figures. What a smart day that would be. They do not do that. Everyone screams about what is happening on the pitch, and it would seem that that should be the No. 1 point.

Football is not just a business, but, even if it were, we should examine the idea that it is a competitive, global business. Who is the premier league competing with, and on what is it competing? First, we are told that the number of overseas players involved in the league is all about competition—if we do not do it, the others will, and we have to compete. Let us look at first-team squads. The FA wants us to look at contracted players, but the truth is that many of them will never make it on to the pitch for the first team at all—they will not be seen on Saturdays or in cup games.

The proper comparison is with first-team squads around Europe. Only 37 per cent. of first-team squad players in the premier league hail from England. We are told that this is a competition, so what is the percentage in the other leagues? In La Liga, 61 per cent. of players are Spanish; in Serie A, 63 per cent. are Italian; in the Bundesliga, more than 50 per cent. are German; and in the French league, 62 per cent. are French. Those leagues seem to be competing on a different set of criteria. They seem to think that it is possible to have a successful league and national involvement.

Mr. John Leech (Manchester, Withington) (LD): Would the right hon. Gentleman agree that one of the reasons why there are so many foreign players in Britain is that most foreign players want to play in the premiership, because it is considered the best competition and it is where they get the highest wages?

Mr. Duncan Smith: I shall come to the highest wages point in a second, but let us consider whether the premiership is the best competition. I looked at some of the overseas involvement—I know that this question has been around for a long time. Who actually plays from those countries? One would think that they would be the very best—in other words, that our teams would be packed with people who play for their national teams. Should we think that? Of the 15 Spanish players in the premiership, five play for their national side; of the three Italians, none play for their national side; of the 34 French in the league, only 12 play for their national side; and of the German eight, three play for their national side. My point is that if the situation were exactly as the hon. Gentleman suggests, we would have nothing but top-flight internationals, but some of the top players who play for countries such as Brazil do not choose to come to the premier league.

I am not damning the premier league, but I am saying that we allow that statement to go out as if it were set in stone and biblical—it is not. I do not believe that our league is considered by players as technically any better

than the others. Let us dismiss the idea that, somehow, this is a fantastic league with which none of the others can compete. In spectacle, it may be—perhaps the television side is—but in technique and for the internationals, it is not.

If the premier league is doing so well, it must therefore be exporting talent to every country. Is not one of the things about businesses that they want a fantastic export record? We could not find any English players playing in any of the European top leagues at present, but I found that 12 Italians are playing in Spain, three are playing in France and three are playing in Germany, and that off a high base of those who are playing in their own home league.

The hon. Gentleman is on to a good point when he mentions salaries. I looked at the salaries and was quite shaken. When the premier league came into being, the salary base was £54 million. By 2006, it had risen to £605 million a year, which was a compound increase of more than 1,000 per cent. In comparison, the increase in the national economy was 67 per cent. So there has been a huge increase in salaries.

Okay, let us say that, as it is a competition, we have to compete; the others are paying massive salaries, too. So I looked at that, because businesses must compete—and, of course, keep their cost base down. However, I found that the others are not paying massive salaries. In fact, if salary bills are converted into euros, in 2005-06, the premier league paid €1,235 million in salaries. In Italy, the figure was €806 million; in Spain, it was €739 million; in France, it was €541 million; and in Germany, it was €578 million. Do they know something that we do not? Do they know something that means they can get away with paying much less for their football players yet still retain some of the great players in their leagues? I do not know what other hon. Members think, but I am not aware that anyone would accuse Serie A of being a substandard league. I remind Members that it produced the World cup winner, and it produced the champions league winner last year. I do not think that one can safely say that that league is worse than the premier league.

Too much nonsense has been chucked around about the premier league and about why we must not touch it, why we must not have this debate and why fans must accept the fact that we need such high participation by overseas players because it is good for the game. My concern is that we do not examine the situation properly or ask questions. The fact is that no one else seems to be competing in the marketplace in which we seem to have set ourselves.

The big questions are for those charged with running the game. Why have we not done an in-depth analysis of what is going peculiarly wrong with the game in England and even in some of the home countries, although, as I said earlier, some of that is being put right? Why is it that we simply do not study the facts and ask questions about training? Why have we not asked about the quality of training in England? Why have we allowed ourselves just to bumble along like Mr. Micawber, believing that something will turn up? That seems to be peculiarly English, and it is time that it stopped. That must happen for the sake of all those who pay huge amounts for season tickets and who want their clubs to do well but who—like me and, I believe, all hon. Members in this Chamber—also share a passion for the game and for their national side and a belief that football is not just about profit and loss.

Football is not just about our clubs doing well. It is also about wanting one of the home countries to go on and, even if not to win the World cup or the European cup, at least to get within striking distance regularly, as other countries so often seem to do. There is that terrible, constant shrugging of the shoulders every time that international competitions come around. We talk about our wonderful players only to find that they simply do not succeed. Yes, football is a business, but it is not just a business—there is much more to it than that.

9.49 am

Alan Keen (Feltham and Heston) (Lab/Co-op): I congratulate the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith) on securing this debate. He is a football friend of mine, and it is worth noting that there are at least five Members waiting to take part in the debate who play football regularly, as he does.

In his summing up, the right hon. Gentleman asked who is running the game. That is one of the keys to this debate. About half the premiership is in foreign ownership, and those people certainly do not care too much about how the England side is affected by the decisions that they make when running their clubs. When I decided to participate in this debate, I did not want to talk just about the England side, because I did not want to repeat the clever words used by the right hon. Gentleman. Instead, I wanted to talk about the growing inequalities in the game, which stem from the decisions that have been made by those who run the premier league. We all admire football; we watch it every week. However, the people who take ownership of clubs, and therefore make the decisions that affect our national side, come into football for financial reasons. We should not be surprised that they make short-term decisions, which are not directed at the aims of those who care about football.

We have to do something about the problem. Whenever we have these debates, the media say, "What do Members of Parliament have to do with football?" The right hon. Gentleman said straight away that it is not MPs' job to run football. However, it is our job to look after our constituents. It is our constituents who, on a weekly basis, pay money for subscriptions to Sky, and now Setanta, who go through the turnstiles and purchase merchandise such as shirts and everything else that young people enjoy so much. It is our constituents who pay those massive sums, which eventually go back into football. Obviously, it is a wonderful if young players come here from Africa and go back—of course, they do not always do so—as multi-millionaires 15 years later and can help others. That is excellent, and we all praise such work.

Mr. Mark Field (Cities of London and Westminster) (Con): I entirely agree with what the hon. Gentleman said about the importance of football in national life. It should also be pointed out that if the football industry ever criticises MPs for having their say, it should consider the enormous sums of national money that were paid into the game following the Taylor report into the Bradford City fire disaster 20 years ago. The

[Mr. Mark Field]

proper running of what is a very large business, as my right hon. Friend the Member for Chingford and Woodford Green (Mr. Duncan Smith) pointed out, is a matter for parliamentary scrutiny.

Alan Keen: That is absolutely right. The hon. Gentleman represents Westminster—we are his constituents, I suppose, when we are in the House—but he supports Bury. The hon. Member for North-East Bedfordshire (Alistair Burt), who is sitting next to him, represented Bury for quite a while.

Alistair Burt (North-East Bedfordshire) (Con): I am wearing Bury cufflinks.

Alan Keen: Indeed. Supporters for Manchester United and Manchester City are here, too.

Mr. Devine: And Celtic.

Alan Keen: I was not sure which team my hon. Friend supported. I should know more about football. We have a Charlton Athletic supporter here, and I can see that there is someone listening to the debate in the audience—the crowd, I should say—who supports Arsenal. I was delighted that my team, Middlesbrough, beat Arsenal a few weeks ago. I wish that I had been with the right hon. Gentleman last night when Spurs knocked out Arsenal. I know what it is like to be as happy as that. I remember how I felt a few years ago when we beat Spurs on penalties on our way to the UEFA cup final. I thought about the right hon. Gentleman last night when I watched the game on television.

We care about football, and we also care about our constituents, who love football and their own team. Our constituents care about the long-term future of the game. We want our grandchildren to enjoy the game as we do now, which is why are here to participate in this debate. I was explaining how happy we were that youngsters from deprived parts of the world could come to the UK and end up as multi-millionaires. Many of them go back to help their own nations, and they spread some of their wealth around. However, it is not the ones who succeed whom we are worried about. As the right hon. Gentleman said, youngsters are brought from all over the world at a very young age, and we should be concerned about the ones who do not succeed. I should like to relate a story that I was told by the owner of a premier league club. A youngster was enticed away from his home club by an agent of some sort. He ended up going to a bigger club, but failed to get on, and I believe that his family split up as a result. He did not last at the club for more than six or nine months. We must therefore look after those youngsters as well as the skilled players.

The Government Whip, my hon. Friend the Member for Mitcham and Morden (Siobhain McDonagh), is a supporter of AFC Wimbledon, which is trying to climb back into the Football League after the original club, Wimbledon FC, relocated to Milton Keynes. AFC Wimbledon is run and owned by its supporters, which is a great illustration of how much people care about their own club. It is not just the rich footballers about whom we should care—it is the people who support the game. It would be surprising if families had to pay £50 a week to watch premier league football on television. I remember going to Arsenal a few seasons ago—I have already mentioned that my team beat Arsenal a few weeks ago—with three researchers, and it cost me £140. We lost 7-0 that day, which evens up things a bit.

We care about the long-term future of the game, which is why we are all here today, speaking on our constituents' behalf. Those who run the game must listen to the fans as well as to the very rich owners to whom they answer and from whom they receive their large salaries. We are here today representing those fans, and I hope that some notice is taken of our debate.

Mr. Devine: Does my hon. Friend agree that there is a future for football trusts and that every football club should have a trust representative on their board? Celtic came down to London two seasons ago to play a pre-season friendly. The tickets for that match cost £40.

Alan Keen: I accept my hon. Friend's argument. I live 50 m from the corner of Brentford's ground. Brentford is now owned by the fans, and Greg Dyke is a non-executive chairman. I have mentioned AFC Wimbledon already.

I pay tribute to the football authorities because the Football Foundation gives a lot of money to the grass roots. The Government have set up supporters direct, which has helped many fans to own or part-own their clubs. That is the first step. In clubs such as Brentford, the fans own the club outright. Brentford therefore looks to the long-term future for the fans, because the fans run the club. On that note, I will conclude.

9.58 am

Mr. John Leech (Manchester, Withington) (LD): I congratulate the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith) on securing the debate, and I start by declaring an interest. As a Manchester City fan and season ticket holder for the past 24 years, I have to confess that all seven players that we signed in closed season were foreign. They have had a significant impact on City's performance this season. The likes of Elano, Petrov, Corluka, Bianchi and Giovanni have certainly had a very positive impact on the fans.

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. Gerry Sutcliffe): As a Manchester United supporter, I welcome the hon. Gentleman to the debate. I know that there is a good rapport between Man United and Manchester City. I hope that he shares my concern about the 50th anniversary of the Munich air disaster and that, as a Man City supporter, he will put on the record his plea to all supporters to recognise the significance of that event, not only for Manchester United but for football in general. We hope that the minute's silence will be dealt with appropriately in the coming weeks.

Mr. Leech: I thank the Minister for that intervention. I am very happy to put on the record my support for a perfect minute's silence at the ground. I have concerns that a small minority of idiots will choose to ruin the minute's silence and there is a case for having a minute's applause, rather than a minute's silence, to ensure that that does not happen, but unfortunately every football club has a few idiots who are prepared to ruin things for the vast majority of people. I implore all City fans to ensure that the minute's silence is observed perfectly.

There is a good debate throughout the country about the impact that foreign players have had on the game. England's failure to qualify for the next championships has increased that debate, but it is bogus to suggest that the influx of foreign players has led to the downfall of the England team. I strongly believe that we were knocked out of the competition not because we did not have decent players, but because the decent players that we did have performed poorly and did not perform as a good team. The talent available in the team should have been easily good enough for us to qualify from our group.

Alan Keen: Does the hon. Gentleman agree that it is quite likely that the focus of those players for most of the year is on winning for their clubs and that when they join the England party, that is a way of relaxing—without their knowing it; I do not mean that they do that on purpose. Does he think that there is some truth in that?

Mr. Leech: There probably is some truth in that. Many home-grown players take great pride in playing for their national team, but within our football structures, less importance is given to the national team than to local teams, and I think that the vast majority of fans prefer their local team—the team that they support—to do better than England. That is the case for many people. We certainly have in the premiership the players and the talent of English descent to have qualified for the next championships. Lack of talent was not responsible for us being knocked out of the competition.

I argue that foreign players in the premiership can have a very positive impact on the development of home-grown players. One example from my club is Michael Johnson. I believe that in the future he will be a long-term fixture in the England set-up—I hope that he will still be playing for Manchester City at the time, but I suspect that he will be playing for either Arsenal or Chelsea. However, we cannot escape from the fact that over the past few years, since the onset of the premiership, there has been a dramatic increase in the number of foreign players. Eventually, if the trend continues, it will become increasingly difficult for home-grown talent to push through and make it into first teams.

In the first season of the premiership, in 1992-93, only 12 foreign players played in the first round of fixtures and the total for the whole season was only 23, whereas last season in the premiership, there were 123 foreign players, and this season we have already seen 196. Clearly, the trend is significantly on the up. However, I do not get the impression when I go to the City of Manchester stadium that fans do not want to see top foreign players come to play in the premiership. Players such as Elano have had a massive impact on City and have improved the gates as a result, because people want to come to watch them. However, fans want to ensure that home-grown talent that is currently in premiership teams and that has come through the ranks, players who have been in the academy and managed to get through to the first team—like Micah Richards, Michael Johnson, Joe Hart and Nedum Onuoha—will still have the opportunity to get through to first teams in the premiership in 10 or 20 years' time.

Three positive steps could be taken. I accept the point that it is not Government's role to do this, but I think that it is the role of the football authorities to examine ways in which we can ensure that home-grown talent can still come through in the future. First, we should scrap the transfer window. I understand why it was brought in. It was brought in to protect the interests of smaller clubs, but it simply does not. People at clubs outside the premiership will say that the transfer window does not work. The transfer window means that transfers become more of a risk for clubs and they are looking for instant impact from the signings that they make in the transfer windows. Premiership teams obviously do not want to sell their players to their rivals, so teams are forced to buy either players from lower divisions or foreign players with a proven track record in the top flight of football, so obviously clubs are more likely to go for the foreign imports who have a proven track record.

Secondly, rather than trying to restrict foreign imports, we should have a high minimum percentage quota for home-grown talent in the academies to ensure that if clubs want to take lots of good young talent from abroad, they still have to take a very significant number of home-grown players in their academies and lower teams, so that those players have the opportunity to flourish in big teams.

Thirdly, we should consider levelling the playing field on the rules about transfers. Buying players from other English clubs almost always requires a massive outlay of cash, whereas if clubs buy players from the continent, they are often able to spread the payments over a much longer period. Because clubs are often strapped for cash, that is a far more attractive option. Surely that inequity cannot continue. A proper level playing field is needed so that it is not cheaper in the short term to buy players from abroad than it is to buy players from other English clubs.

10.8 am

Mr. Mark Field (Cities of London and Westminster) (Con): I congratulate my right hon. Friend the Member for Chingford and Woodford Green (Mr. Duncan Smith) on securing the debate and on his excellent contribution to it. He summed up concerns that many people have about overseas footballers. There is great complacency in the national game, because it is regarded as the greatest show on earth; that is how the premiership is marketed overseas. My right hon. Friend made very good points about ensuring that the quality of training for our home-grown talent remains strong; indeed, it should be strengthened. We have much to learn from what goes on in continental Europe and possibly even from other parts of the world. There is a notion that we are attracting just the cream of the cream of players. In fact, we are getting players who are being paid a lot of money, but they may well be approaching the end of their careers.

Like all hon. Members who have made and will make contributions to the debate, I am a keen football fan and have been for almost the entirety of my 43 years. Certainly for the past 35 years I have watched the fortunes of my beloved Bury football club, to which the hon. Member for Feltham and Heston (Alan Keen) referred. I have to say that it has been a case of thin and thinner times, although we got an equaliser three minutes from time to deprive Bradford City of a victory last night, so at times there are small mercies in supporting Bury.

Great changes have taken place in the footballing world even in that 35-year time frame. I recall that in the 1970s, many footballing commentators said that the

[Mr. Mark Field]

best talent was going overseas, to the detriment of the English game. We were not actually losing that many players, but some of the top players moved overseas: Kevin Keegan went to Hamburg; Liam Brady, who was Irish but who played in England, moved abroad; and other players left these shores, albeit in relatively small numbers. Of course, my right hon. Friend and people more generally now argue that there is perhaps too much overseas talent in this country, to the detriment of the national game. I accept that, in part, it is a matter of degree. A vast number of overseas players play here at the highest level of the game, which is inevitably a barrier to some of the young talent.

Another big problem is that there have always been overblown expectations of our national side. Back in the 1950s, the nation had its first footballing fiasco when we lost in the 1950 World cup to the United States of America. Three years later, we had the horror of losing for the first time against anything other than a home nation at Wembley. In a sense, expectations were ratcheted up still more by winning the World cup, as we did on home ground in 1966. The expectation is that winning the World cup is the rightful place of the England national side, but the fact is that only in 1990 has England made it even as far as the semi-final in a World cup.

On immigration and overseas players, there are a lot of EU nationals playing in the premier league, but they are increasingly playing right the way through the profession, including, in some cases, in the semi-professional game in this country. Of course, there is free movement of labour, so we cannot prevent such people from playing here, nor should we.

Mr. Sutcliffe: The hon. Gentleman has thrown up an interesting question and I would be interested to hear his view on it. Once an EU national's residency rules apply, they would qualify to play for England. Does he think that it would be appropriate for people such as Almunia, the Arsenal goalkeeper, to play for the national side?

Mr. Field: This is going to be quite a battle. My other great passion is cricket. Twenty years ago, the notion that we would have an England cricket captain by the name of Hussain might have been a horror to some of the purists of that game. Obviously, things move on, and rightly so. If Mr. Almunia wishes to make his home here and is committed to becoming a British citizen, he should have every right to play for the English national side or, indeed, the Scottish, Welsh or Northern Irish national side.

There are something like 250 or 260 overseas players on the books of premiership clubs, but there are virtually no restrictions whatever to the talent that premiership or other clubs can choose to employ. There are no wage, squad size or registration restrictions, and, post-Bosman, sometimes no transfer fees. Of course, that is in stark contrast to other games internationally; for example, baseball in the United States.

There are plenty of non-EU nationals for whom, potentially, employment restrictions are in place. Those of us who are keen football fans will have seen coverage of the Africa cup of nations. I suspect that we are at the thin end of the wedge. We are attracting and will continue to attract an incredible amount of top quality African talent to these shores, as well as South American talent. The recent controversy over the Watford player Al Bangura, a Sierra Leone national who was initially refused a work permit will, I suspect, be the start of things to come with regard to the debate over such matters.

I understand that the Minister will elucidate in his contribution at the end of the debate the plans afoot to limit the number of non-EU players. I understand that the Home Office tightened the rules as long ago as 1999, so that non-EU players applying for a permit must have either played for their country in at least 75 per cent. of its competitive A-team matches in the previous two years, or else it must be possible to say that they have contributed significantly as a special talent to the development of the game at the top level in the UK. Given my right hon. Friend's concerns, will the Minister tell us more about the potential review of that legislation, and whether there are plans to tighten or loosen it in future?

The face of the national game has changed greatly. Again, I recall the low point in the 1980s, which I mentioned earlier. There was hooliganism and poor attendances, and crumbling, low-grade stadiums led to some of the appalling disasters that those of us who follow football well remember. To a large extent, the money from television has helped to transform elements of the national game. Today, the premier league is the most lucrative football league in the world, with total club revenues nearing £2 billion. The Sky TV deal money has cascaded in, as it were, even in recent years. Rightly, the hon. Member for Manchester, Withington (Mr. Leech) talked about the importance of the premier league, which was created 16 years ago. At that time, the Sky deal was worth what seemed like an astronomical sum compared with the deal negotiated by the BBC and ITV only a few years previously. It was worth £191 million over five seasons, but it increased to £670 million over four seasons from 1997, and to in excess of £1 billion over three seasons for the period that ended last year.

There is no doubt that the game is being marketed abroad. I travel abroad, and it is a joy to me to be able to watch live football matches in China or India. The game is being marketed as the greatest show on earth. The branding and marketing opportunities, particularly in south-east Asia—audiences in China alone are in excess of 200 million—are making an enormous difference. The colossal marketing and branding of our game has had a great impact on the amount of money that it attracts. I understand that football goes out to 202 different countries, which is greater than the membership of the United Nations, and that 500 million people frequently watch it.

I worry for the future of our game. I worry that too much of the money goes straight through to the talent, and I wonder how sustainable that will prove to be, particularly if Sky reaches saturation level in its coverage of the game. Although I accept that Setanta has moved in to some extent, it is a smaller interest in the broader TV game. Sky is almost a monopoly player, so if it wanted to put a cap on its coverage, it could be difficult for clubs to work down the talent's expectations of the game.

We must also think about what would happen if the popularity of our game begins to wane internationally. Potentially, other leagues could attract great interest in

China and south-east Asia or, indeed, other sports could begin to make more of an impact there. There is little doubt that football is the world game at the moment, but I worry that we tend to look on the past 10 years as the norm. As I said, I can well recall how unpopular football had become in the mid-1980s. It was not seen as a sexy sport; and, given the game's problems, celebrities did not wish to associate themselves with it in any way.

The half-empty stadiums in recent weeks have been quite an eye-opener.

Mr. Duncan Smith: Interestingly, it is possible to say that season ticket holders actually mask the lower numbers. Fewer and fewer people watch FA cup matches because they have to pay so much extra money to see such games.

Mr. Field: My right hon. Friend is spot on; in fact, he took the words out of my mouth. I was about to make precisely that point. The third round of the FA cup included a number of games between premiership sides. The match between Sunderland and Wigan in particular proves the rule, as it were. If that match took place in the premiership, the stadium there in the north-east would be more or less full, for the reasons that my right hon. Friend pointed out—in order to get a foothold, most people must buy a season ticket. Yet, although I suspect that rates were reduced because it was an FA cup match, only about 20,000 people went to the stadium. I worry that it might be starting something of a trend, particularly given the attraction of the bigger premiership clubs, which will move further and farther ahead in their appeal, because the more languishing premiership clubs have increasingly empty stadiums, particularly when matches are being televised. There is already some evidence of that.

My biggest concern is therefore how to ensure that the game attracts a younger generation not only of home-grown players but of home-grown fans. The great worry is that if we do not give some serious thought to the way in which our national game develops, we will find the next generation of consumers looking in a different direction. I now look forward to another Bury fan having his say on the matter.

10.20 am

Alistair Burt (North-East Bedfordshire) (Con): It is a pleasure, Mr. Caton, to take part in a debate with such a knowledgeable group of good friends.

To the football authorities who may glance at this debate, I am sure that we would all want to make it clear that we speak as fans—perhaps knowledgeable fans, even very knowledgeable—and we accept that there is a gulf between those football people who are in the game and those like us who may have some knowledge but who are not in the game. However, that does not mean that we do not have valid concerns, on behalf of those whom we represent, about something that we obviously love. All who have taken part in the debate have a relationship with the game that is very deep.

I thank my right hon. Friend the Member for Chingford and Woodford Green (Mr. Duncan Smith) for leading the debate and for posing some important questions; his trademark is extreme thoroughness and being fully prepared to examine some of the difficult issues, which he did. I was particularly tickled with the idea that the chants on the terraces should be altered because of changing circumstances. My contributions would be: "Who is the accountant in black?"; "Who ate all the profits?"; and "Glory, glory, hallelujah, our off-field income streams go marching on." I am sure that if we spent some time on it, we could work up some others.

I should put it on record that I think I heard my right hon. Friend converting pounds into euros—I never thought you would! It was a significant moment, but perhaps we should draw a veil over it.

All Members spoke knowledgably. In a sense, I take a similar position to my good friend, and hero to the all-party football group and the UK parliamentary football club, the hon. Member for Feltham and Heston (Alan Keen). His commitment to the game means that he still plays. He is slightly beyond the under-23 cap that he must have hoped for years ago.

Alan Keen: If we are to have quotas on age, and if the England side has to include a 70-year-old—Mr. Capello, here I am.

Alistair Burt: If it was a quota on commitment, enthusiasm and downright love of the game, the hon. Gentleman would be in every squad that I could name.

I, too, support a club at the lower end of the league, my beloved Bury—I am wearing the team's cufflinks today—but I have also had a long relationship with Manchester United, following its kindness and support for UK PFC, when we played a match at Old Trafford for charity many years ago. The team has always been helpful, which has enabled me to see another side to the game.

I went through an FA level 1 coaching course last year with Bedfordshire football association, for which I am grateful. That helped me to coach the game in Rwanda for a couple of weeks in the summer. I am grateful for the help given by the Football Association, which was terrific in supplying me with kit and knowledge. I was also involved in the small team that appointed Adam Crozier to the Football Association some years ago, when I was a head-hunter. Like many of my colleagues, I have seen the game from different levels.

This subject is not new for English football. It is often forgotten that the English game has always had people from outside playing a prominent part. Hardly any English clubs have been successful without the influence of Scottish, Welsh and Irish players. The Spurs team of 1963, which won the first European cup winners competition for these islands, would not have been anything without Danny Blanchflower or John White. Manchester United, which won the European cup in 1968, would not have been the same team without Dennis Law and George Best, Shay Brennan, Tony Dunne, Pat Crerand and so on.

One struggles to find an English club that has been successful without foreign talent. The great exception in our islands, as some will know, was the extraordinary Celtic team in 1967 under Jock Stein, which won the European cup not only with an all-Scottish team but with a team drawn from within a radius of 40 miles around Glasgow, a feat that will never be surpassed.

That foreign influence has always been an issue in how English players develop, and how to create a great national side, hence the discussion about whether there should ever be a Great British side. I hope that we will

[Alistair Burt]

have one at the Olympics, but that must be an end of it. I believe that the four home nations should retain their individual identities for other competitions.

The scale of that influence is now so different from what it was in the past. The point is that it will not change, as many hon. Members have said. My right hon. Friend was right to pose the question, but it will not change. Fans want their clubs to be successful.

The investment being made in the game is such that the best players will always be sought, and they will come here for the higher wages. That will not change. However, there is a price to be paid. Part of our role this morning is to question how high that price should be. There is a price for the English national game and the quality of players able to play at the highest level in the premier league. It is not a matter that can be sorted out by politicians; it is an issue for the game itself, and a variety of suggestions have been made.

I strongly support the concern expressed this morning about the quality of coaching. There must be some reason why, if they have the skills, our players are not picked up to play in leagues all over the world. It is incredibly rare to find that. When our youngsters are small and playing in their grassroots competitions at home, is too much emphasis placed on competition? Are they trying to win little medals when they are six and seven? If so, they are subject to the pressure that they have to win – to get rid of the ball.

The problem is that coaches select youngsters who may not be good enough for the team because the parents want them to win – but the children want to play. Do we have to consider the parental pressure that is put on coaches? Is the link between those grassroots clubs, youth teams and the schools and academies of professional and non-league clubs strong enough?

We should pay tribute to the coaches. Football survives on volunteers at all levels, but the coaches have to assume a tremendous burden these days, working with youngsters, boys and girls, to advance the game. They deserve all our support. They should be encouraged to allow youngsters to play their natural game and to develop their skills. How is it that with "the finest league in the world" we are still searching for a left-sided midfielder? We have a game that cannot produce at the highest level those with interchangeable feet, able to play at the world level. That is extraordinary, bearing in mind the development of the game. If I were to concentrate on one thing, it would be that.

Other issues come in on the back of the immense amount of money that has gone into the game, and the introduction of overseas players. I, too, worry about the growing lack of competition in English football. For how much longer will fans watch a premier league in which only one of four clubs is ever going to win and in which the only competition is for the fifth spot and the UEFA cup spot. It is not good enough; it is not what football is meant to be.

Mr. Duncan Smith: I wish to ask my hon. Friend one small question. We talk endlessly about the premier league being the best, with everyone wanting to play in it and so on. When speaking about the quality of some of the overseas players in the league, it certainly goes beyond the top four clubs. There are questions about that, but there is a secret little link. Why do we pay such high salaries by comparison with the other leagues? Possibly, it is because of their lower level of skills. Many of the really top-flight international players have to be induced to come here to play; their national squads are reluctant to see them play in the premiership because they think that it ruins their skill levels.

Alistair Burt: My right hon. Friend expands on a point that he made earlier. We have to be honest. My hon. Friend the Member for Cities of London and Westminster (Mr. Field) was right, also, to question the arrogance of the English game in constantly believing that it is the world's best, when the evidence is a little scant. It would be best if we were honest about the quality of the game here. There is no doubt that its excitement and passion are terrific and at the highest level it attracts fans who sell out the big stadiums and most of the big clubs have long waiting lists for their season tickets. However, we must query whether that development, and the lack of competition at the highest level, is good enough. Furthermore, as the hon. Member for Feltham and Heston said, there is concern about support being passed on through the generations, because of the cost now of taking your child to the game, which is how the game has survived and how most of us pick up our allegiances to clubs. That, too, is a worry.

What this debate has highlighted is not all the solutions, but that on behalf of fans we are concerned. There are some problems that the game faces, not least the number of overseas players, and if there are not to be Government solutions, will the game tackle some of the issues that we have all raised this morning?

10.30 am

Richard Younger-Ross (Teignbridge) (LD): It is a pleasure to follow the hon. Member for North-East Bedfordshire (Alistair Burt). We have heard some very interesting and some very good contributions. I think that the hon. Gentleman managed to raise some salient points about the problems facing football and the state of the game within the United Kingdom, particularly in England.

I thought early on that the debate was going to become a "Let's knock the Arsenal" debate. I say that as an Arsenal fan, so I already feel quite knocked enough after last night. So, please, I do not need any more knocking today.

The debate is about the employment of overseas footballers. I congratulate the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith) on bringing the subject matter to Westminster Hall to be discussed, but it is a shame that the debate has such a narrow remit, because the issues and problems facing English football are not just related to the number of overseas footballers.

Mr. Duncan Smith: I must explain this point. It is not possible to have a debate on anything wider, because we had to narrow the subject down. It appears that we cannot widen the debate unless the Minister responds directly. I would love to have made the debate wider.

Richard Younger-Ross: I was going to come on to that point; I had supposed that it was the rules of the House that have restricted us to the subject of this debate. Nevertheless, the debate itself, in its breadth, has not been so restricted.

Concentrating on the subject of the debate, I have some concerns. The idea that foreign footballers are the problem of English football is dangerous and misleading. The hon. Member for North-East Bedfordshire made the point earlier that English teams have always relied on foreign footballers. As I said, I am an Arsenal fan and I remember a plethora of Irishmen—Brady and others—playing for the Arsenal. I also remember a plethora of Scots playing for the Arsenal and, of course, the hon. Gentleman mentioned the famous Georgie Best, who played for Manchester United. Non-English players have always been there.

The danger is that, if someone starts saying that only a proportion of foreign players will be allowed, where does one draw the line? If one looks at the current Manchester United side, the non-English players include Giggs, Fletcher, O'Shea, Evans, Van der Sar, Evra, Vidic, Ronaldo, Anderson, Saha, Park, Nani, Pique, Silvestre, and Tevez. Under Sepp Blatter's rules, all those players would be competing for just five places. Should we make that six places, or seven? Where do we draw the line? Ultimately, what would be introduced is a form of discrimination against who can play for a team, and that discrimination would not just apply to people who are non-EU but would apply to EU players as well. As we have already heard, within the EU that would be against the current employment legislation.

The members of the Select Committee for Culture, Media and Sport are off today to Brussels to discuss the EU's proposed White Paper on sport, which I am told has two aims. The first is to

"Bring sport into relevant EU policies in order to improve its use as a tool for EU policy. Most of these actions address the societal role of sport and the economic dimension of sport."

The second is to

"Increase legal certainty regarding the application of the *acquis* to sport, as a contribution to improved governance in European sport."

That may raise some concerns about the EU and why it is looking at sport and, indeed, what sport has to do with the EU, but I shall put those concerns to one side. However, the White Paper's recommendations include the following:

"An analysis will be made of home-grown players rules to assess whether they do not conform with EU law."

So the EU is already looking at, and is concerned with, discussions and proposals that may introduce restrictions on home-grown players.

As I said, we have had foreign players before and we have had them because there has always been freedom of movement. We have freedom of movement within the EU for employment and we have freedom of movement, certainly, within Great Britain—between Scotland, Northern Ireland and Wales—and also freedom for players from Ireland to come and play here.

Provided a foreign player meets the immigration requirements and can get a work permit, there is nothing to stop them coming to work here. If they can get an immigration visa to come here, why should they not be allowed to play? Why should they be told that they are restricted in the number of places in a team that they can compete for? One would not allow that to happen in any other industry. One would not say, "Oh, we have x number of Members of Parliament. This is the British Parliament, therefore we will restrict it to the number of people who have been born and brought up here." There are restrictions on who can stand for Parliament, yes, but they are not essentially to do with where a person is born. The danger with the home-grown players rules is that that is what will happen and restrictions will be introduced.

There is not a debate about the regulation of ownership of clubs. There are chants on the terraces about foreign ownership, and that is the one issue that does upset the fans, but no one is saying here that we should start restricting who can buy into a British club. I am looking around the Chamber and I do not see anyone saying that we should do that, because that would be in clear breach of all the financial regulations and the free market rules that we work towards.

Is anyone in the Chamber saying that we should not have foreign managers? If that were the case, the new England coach would be on his way home and we are not arguing for that. So why do we argue that, in the case of those who play for the team, there ought to be a restriction? That argument is illogical nonsense.

A lot of money is currently put into the sport: £40 million comes from premier league clubs for their academies and £9.3 million comes from the premier league itself. The problem comes with the way that the Football Association has run its youth training, as was alluded to earlier. The problem comes with the support that we give to the community clubs, the coaching and the investment in coaching in the UK, rather than at the higher level.

Ultimately, a player will rise to the highest level of competition that they can and if they are not good enough to play against internationals, they will not get to the top of the premier league. If one looks at Arsenal's team over the last few years, it has brought forward, time and time again, young English players and ultimately they have gone off to be very successful with other teams around the country, but they did not get into the Arsenal first team because they could not compete with the skill levels of those other international players that were playing for Arsenal.

Those young English players were given the best coaching and every opportunity to play for Arsenal. Now, if they were given that opportunity and did not succeed, I have to say that there must be something else fundamentally wrong with English sport, not the fact that we have foreign players in our teams.

10.38 am

Hugh Robertson (Faversham and Mid-Kent) (Con): I would like to start by congratulating my right hon. Friend the Member for Chingford and Woodford Green (Mr. Duncan Smith) on securing this debate. As he said at the outset, it is a matter of great regret that no home nation will take part in this summer's European championship finals. Failure to qualify for a major international tournament in any sport can be put down to a considerable number of factors, but if structural issues within English football are indeed part of the problem, it is right that we should identify them and encourage—that is the key thing, as my right hon. Friend said—those responsible to take the necessary action. I therefore congratulate my right hon. Friend not only on securing the debate, but on the way in which he put his case.

We heard, too, from the hon. Member for Feltham and Heston (Alan Keen), chairman of the all-party group on football, and probably the wisest and most

[Hugh Robertson]

experienced voice of football in the House. I thank him for his contribution. The hon. Member for Manchester, Withington (Mr. Leech), spoke about his own team, Manchester City, and we would all endorse his remarks about the Munich air disaster. We also heard from my hon. Friend the Member for Cities of London and Westminster (Mr. Field), who made some sensible comments about over-hyped expectations, which are a key problem affecting English football, and about the success of the premier league. We then heard from my hon. Friend the Member for North-East Bedfordshire (Alistair Burt)—another keen footballer and cufflink-wearer—who made some wise remarks about youth development, and he was absolutely right. Finally, we heard from the Liberal Democrat spokesman, the hon. Member for Teignbridge (Richard Younger-Ross), who laid out his party's approach to these issues.

Hon. Members want to hear from the Minister, so I shall keep my remarks relatively brief. I do, however, want to lay out the Conservative party's initial thoughts on the two key issues that have been raised—the premier league, and the dearth of English qualified players who are of sufficient quality to represent this country successfully. Before I do so, however, I want to make two preliminary points. First, during the two years in which I have served as my party's sports spokesman, I have become ever more convinced of the need to empower national sporting governing bodies to get on and run their own sports without constant interference from the Government or anybody else. I am not naive enough to believe that that is always an easy course for Governments to follow, but I genuinely believe that it is the right way to proceed.

Mr. Leech: Does the hon. Gentleman accept that one problem in football is that we have two conflicting authorities—the FA, which should have the power, and the premier league, which does have the power?

Hugh Robertson: No, I am not sure that I agree. The FA is clearly the sport's national governing body, and it has responsibility for the English team. If issues need to be addressed, it is up to the FA to identify them and recommend the necessary action.

Incidentally, it is worth saying that there have been quite a few critical remarks about the FA this morning, and we should balance those by paying tribute to what it has achieved. Over the past 12 months, it has done three significant things: it has got Wembley open, and up and running successfully; it has implemented the Burns review, which was by no means easy and which quite a lot of people in football thought might be beyond the FA a year ago; and it has just signed a new television deal. It is therefore important to balance our remarks.

Hilary Armstrong (North-West Durham) (Lab): It has also just got a new chairman, and I have great expectations of him.

Hugh Robertson: I am delighted—that is four reasons to celebrate the FA's success on that side of the fence.

My second preliminary remark—and this point has been made by one or two Members—is that we should keep the issue in proportion. As I said at the outset, there are several reasons why we failed to qualify for Euro 2008, but chief among them is the fact that we failed to beat a sufficient number of teams during the qualifying rounds. We have discussed several other reasons—the number of foreign players, academies, structural issues and so on—but it is worth remembering that it is the basic failure to beat a sufficient number of teams on the pitch that caused the problems that we face today. I have every confidence that the appointment of Fabio Capello, who seems to be bringing a more professional approach to the top end of the national game, will have a considerable effect on football.

I want to move on to the two issues that underpin everything that we heard this morning: the premier league and the development of young players. We have, of course, been debating football, but the club-versus-country issue is not confined to football, and has recently been addressed in rugby and cricket. It is easy to be critical of the premier league, but, again, we should balance that criticism by recognising, as hon. Members have, that it is the wealthiest league in the world and is watched on television and listened to on the radio by more people across the world than any other league. It is a UK export with a truly global reach, as we have seen in India this week, to cite a recent example.

I am told, albeit by the premier league, that stadium attendances over the past 15 years have gone up by 60 per cent. and that the average occupancy rate now sits at a staggering 92 per cent.—figures that almost every other sport in this country would die for. I entirely accept what my right hon. Friend said in this regard, but the premier league is also a significant economic driver, with a considerable impact on local economies, and it generates huge revenue for the Treasury. Of course, all of that depends on what happens on the pitch, and much of the league's success and, indeed, from my point of view, its fun comes down to the fact that it is such an uninhibited, unencumbered free market. My advice to anybody seeking to curtail that is that they tamper with it at their peril.

It is, however, perfectly reasonable to ask whether some form of restriction, whether voluntary or otherwise, would enable more English qualified players to gain the necessary benefits from playing top-level club football so that they stood a better chance of succeeding as internationals. I am not sure that intervening in that way would help, and there is the obvious problem of whether any quota system would be legally enforceable or practically workable. Furthermore, any possible restrictions might fall victim to the law of unintended consequences, and simply encourage big clubs to source their talent from Africa and south America even earlier. I am not sure that any of us would wish to encourage that.

Richard Younger-Ross: Would there perhaps be an unintended consequence for the Scottish and Welsh teams? If players could play either for those teams or for England, they might opt for England because that would give them a greater income than playing for, say, Scotland, where they might be the first choice.

Hugh Robertson: To be entirely honest, I not sure that anybody in the room or in the premier league knows what the unintended consequences of any intervention would be, which is precisely why that is such a dangerous track to take.

Any levelling-down, which is what the artificial selection of English qualified players would involve, would not be the correct response. The challenge for English football is to produce more young players of the calibre necessary to break into the top premiership clubs, so that they could hold their place there on merit and then get through to the national team. The key to unlocking this issue is therefore improving the supply line of young English football talent.

Time does not allow me to examine the various strengths and weaknesses of the supply line from schools, through clubs, academies and centres of excellence and on to the proposed new national football centre, although I am sure that we all welcome the news that that centre is going ahead. However, the 2007 Lewis review on youth development in football makes excellent sense, and if its conclusions had been implemented five years ago, I suspect that we would not be in the position in which we find ourselves today.

Incidentally, I suspect that all right hon. and hon. Members would join me in paying tribute to Richard Lewis. Not only has he been an excellent executive chairman of the Rugby Football League, which promotes truly community-based sport, but he has given up a tremendous amount of time—he is a wise and influential figure in the wider world of sport—to help with the FA review and the Sport England review, which the Minister will no doubt mention. We should all put on record our thanks to him for all that he has done. The Lewis review has identified a sensible way forward, and I strongly urge the FA, the premier league and the Football League to work together—that is crucial—to implement the review's recommendations and see what difference they make, before turning to any other possible interventions, which may produce considerably less certain outcomes.

In conclusion, I again congratulate my right hon. Friend on securing the debate. There has been a wide measure of agreement about the problems and possible solutions. The Conservative party's position is threefold. First, we strongly believe that the issue before us is one for the FA, not the Government or anybody else. As part of the FA's root-and-branch review, I urge it to look at the issues raised this morning, to work with the premier league and the Football League and to produce a genuine plan of action as soon as possible. If that requires legislative action—I am not sure that there is any reason why it should—I am happy to put on record that we would, of course, offer our full support.

Secondly, I strongly support the recommendations in the 2007 Lewis review of academies and centres of excellence, as well as the FA's decision to press ahead with a new national football centre. No one should ever pretend that it is easy to get young players to make the jump from club to international level, but the review's recommendations are a sensible way forward.

Thirdly, unless there is a voluntary quota, which is unlikely, I would not support any artificial barriers to the selection of players in the premier league. The premier league is a fantastic national asset, and we should enjoy and cherish it, warts and all. The answer to this question lies in getting more youngsters into the top flight of the game. As so often in sport, it is a question of getting the structures right to service the national team—the academies, centres of excellence and the national football centre—then breeding a culture of success within the team, as the Australians have done so brilliantly in cricket, and as I believe the French did in football in the late '90s. If that is done, I have no doubt that we shall qualify for the next World cup.

10.50 am

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. Gerry Sutcliffe): Welcome to the Chair, this morning, Mr. Caton. I congratulate my right hon. football friend—the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith)—on securing this important debate. Indeed, I congratulate all the hon. Members who have contributed; I consider them all parliamentary football friends. I am quite happy as Sports Minister, because in the past week about eight hours have been dedicated to sport in the House; that is unusual. We are often criticised for not being topical and not having our fingers on the pulse. The debate shows that we are indeed passionate about our football, on behalf of our football constituents.

I agree with the hon. Member for Faversham and Mid-Kent (Hugh Robertson) that we are not attacking the Football Association, the premier league or the Football League; we are making a genuine effort to get debate going about what should happen. I sometimes think, particularly in my present role, that the football authorities are a little bit sensitive when people start to raise issues about the game; we do so for its benefit.

I was interested in the speeches that right hon. and hon. Members made, and not least by the points raised by the right hon. Gentleman. My hon. Friend the Member for Feltham and Heston (Alan Keen) raised ownership and governance issues, and I agree with him about putting a supporter on every board, with the right support. That is the ambition of Supporters Direct—a movement that we are happy to support.

I am grateful to the hon. Member for Manchester, Withington (Mr. Leech) for his response on the Munich air disaster. I understand what he said about the minute's applause. However, the issue is bigger than the two clubs involved and bigger than English football. If we cannot get across what the aftermath of the Munich air disaster meant to everyone, we shall sink low in the estimation of football supporters around the world.

The hon. Gentleman was right to talk about the positive impact of foreign players, particularly at Manchester City. I was interested in his suggestions about the transfer window not working as well as it might and particularly in what he said about the academies quota.

The hon. Member for Cities of London and Westminster (Mr. Field) talked about the new rules on European Union players and freedom of movement and about the Government's proposals in connection with the points system for immigration. He will be pleased to know that the new system simplifies more than 60 current routes to enter the country into five tiers. Tier 2, for skilled workers with a job offer, covers footballers playing for UK clubs.

We have developed a special tier 2 sporting category for elite sportspersons and coaches, for those internationally established at the highest level, whose employment will make a significant contribution to the development of their sport at the highest level in the UK. Other tiers

[Mr. Gerry Sutcliffe]

relate to sporting competition. I hope that will satisfy the hon. Gentleman that we are taking the right approach. He made great play of the impact of television money on football and its presence in the game at all levels. He makes a fair point about saturation and what will happen in the future. The football authorities need to take those points on board.

The Member for North-East Bedfordshire (Alistair Burt) is another of my footballing friends; we have shared many games together. In fact, I should congratulate the parliamentary football team, which I understand won 6-2 yesterday against the Showmen's Guild. I think that the parliamentary team has had a long successful streak.

The hon. Gentleman raised the issue of coaching and the debt that we owe to volunteer coaches throughout the country for their commitment to football. I want coaching to grow, and I want coaches to be held in the same esteem in the UK as they are in the United States, where a high-school coach is not only a high earner but a well respected member of the community. We need to apply the same principles to volunteers and to professionalise coaching in any way we can. I congratulate the hon. Gentleman on doing the level 1 coaching course.

I also congratulate the hon. Gentleman on going to Rwanda to show the power of sport and of football in particular to the wider world. This week I went to Nottingham to visit an organisation called Balls to Poverty, which is involved in taking footballs to South Africa. It has been very successful in the past three years and is now paying attention to the UK—including areas such as Nottingham, where there are difficulties with youth crime and gun and knife crime—using the same principles. That is the power of football working. The hon. Gentleman also talked about great teams and football's aspirations and about the Celtic 1967 team of home-grown players.

My intervention on the hon. Member for Cities of London and Westminster was about residence rights and being able to play for national teams. He made some points about cricket and rugby union. My parents were from Yorkshire and Scotland, but I was born in Salford at the time when people could not play cricket for Yorkshire unless they had been born there. I always remember the great pleasure that other people took in telling me when I was a child that I could never play cricket for Yorkshire because I was not born there. The fact that I could not play cricket, and had no intention of doing so, did not come into it. They made the point that I would not be able to do so.

I am pleased to see my right hon. Friend the Member for North-West Durham (Hilary Armstrong). She is a keen Sunderland supporter and keeps us abreast of all the things that happen to Sunderland, and the battle against relegation. I am grateful to the hon. Member for Teignbridge (Richard Younger-Ross) for his comments about EU restrictions and about the opposition and problems that we may encounter in Europe.

The hon. Member for Faversham and Mid-Kent really summed things up with respect to our unity of purpose and aims. We must ensure that we reach grass-roots level and support young players, and the Government have a role to play: by investing in school sport and providing coaches at clubs, we can help the premier league, the Football League and the Football Association.

I am particularly pleased about the appointment of Lord Triesman as the independent chairman of the Football Association. The Burns review has been implemented by the FA, and the future is still being considered. A continual review is taking place in the FA, and I congratulate all those who are involved. It has been a difficult period, with the move from the old FA council set-up to an independent chairman. I know that Lord Triesman will be a tremendous asset to the FA.

The defeat against Croatia upset us all. I was there on that eventful night, when we all had expectations that the team would do really well. Israel had done what it did on the Saturday against Russia, and we all expected a walk-over against Croatia. However, those of us at the game saw Croatian players who could hold the ball and hold the game up, and who showed tremendous skill, whereas, unfortunately, the England players looked as if the ball was a hot potato.

The tragedy was that not only England but the rest of the home nations failed to qualify. I said that night that there should be a root-and-branch examination of what is happening in football. It was a disaster in footballing terms, but also in economic terms. The failure of any home nation to qualify could cost the economy billions of pounds. That evening the causes were considered. The following day the FA announced a root-and-branch investigation of what was happening.

Yes, Mr. Capello is now here, and I am pleased about that. He is a world-class coach and we look forward to success for the England team, but things must go much deeper into what is happening at grass-roots and school level. I watch my grandchildren playing football. There is too much pressure and competition for results. There are too many parents who are pushy for their youngsters, not focusing on skill levels and people enjoying being on the ball and enjoying the game.

The impact of foreign players is important. The premier league is world class, for the reasons that hon. Members have set out. I understand the arguments that have been given. Quotas would be difficult because of European legislation, so I want the FA to lead a review and put together a board of people who will study football at grass-roots level and consider whether we get to players early enough. I hope that the Government will be involved in that through UK sports coaches and Sport England, to help the FA and the football authorities come to terms with the fact that we need to ensure that young players get support at the highest levels. Trevor Brooking said to me on several occasions that he thought that some of the TV money could be diverted into support for skills development and training, and I agree.

It is no coincidence that the Man United coach Carlos Queiroz said at a conference in Portugal recently that he was concerned and appalled about what he saw of the coaching of young players in England. We need to learn the lessons. I think that we have a glowing view of the past, and we all say that the '70s were a great era for professional football.

Mr. Martin Caton (in the Chair): Order. We must now move on to the next debate.

Animal Welfare (Circuses)

11 am

Mark Pritchard (The Wrekin) (Con): It is an honour and privilege, as ever, to serve under your chairmanship, Mr. Caton.

This is an important and timely debate. During the passage of the Animal Welfare Act 2006, the Government gave a clear commitment and undertaking to introduce regulations to ban the use of certain non-domesticated animals in travelling circuses. Lord Rooker has since noted that there is no reason why the regulations could not take the form of a general prohibition with exemptions on a species-specific basis. Yet in every week and month of Government dither and delay, the stress of animals incarcerated and exploited in British circuses continues. With countries such as Austria, Denmark, Israel, Singapore and even India banning such animals in their circuses, why are the British Government being so slow to act?

The Minister will know that there remains strong parliamentary and public interest in the matter. The circus industry says that there is no need for a ban, because if there were a welfare problem, there would have been numerous prosecutions under existing legislation. That is disingenuous. It is impossible for the Royal Society for the Prevention of Cruelty to Animals and local authorities to be present 24 hours a day, seven days a week, all over the country.

The industry says that banning circuses would damage the film industry. Again, I do not believe that that is correct. In fact, it is one of the industry's weakest arguments. It is really saying that such a ban would damage its pockets. It also says that film makers would be moved eastwards to eastern Europe, where animal welfare standards are not as high. I agree that standards should be improved in some eastern European countries, but I contest whether the consequences of a ban would be as the circuses suggest. Paradoxically, it might drive up animal welfare standards, as the film industry would say in those countries, "We are prepared to work with you only if you improve your standards". Some of the industry's arguments are weak.

The industry says that it can regulate itself and that all that is needed is a dialogue with the Government, perhaps through the new system of Performing Animals Welfare Standards International, which the Minister will know about. It is interesting to note that, until the deliberations on the 2006 Act, there was no detailed discussion between the industry, the Government and animal welfare groups. There was always dialogue, but not in the detail that there has been since. I question whether the industry's heart is really in improving animal welfare standards, as we all want.

I am not suggesting that people in circuses are deliberately cruel—of course not, although there are bad apples in every organisation—but I question their motive for wanting to self-regulate now, when little was done for many years. That is why the welfare renaissance is bogus.

As a libertarian Conservative, I do not really believe in banning things. I shy away from it—but history shows that even the most libertarian Conservative parliamentarians have voted for bans at some point in their careers, when the cause has been justified; which I believe this cause is.

Bob Spink (Castle Point) (Con): I am grateful to my hon. Friend for bringing about this important debate. We must all seek to improve standards of animal welfare in every possible way. Can my hon. Friend give the House specific examples of cruelty to, or a lack of welfare of, animals in circuses? If he can, I shall support him in every possible way. If he cannot, he will deny our children the chance to see the animals and be excited and intrigued by them, which develops people's conservation wishes.

Mark Pritchard: The Great British public, in whom I have great trust—we are all here as a result of their opinions—overwhelmingly want a ban on the use of non-domestic animals in circuses. I know that my hon. Friend is not suggesting for one moment that constant movement from one location to another in small cages is good for animal welfare. I am sure that he is not suggesting that being locked up in solitary confinement for long hours is good for the welfare of animals, whether our pet dogs or a lion or tiger. I take his point, but I do not think that children get any enjoyment from seeing the exploitation of such animals.

Mr. Elliot Morley (Scunthorpe) (Lab): For the record, I am proud to be a trustee of the Born Free Foundation. There are well documented cases of cruelty, and I agree with the hon. Gentleman that there are such exceptions in every walk of life. Does he agree that it is hard to justify the fact that circuses are exempt from standards laid down for non-domestic and caged animals—for example, under the Zoo Licensing Act 1981—because they cannot meet them? Is that not a cause for concern?

Mark Pritchard: It is, and the right hon. Gentleman was a distinguished Minister in the Department for Environment, Food and Rural Affairs for many years and has a long and illustrious track record of standing up for animal welfare. He makes an important point, which I shall come to later. There is a danger that circuses will benefit if we compare them with zoos. Zoos have breeding programmes for endangered species, are subject to strict regulations and have larger areas for animals such as lions and tigers. Given their itinerant nature, circuses cannot live up to those standards.

I return to the opinion of the Great British public—a good thing to return to. In a recent BBC News online survey, 79 per cent. said that they would like a complete ban on the use of non-domesticated animals in circuses. The Minister is a decent and honourable man, and I hope that he will not dismiss that opinion easily and that he will encourage his officials, who I am sure are equally decent and honourable, not to dismiss it either.

It may help Members if I say that four of Britain's nine circuses use non-domesticated and, indeed, domesticated animals as part of their performances. Approximately 47 non-domesticated animals are exploited for profit in those four circuses. That is why they are so keen to hold on to them.

To return to the point made by the right hon. gentleman the former Minister, no defence can be made that vital breeding programmes, such as those in many zoos, are at stake or that there is a need to protect a certain endangered species. In my view, circuses use the animals

[Mark Pritchard]

simply to make money. In a modern, supposedly forward-thinking society, such antiquated and, some would say, barbaric practices should not be allowed to continue."

No hon. Member would like to be kept in close or solitary confinement. I am sure that the Prime Minister might have some recommendations for one or two of his colleagues, but it is not how kangaroos, lions, tigers and camels should be kept. It is clearly not normal. They are kept out of their natural environment and often separated from other animals. Most of them are social animals and interact with other members of their species.People say, "Don't bring emotion into this argument," but there is certainly emotion for those sentient animals; they feel emotion. Anyone who keeps animals or lives in proximity to animals know that the majority of those animals about which I have spoken are sentient and highly intelligent, and have emotions.

To return to the comments made by my hon. Friend the Member for Castle Point (Bob Spink), many such animals are exposed to long journeys and continual forced movement—to constant caged motion and alien environments. The era of exposing those precious, sentient and often beautiful wild animals to diminished physical and social environments has to end. It is a blight on our nation's humanity and character—a nation, supposedly, of animal lovers.

Bob Spink: My hon. Friend approaches the issue with the most honourable motives, on which I congratulate him. However, will he provide examples showing how those animals suffer during their caged time? For instance, do they self-harm or develop obsessive behaviours? Are there any examples of that?

Mark Pritchard. Again, I am happy to refer my hon. Friend to the RSPCA, which has a catalogue of evidence. It is interesting that one of the Minister's advisers on the advisory group—I shall not name him, because it would embarrass him—said in an e-mail to me that there is no evidence of physical suffering among any of those animals. Earlier in the e-mail, however, he admitted that at some time in his career as a vet, he had treated some circus animals, so even the e-mail from a so-called expert was contradictory.

I shall put on the record what I call the industry's hall of shame: Bobby Roberts Super Circus, Circus Mondao, Peter Jolly's Circus and the supposed Great British Circus. There is nothing very British or great about exploiting such animals. I am not saying that circus owners or staff are cruel, although there are always bad apples in any organisation; I am saying that the conditions in which the animals live and the way in which they are forced to live are cruel. There are people who say that emotion should not be a part of the argument. There are no tears in this place today, but there are probably tears in the eyes of those animals. One might say, "Well, that's very sentimental, Mr. Pritchard. We can't take that very seriously." But those animals are sentient, they care and they have emotions, so for people to say that we should not bring emotion into the argument is disingenuous. It is interesting to note that it is not permissible to bring emotion into the argument if we are for a ban; if people are against a ban, they are quite happy to bring in emotion.

What is clear, and what even the circus working group agreed, is that the status quo is not an option. The group did not conclude that the evidence of suffering of wild animals in circuses was "inconclusive"; rather, it said that evidence of the absence of cruelty was inconclusive. One academic on the advisory panel said that

"the absence of evidence of suffering is not evidence of the absence of suffering".

Interestingly, that important and critical statement was omitted from the report, and I should be grateful if the Minister explained why.

The Government should allow the courts to test the robustness of the Animal Welfare Act 2006. They should not allow themselves, as a result of conflicting legal advice, to become fearful and fail to test the robustness of the Act. Indeed, it may be helpful to develop some case law on such issues, because it may recur with regard to pet fairs and other matters on which the Government deferred action during the passage of the Animal Welfare Bill in order to deal with them through regulations or at a later time. The RSPCA is right to suggest that section 12(1) of the 2006 Act allows an amalgam of different information and evidence—including 24-hour video evidence, which the so-called experts did not use—to inform decisions.

Shona McIsaac (Cleethorpes) (Lab): The welfare of animals in circuses was explored in detail during the Bill's Committee stage. Does the hon. Gentleman agree with many of us who are concerned that the Government have backtracked on their promise, that the circus working group's remit was fundamentally flawed because it examined only travelling, and not other aspects of circus life that can compromise welfare, such as training and performance?

Mark Pritchard: The hon. Lady is right, and she has a track record: on the Floor of the House during the passage of the Bill, she raised similar issues. However, the Minister is an honourable man, and I know that he and the hon. Member for Exeter (Mr. Bradshaw), who led for the Government in Committee and holds similar views, do not want to be seen to be backtracking. They want to keep their promises. I shall address the issues that the hon. Lady rightly raised in a moment.

Some people say that circus animals are no different from wild animals in zoos. That is not so. It is not just a matter of constant travelling. Zoos allow their wild animals to roam, they have specified enclosure sizes, and the animals can meet other animals of their species. The zoo/circus argument is bogus and false, and I hope that the Minister recognises that. Some of the views held by DEFRA's scientific advisers are contradictory. I mentioned one such view earlier, but I am conscious of time and I must try to edit my speech.

The 2006 Act already provides powers regarding

"any unnecessary cruelty or suffering to any vertebrate animal,"

and within the Act, animal owners have a "duty of care" to look after the welfare of animals in their care. To address the points made by my hon. Friend the Member for Castle Point, owners have various duties:

to provide a suitable place to live—I would question whether they have fulfilled that duty in the situation under discussion—to provide a suitable diet, with which I do not have an issue; to allow animals to exhibit normal behaviour patterns, which are certainly not encouraged if they are made to jump through hoops and so on, usually through fear; to house animals with other animals, or apart from them, if that is relevant, and there is no doubt that that social element is not provided; and to protect animals from pain, injury, suffering and disease. Those duties are part of the 2006 Act, and as circuses fail four of the five criteria, the Government should test the robustness of the measure through the courts to determine whether we can secure a ban.

People talk about the need for regulations. I am relaxed on the issue, although my first choice would be to go through the courts to test the Act's robustness. However, if the Government opt for regulations, I hope that they will not fall for the belated offer from UK circuses to comply with the model regulations proposed by the European Circus Association. The time for trust in, and self-regulation by, circuses has passed. Can the Government trust circuses to put animal welfare before profits? Circuses claim that they are the victims of "unjust accusations"; but there is only one set of victims in circuses today.

The report by the circus working group states that

"there appears to be little evidence to demonstrate that the welfare of animals kept in travelling circuses is any better or worse than that of animals kept in other captive environments".

That conclusion, however, supports the case for improving the welfare of animals kept in some zoos, not turning a blind eye to the problem and choosing the lowest common denominator to justify sitting on the fence. Wrongs are being perpetrated in zoos, and although the majority of zoos in this country look after their animals well, that does not justify inaction on welfare in circuses. At best, the findings of the CWG are severely flawed, as the hon. Member for Cleethorpes (Shona McIsaac) rightly said; at worst, the research is unsound. There are certainly piles of rhetoric, assertions and assumptions. "Inconclusive" is a key word that many people in the circus industry use, but the research is exactly that. We are in agreement, but the word should not be used as an argument to diminish animal welfare; it should be applied equally to both sides of the welfare argument.

A ban would not mean the end of Britain's circuses, regardless of whether some or even no domesticated animals remained. Animal-free circuses, such as Cirque du Soleil, continue to enjoy huge success. I encourage the Minister and his officials to return to the progressive agenda and the spirit of the 2006 Act, and not to be the latest victims of highly-paid lobbying by the circus industry. They should acknowledge the will, not just of the Commons, but of both Houses. Dr. Mike Radford, the chairman of the working group, rightly pointed out that the decision on whether to impose a ban was entirely political and that, on this occasion, science failed to deliver what the working group set out to find. It was a political decision by this Government. I know that the Minister and his predecessor, the hon. Member for Exeter, want to fulfil their commitments to the House on this issue. It is a matter not only of consistency, but of trust. Can the Government be trusted on animal welfare issues, and will they fulfil their promises?

11.21 am

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Jonathan Shaw): I congratulate the hon. Member for The Wrekin (Mark Pritchard) on securing this debate, and other hon. Members on their contributions. More Members are present than is ordinarily the case for a half-hour Westminster Hall debate, which reflects the widespread concern in the House about animal welfare. That is likewise reflected in British public opinion. We are rightly proud to be a nation of animal lovers, and we support high standards of animal welfare in Britain, which compares well with the rest of the world.

This Government introduced the first piece of animal welfare legislation for nearly 100 years. We have not been in power for all those 100 years—only for a handful. Nevertheless, we have a proud record, and it was good that there was a great deal of consensus on the issue, because it gave us the opportunity to introduce legislation. As hon. Members know, there is always a great clamour about which Bills to introduce and thus a lot of competition, but the Government prioritised animal welfare, and the measure was welcomed across the board.

I think, therefore, that some of the hon. Gentleman's comments about broken promises and so on were a little disingenuous, particularly given that animal welfare organisations, and the RSPCA in particular, can now act before, and not just after, concerns have been raised about an animal's welfare. That is a very important principle. We applied it to child care legislation before we applied it to animal legislation, and it is about using expertise and recognising the potential for animal suffering.

Dr. Nick Palmer (Broxtowe) (Lab): I congratulate the hon. Member for The Wrekin (Mark Pritchard) on securing this debate. Although I agree with what the Minister is saying, I receive more letters on this subject than on more obvious ones, such as the European Union. I hope that we do not let down our voters on this issue.

Jonathan Shaw: That does not surprise me, and I am sure that it is reflected in a lot of hon. Members' postbags. However, we probably will not hear that from the Conservative party during the debate on Europe in the coming weeks in the House.

We have all received expressions of concern from our constituents, and we are pleased that the 2006 Act is in place, as it places on those responsible for animals a duty to promote animal welfare. That duty applies, too, to those responsible for the training and management of animals used in circuses. The Act has been in place for less than a year, but already the Department has received positive feedback that the duty to promote welfare has proved a watershed in animal welfare law. At long last, it is possible to take action before an animal is mistreated.

• I am grateful to those sectors of the performing animal industry, including the circus industry, that have taken very seriously the implications of the Act and have taken positive steps to raise their standards. I am grateful, too, to those welfare organisations that are working with the industry to raise standards. Nevertheless, I acknowledge that the legislation put in place specifically

[Jonathan Shaw]

to protect performing animals—the Performing Animals (Regulation) Act 1925—is inadequate. During the passage of the 2006 Act, DEFRA Ministers accepted that the 1925 Act needed to be repealed and replaced by a regulatory system that worked.

The recent DEFRA-commissioned report by Mike Radford and a group of distinguished academics on the welfare of wild animals in travelling circuses, looked at issues relating to transportation and accommodation. The academics reviewed scientific evidence produced by the industry and by welfare organisations. Colleagues have criticised the report, but they will know—especially my right hon. Friend the Member for Scunthorpe (Mr. Morley)—that DEFRA decisions are science-based. I do not think that we could have assembled more distinguished individuals than the academics and veterinarians whom we selected.

Mark Pritchard: Does the Minister not think that it is odd, given the distinguished nature of those involved, that they did not meet to discuss the matter, and that the majority of the report was done by e-mail? I also point to my closing remarks, in which I referred to Dr. Radford's opinion that the decision was political, not scientific. It is for Ministers to make a decision. When can we expect a decision on the further deliberations of the report?

Jonathan Shaw: I shall come to that point in the remaining minutes left to me.

The report concluded that there was insufficient scientific evidence that animals suffer as a result of their use in travelling circuses.

Mr. Morley: The hon. Member for The Wrekin (Mark Pritchard) said that the status quo is not an option. I accept what the Minister says about the science, which is important, but this is the 21st century. The history of circuses and of gawping at animals that are doing tricks and are dressed up is not compatible with modern society.

Jonathan Shaw: I am grateful for my right hon. Friend's intervention.

The report rightly noted that in the circumstances it would not be possible to use secondary legislation to ban the use of wild animals in travelling circuses. It also noted that the Secretary of State's standards for modern zoo practice could form the basis for regulations to promote the welfare of animals in travelling circuses. We want to see improvements in winter quarters and travelling conditions, and we will undertake a feasibility study to see whether the regulatory system to promote welfare is workable. I expect that study to be completed by early spring. Ministers will have to consider it carefully and report back to the House.

Mark Pritchard: Will the Minister give an undertaking that different experts and scientists will be involved in that feasibility study instead of the same old suspects?

Jonathan Shaw: If the hon. Gentleman wants to criticise highly-qualified and eminent academics, that is a matter for him, but it does not move his argument forward.

The study will involve DEFRA veterinarians, zoo licensing inspectors and economists talking to the industry, and seeing what safeguards are currently in place and what could be done to improve them. It will also take account of the views of animal welfare organisations. We have made it clear that we want to hear the views of parliamentary colleagues, which is why this debate is very welcome. We will look at the study and report back to the House. The 2006 Act has been in place for a year, and we need to take account of how it is promoting animal welfare. So far, the feedback has been positive. We will look at the feasibility study and report back in order to consider how to move it forward.

Andrew Rosindell (Romford) (Con): Does the Minister accept that the circus industry and those in the performing industry want regulation and are willing to work with the Government to find a sensible way forward without the banning of circuses?

Jonathan Shaw: We always want to work in partnership.

11.30 am

Sitting suspended until half-past Two o'clock.

Pleural Plaques Victims (Compensation)

2.30 pm

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): I am extremely grateful for the opportunity to debate this issue, which is at the core of a great many people's problems. People feel very strongly and passionately about it, and I am delighted with the turnout from colleagues representing constituencies across the length and breadth of the UK.

Pleural plaques is a condition caused by asbestos passing through the lung and the pleura that protect it, causing a hardening of those pleura. In October, the Law Lords decided to deny victims of pleural plaques the right to compensation on the basis that the condition is symptomless and therefore is not compensatable. Bizarrely, the ruling went on to suggest that if a person suffers anxiety as a result of pleural plaques, it is caused by being told that they have it, rather than by the condition itself. That belittles claimants and causes increased anxiety, because they know that there is currently no chance whatever of redress.

There is significant evidence to suggest that pleural plaques are not the symptomless condition that the judges thought. The five judges were unanimous, and I accept that that makes their judgment difficult to overturn. However, legislation is needed to offer hope to the victims of the condition. The Scottish National Administration in the Scottish Parliament have pledged to introduce legislation to deal with this issue. I am pleased about that, because the victims do not care how they get compensation as long as they get it. My only concern is about the SNP leading people up the garden path, believing that it can overturn the decision or introduce legislation, only to let them down at the end. I sincerely hope that the party is sincere in its endeavours to overturn the decision.

Mr. Michael Clapham (Barnsley, West and Penistone) (Lab): The judgment talked about the condition being symptomless, but it also says that there is a physiological change—the body changes as a result of pollution from asbestos. Does my hon. Friend agree that although the physiological change may be symptomless, it has certainly been caused by pollution?

Jim Sheridan: My hon. Friend is absolutely right. He has a long history of dealing with such issues. I am no medical expert, but I refer hon. Members to the work of Professor Mark Britton and Professor Tony Newman Taylor, who are world-renowned medical experts on asbestos-related disease. They have confirmed that pleural plaques are not prevalent in the general male population and are an indicator of asbestos exposure.

Stewart Hosie (Dundee, East) (SNP): I congratulate the hon. Gentleman on securing the debate. He mentioned the action being taken by the Scottish Parliament, which he has previously welcomed. I am sure that his fears about leading people up the garden path will not come to fruition. This is not a constitutional issue, but a medical one. When he presses the Minister, will he make the point that people with this condition who have been exposed to asbestos have an increased risk of mesothelioma and bronchial carcinoma? It needs to be impressed on the Government that this is not a theoretical or abstract debate; real issues are involved.

Jim Sheridan: I thank the hon. Gentleman. He is absolutely right. I do not mean to be disrespectful when I talk about leading people up the garden path. If a genuine attempt to solve the problem for victims is being made, I hope that it is successful, because if it is successful in Scotland, a case can be made for the rest of the UK. We need the same commitment from Westminster as there seems to be in the Scottish Parliament.

For many working-class people such as myself, this is an emotive issue. Having spent years working in the Glasgow shipyards, I remember times when we could see asbestos dust floating in the air. The foremen would tell us to carry on working because it would not do us any harm. I do not blame the foremen or managers, because they were only doing as they were told. I place the blame squarely at the door of the companies that produced the stuff and asked people to work with it who did not know the damage that it was causing.

Mr. David Anderson (Blaydon) (Lab): My hon. Friend is quite a bit older than me, but I guess that he was not in the shipyards before 1965, when asbestos was effectively banned. It has been known to be a poisonous substance since 1892, so he is quite right to say that the real guilty parties are the employers who exposed people to that substance when they knew it was dangerous.

Jim Sheridan: My hon. Friend is right, and when they were exposed for doing that, they left the country and went on to expose people in underdeveloped countries to the same dangers, encouraging them to use the same substance. This is not just a UK problem; it is a global problem.

Mr. Robert Flello (Stoke-on-Trent, South) (Lab): Will my hon. Friend also make the point that this issue is not only about private companies? A constituent of mine has told me about working in power stations in which lagging was hanging off, dripping with asbestos, and about being forced to work in state facilities in which that danger was lurking all around until relatively recently.

Jim Sheridan: My hon. Friend is right. The private sector does not have a monopoly on making people work with asbestos dust.

Bob Spink (Castle Point) (Con): We have a lobby next Tuesday, when some of my constituents will be coming down. They would want me to point out that this is not just about looking back at old industrial practices; it is happening right now. There are GMB union members working in the insulation stripping industry, trying to make life safer for our communities, and they need protection. Does the hon. Gentleman agree that they need to know that they will be able to get compensation if they suffer from pleural plaques?

Jim Sheridan: The hon. Gentleman is absolutely right—there are people working with asbestos today. Unfortunately, symptoms will not materialise or be felt in their bodies until some years later.

[Jim Sheridan]

I have details of friends, family members and colleagues whom I worked beside in the shipyards. Those who have been diagnosed with pleural plaques know exactly what could be the next step. I have attended too many funerals of people who were told that they had pleural plaques only for them to acquire full-blown mesothelioma. I am not talking only about people who worked in the shipyards on the Clyde. This problem is prevalent throughout the UK and in the underdeveloped world.

I vigorously disagree with the decision of the Law Lords that those who polluted with asbestos, namely the relevant companies, are not responsible for people developing pleural plaques or full-blown mesothelioma. The decision prompts the question, "Who is responsible?" Is it the irresponsible doctors who told sufferers that they had the disease? Is it their fault for telling people that they have pleural plaques, thus causing them anxiety? I find that a ridiculous supposition. Blaming doctors for telling people that they are unwell is absolutely incredible. The people whom I represent, including my friends and family, feel the same.

When farmers and livestock were affected by the foot and mouth and bluetongue diseases, Members of this House were up in arms and exercised themselves in demanding compensation for the animals that were destroyed to halt the spread of disease. I do not wish to denigrate the plight of farmers whose livelihoods were threatened or even ruined, but human beings who contracted a killing disease were not given the same attention by Members of this House or, indeed, by the Government.

The point that I am trying to make to the Minister is that the illness affects our people. The working-class men and women of this country are watching this debate, and they expect their Labour Government to sort out the issue. They want compensation for being exposed to damage to which others have not been subjected. I would dearly love to spread some asbestos dust on the Law Lords' porridge in the morning to give them an understanding of exactly what the issue is.

A briefing that was recently put out by the Association of British Insurers states:

"Insurers are committed to paying fast, fair and efficient compensation to people who are injured or made ill as a result of their employer's negligence; in 2006, our members paid out over £1.2 billion in employers' liability claims."

I have to say that that is what insurers are meant to do. They take on premiums against a risk, and, if the event occurs, they have to pay out. The ABI claims that there is a new consensus among independent medical experts.

John Battle (Leeds, West) (Lab): I do not want my hon. Friend to let insurers off the hook. I championed the Armley asbestosis victims in my constituency for 20 years. We took the insurers to court in 1996 and won the case, but they fought tooth and nail to avoid paying out. Hon. Members will find that much of that large amount of money is actually payment to liquidators to liquidate the firm rather than pay victims. The majority of the money has gone on corporate gamesmanship to prevent the victims from getting it.

Jim Sheridan: My right hon. Friend is absolutely right, and I can sense his emotion and anger. I can well recall the situation in Scotland when people were diagnosed as having mesothelioma. When they died, the claim died with them. The sad fact of life was that when the court case came up, the insurers would invite a doctor to sit beside them, and, from a distance, he would try to judge how long a victim had to live. He would then find the technicality to get the case cancelled, in the hope that the person would die and the insurers would not have to pay out the money. Fortunately, the trade unions saw that, and, through their campaigns, they managed to get the law changed.

The ABI claims that there is a new consensus among independent medical experts. I would say that there is no medical consensus, although there is, thanks to the House of Lords, a new legal consensus. The ABI states:

"Insurers will continue to pay compensation to people suffering from these diseases and to their families as quickly as possible".

Why then are the insurers pursuing another challenge to block mesothelioma compensation? Trigger test cases, as they are known, are working their way through the courts. That is something that will become prevalent in the near future.

The ABI states that it wants to

"speed up the provision of compensation to people with serious asbestos-related diseases"

and it goes on about the £1.8 billion. I would simply say that if it is that keen, why not show claimants the money? Why not use the savings from the judgment and set up a fund of last resort for claimants who cannot trace an insurer?

Mr. Jim McGovern (Dundee, West) (Lab): On that point, would my hon. Friend agree that there is a case for setting up a scheme similar to the pension protection fund so that if a firm goes bust, when a former employee makes a claim at least the employee will receive the compensation that they are due?

Jim Sheridan: My hon. Friend is absolutely right. There should be some mechanism whereby people can trace their employment. Anybody who knows someone who has died from either pleural plaques or mesothelioma will know how difficult things are when they are diagnosed. They do not have a great deal of time to start tracing their employer. Some of them, particularly those who worked in the construction industry years ago, find that either their employers or the insurers have gone bust, and it is extremely difficult to get compensation. There is a case to be made for some mechanism whereby people can trace their employer.

Recently, several insurers have refused to pay out on mesothelioma claims. They now say that the wording of the insurance policies that they entered into with employers means something very different from what they accepted it meant for the past 40 years. The insurers are arguing that the trigger for the insurance policy to respond to a mesothelioma claim is not exposure to asbestos but development of the disease asbestosis itself. The obvious benefit for insurers who are using the trigger issue is that, if they are successful, they will escape liability completely. The problem for the victims is that there will be no other insurer to turn to, because by the time they begin to suffer symptoms of the disease, which is often or could be as much as 40 years or more after they were exposed to asbestos, many employers will have simply gone bust, as my hon. Friend said.

The effect of the trigger defence is to frustrate and delay the process of obtaining compensation for some terminally ill claimants, but it also introduces uncertainty about how employers' liability insurance policies should be interpreted in mesothelioma cases. The insurance industry and its advisers know that, although perhaps not all insurers are presently using the trigger defence as accepted by the court. The rest of the insurance industry will fall in line, leaving our members, our constituents and thousands of other workers who develop mesothelioma deprived of their entitlement to compensation.

What should the Government do? Pleural plaques is a condition that affects thousands of ordinary working people. They were negligently exposed to asbestos, their lungs have been damaged, and they face an increased risk of fatal illness, about which they are genuinely worried. The decision of the House of Lords to deprive them of compensation should be reversed by legislation. Insurers should be forced to use any savings from the judgment—it is estimated that they stand at some £1.4 billion—to set up a fund of last resort for claimants who, through no fault of their own, cannot identify an insurer, or whose employer, again, through no fault of the claimant, has gone bust.

I have heard from people who are close to these issues that there is a reluctance by the Government to intervene in such cases because, as someone said, the disease is symptomless. People who go off sick with stress could perhaps claim similar compensation, but I think that there is a clear distinction between people suffering from stress and people diagnosed with pleural plaques. Pleural plaques is a tangible disease, the effects of which people can see. They can see what it develops into.

Mr. McGovern: Does my hon. Friend agree that although pleural plaques can be detected only by X-ray, the disease causes irreversible damage to the lining of the lung, and that if such damage were done to visible tissue, obviously a compensation claim would not be denied?

Jim Sheridan: Again, my hon. Friend is absolutely right. He has a long history of working in industries where asbestosis was prevalent at the time.

On stress, I stress the point—excuse the pun—that I can see no comparison between people suffering from stress in the workplace and claiming compensation, and those diagnosed with pleural plaques, which can lead to full-blown mesothelioma, and the anxiety that that then causes. Like many people, I am not keen to have a compensation culture develop in this country. However, we are not talking about claims for a sprained ankle or whiplash but a life sentence of breathlessness, pain and worry about the increased risk of developing mesothelioma or, indeed, asbestosis. One cannot help wondering whether the Law Lords are perhaps more interested in trying to keep the courts free of what they consider petty compensation claims than in serving justice.

I could say far more on the issue, and I apologise if at times I become emotional about it, but there is a serious problem that must be addressed by the Government. I know that time is moving on and that some of my colleagues, who have equally genuine concerns, want to make their own representations about what happens in their constituencies. I beg the Minister, who has a good track record in dealing with such important issues, to listen to MPs, trade unions and union lawyers. This disease has to be tackled. People who have contracted the disease should get the compensation that they deserve. I ask the Minister to look seriously at what we can do here at Westminster, and also to consider how a possible change in the law in Scotland will impact on the rest of the UK.

2.50 pm

Paul Rowen (Rochdale) (LD): I appreciate that many hon. Members want to speak today, so I will be brief. I congratulate the hon. Member for Paisley and Renfrewshire, North (Jim Sheridan) on initiating the debate. As he has said, many hon. Members share his concern about the Law Lords' decision. I believe that a very simple point needs to be made. Compensation for pleural plaques has been paid for nearly 30 years. The disease has been acknowledged as an industrial injury and many people have received compensation. Although the sums of money have been small, they are a just recognition of the fact that pleural plaques is an industrial disease.

The world's largest asbestos factory was based in the town that I represent. Rochdale's Turner Brothers manufactured the stuff and then exported it to different industries, which many hon. Members here represent. Hundreds of people in Rochdale have been diagnosed with pleural plaques, and they are now extremely concerned at the effects of the Law Lords' decision.

Clearly, as the hon. Gentleman said, the Government should do something. Last year, when the issue of mesothelioma payments arose, they acted very speedily. In the Child Maintenance and Other Payments Bill, which is now being considered in the Lords, a mechanism was found to ensure that compensation was paid speedily. I put it to the Minister that she should consider allowing amendments to that Bill to be tabled in the Lords to restore a right that has existed previously.

We are not talking about something that has not happened before. It has been an established practice—developed by case law—to recognise that pleural plaques is a disease or an injury caused by exposure to asbestos and therefore that compensation should be paid. I hope that the Minister will listen to what hon. Members have to say and that she will introduce positive proposals to restore that right.

2.52 pm

Mr. Michael Clapham (Barnsley, West and Penistone) (Lab): Like the hon. Member for Rochdale (Paul Rowen), I will be very brief. I congratulate my hon. Friend the Member for Paisley and Renfrewshire, North (Jim Sheridan) on securing this debate. Pleural plaques is an important issue, and we must impress upon the Minister that she needs to think about how she might change the situation. The Law Lords made their decision on 17 October, and it has impacted on every constituency. Pleural plaques is clearly the result of exposure to asbestos.

My hon. Friend referred to two experts—Professor Mark Britton and Professor Newman Taylor—both of whom have said that pleural plaques is not a disease that affects the general population; it is clearly the result of exposure to asbestos. They also say that, after 30 years'

[Mr. Michael Clapham]

exposure, a person will have calcified plaques. After 20 years' exposure, there will be plaques, but they will not have calcified.

The Law Lords have accepted that there is a physiological change. The calcification, or the change to the lining of the lung, is a tangible change that can be shown on X-rays. It proves that asbestos has polluted the body. Under the concept that the polluter should pay, we should return to the situation in which compensation has been paid for 20 years.

There is no doubt that there is a link with mesothelioma. Although the letter from the Association of British Insurers, which my hon. Friend mentioned, refers to only 1 per cent. of people with pleural plaques developing mesothelioma, Professor Mark Britton and Professor Newman Taylor say that the number is between 1 and 5 per cent. They make it clear that an association exists between pleural plaques and the development of mesothelioma.

My hon. Friend and I met the laggers of London—there is a GMB branch for laggers—who are exposed to asbestos in their daily work. They pointed out that each year in their branch, 12 people are diagnosed with pleural plaques. They say that a significant number go on to develop worsening conditions, such as mesothelioma and cancer.

I hope that the Minister will think very seriously about how we can move the matter forward. My hon. Friend asked what the implications would be if the Scottish Parliament overturned the Law Lords' decision. I hope that the Minister can give us an indication of the implications that that may have for England.

2.56 pm

Mr. Colin Breed (South-East Cornwall) (LD): Like other hon. Members, I will be brief. Although nearly everything has been said already, I think that we need to say it again and again. Until the Government listen, justice will not be done, and this is a massive injustice to so many people. Many of my constituents who have come to me about this matter worked at Devonport dockyard. They have experienced, over a long period of time, a series of injustices, which are only now beginning to be put right.

Pleural plaques is a recognised condition. I hope that I do not have it; I do not want it. I do not think that any hon. Member would want it. If someone has it as a result of being irresponsibly exposed to asbestos, there must be some recognition of the fact that they have a condition. Just because we do not understand all that may happen does not mean that people may not have developed other diseases and illnesses because they have had pleural plaques.

I want to name a couple of my constituents who have contacted me. David Pearn suffers shortness of breath. His condition is very noticeable compared with other people of the same age. He cannot lead the kind of normal life that he would expect. Another constituent, Trevor Talbot, wrote a letter to me. He said:

> "For me personally, having been proved to have the asbestos-related pleural plaque scarring whilst working with asbestos in HM Dockyard Devonport, I feel that it is an injustice that fellow working colleagues have had their claim settled in full while mine, which was in the process of being settled, has been stopped."

Another constituent, Graham Whiting, said:

> "Could I ask for your continued support for a change of policy on this matter by voicing this once again in the House of Commons. It does beggar belief that something that has been recognised as a debilitating disease for twenty years can be just thrown out."

The sense of outrage and injustice is clear.

The insurance industry does itself no favours. It has been said that insurers are committed to paying fast, fair and efficient compensation, but while they drag out claims for as long as possible, they can spend as much money fighting any payout as they get in premium income. The process is far from fast or fair. It may be efficient for them not to pay anything at all, but not as far as my constituents and others are concerned. That behaviour does them no justice at all, especially given other rip-offs, such as paying protection insurance, and how people are dealt with in other respects. It is about time that the Association of British Insurers started to recognise that the industry has a bad and worsening reputation.

I am very pleased that the Scottish Parliament is challenging the Law Lords. The effects of asbestos are a terrible legacy of an industrialised Britain that we now know far more about. The nation has generated great wealth. We have done very well on the backs of a number of people who have worked in quite dangerous industries. It is time that we recognised that and gave them the proper compensation that is due to them.

Obviously, if the Scottish Parliament overrules the Law Lords, my constituents and others will say that it is a curious situation. People who worked at naval bases in Scotland, on the Clyde, will apparently be entitled to compensation, but those who worked in Devonport will not. That message should not be sent to those who properly served their country in an industry that has proved to be dangerous to them. It is time that the Government recognised that. If the Law Lords want to play with people's livelihoods and lives in that way, we should not allow it. There should be a change and it should be soon. These people should get the justice that they deserve.

3 pm

John Battle (Leeds, West) (Lab): I congratulate my hon. Friend the Member for Paisley and Renfrewshire, North (Jim Sheridan) on raising this issue and keeping it alive in Parliament. He has done so along with other colleagues, including my hon. Friend the Member for Barnsley, West and Penistone (Mr. Clapham). Why is the issue important? This is not just a case of unfinished business in which the law has not quite caught up with the victims. My experience in the House is that, every time we take one step forward, we take two steps back. That happens in medical terms and in legal terms.

I represent Armley in west Leeds. The original JW Roberts factory was there from 1886 to 1956, spewing out dust on to the streets. The saga is well known. We got great coverage for our campaign in the 1980s, when it was discovered that that dust polluted people on the streets. We tried to take on the company that became Turner and Newall. We ran a 10-year campaign to identify the people involved. They lied—I want to make it absolutely clear that I am not speaking under

parliamentary privilege—and told us that they did not have the records although they did. We discovered them.

At the same time, there was the great argument about medical evidence, to which some of my hon. Friends have referred. It was said that there was no evidence that asbestos was dangerous. Well, in Armley in 1922, Dr. Greaves took images—X-rays—of lung diseases to prove that there was a problem. Those very images of pleural plaques are still available in medical records; I think that they are in Edinburgh university's medical college.

In 1936, the health and safety people turned up and told the factory, "Will you employ certain conditions to make sure people aren't polluted?" but of course that did not apply to the company blowing the dust out of the windows and the air vent. The neighbourhood was polluted with no safeguards whatever and the company denied all responsibility.

To cut the story short, the factory shut in 1956 and more than 400 people got asbestosis. I think that I was the first person to use the word "mesothelioma" in the House, in 1988. It was still denied then that that had anything to do with asbestos. Medical reports were still going in saying that people had died of diseases such as bronchitis. Sometimes, the reports said, "Disease unidentifiable". There was no acknowledgement that one fibre stuck in a lung would lodge there for 30 to 40 years, pregnant until it broke out in a terrible death. That was not accepted. The medical world was as responsible then as the lawyers are now.

We got to court in 1996, and we won the case against Turner and Newall, but it was taken over and it slipped the assets across to Federal Mogul in America. Federal Mogul decided to wrap them up in a little bundle and send them back to Britain in a little company that had the assets, because the judge said, "Put a pot aside to pay the victims." What did that multinational do? It set up a shadow company, ring-fenced it and deliberately made it bankrupt and sent it into administration, so that it would not have to pay out because we had won the court case. We then campaigned for 10 years, from 1996 right through to 2006, but through all the processes, the lawyers managed it so that 16p in the pound was what a handful of victims got as a result. It was a whole mountain to produce a mouse.

At every move of the game, the company and the insurance companies used every trick in the book of what I call corporate gamesmanship to ensure that they did not pay out. That is the story of this issue. Why did it end up in the House of Lords in the first place? People wanted to draw back from the rights that workers already had; the payments were there, as other hon. Members have said. So we are no further along.

It is not right that I should say to my constituents, "Pack your bags and move to Paisley, because that is your only hope," but that is in effect what we will be saying if the Scottish Parliament overturns the ruling. We have had to say already that, if people want treatment with Alimta, they should move to Scotland, because they can get treatment in Scotland that they cannot get here. That cannot be just. We cannot offer that as an answer to people who are victims. They were polluted through no fault of their own. It was not that they did not wear the protective gear that they were told to wear. In my area, they just happened to live in the neighbourhood and the dust was sprayed on them. It is not their fault, but the victims are still being blamed and all the onus is being put on them to try to secure compensation.

Victims are left facing a terrible, terrible death. Anybody who has witnessed, as I have, someone dying of mesothelioma or another asbestos-related disease will know that it is a terrible death for people to go through, and we are asking victims and families to go through that without any hope. When the decision came through from the House of Lords, victims and families were left with a sense of deep helplessness and hopelessness—there was nothing that they could do and nowhere that they could go.

Can the Government cut through this? Can we overrule the decision in some way? Can we pass a law to say that people can have the compensation and acknowledge that pleural plaques may well lead to mesothelioma? We certainly know that they are the result of exposure to asbestos through no fault of the people affected. We have taken decisions to ban the use of asbestos. Richard Doll spelt the position out. Deaths will peak in 2015 or 2018. We could count the number of people likely to be victims. We are not asking for an infinite pot of money. I am tempted to say that, if all the compensation payouts were £30,000—the original level—it would certainly not break the bank, and it would be a damn sight cheaper than bailing out some banks, not that I am opposing that. I am suggesting that, in the context of revenues and costs, it will not cost a large amount of money to alleviate the suffering of victims and their families.

It is appalling to say that the victims of asbestos are the worried well. It is an appalling abuse of people to use that expression. They are not the worried well; they are people who are sick through no fault of their own. I plead with the Government: please for once intervene. The Government ought to find a way to cut through the legal logjam that has been fabricated by the insurance companies and the companies behind the asbestos pollution to avoid paying out.

Very helpful suggestions have been made. Perhaps there could be a pot like the fund for pensions. Perhaps there could be a pot that would enable people to be paid now. What is most cynical of all is when companies say what was said to me by a senior insurance company representative, "Well, you do realise that this campaign will die out." Well, it will, because the people will die. That is unacceptable and that is why it is imperative that we act now and press the Government to do their utmost to give some hope to the victims and their families.

3.7 pm

Mr. Stephen Hepburn (Jarrow) (Lab): I congratulate my hon. Friend the Member for Paisley and Renfrewshire, North (Jim Sheridan) on securing the debate. The issue is so pressing in the areas that we represent. It would be wrong of me not to take part in the debate, given that I come from Tyneside. The incidences of death from mesothelioma and other asbestos-related diseases are running at something like two a week, so the relevant court's decision and the lack of Government action following that decision have left many thousands of people feeling powerless and belittled.

[Mr. Stephen Hepburn]

Pleural plaques is a working-class disease. It is a scarring of the lungs caused by negligent exposure to asbestos in the workplace. Let us analyse what I have said: it is scarring of the lungs and, quite simply, a scar is an injury. People normally get scars if they fall over and hit their head or whatever. That may be caused by their own negligence. The difference with pleural plaques is that it is an industrial injury caused by the negligence of an employer.

In the majority of cases, it is said that pleural plaques will not go on to cause death—or, indeed, mesothelioma, which is a death sentence in itself—but the very fact that someone has been exposed to pleural plaques causes the worry that they could develop mesothelioma. If somebody lives where the Law Lords live in Surrey, Berkshire or wherever, they might never see anyone dying of asbestosis. They might never come across that. However, on Tyneside, where I am from, two people die from the disease each week, which means that people are going to the funerals of workmates every week.

It is not for Members of Parliament to come up with the solution—it is for the Government to act. Thank heaven that people in Scotland have seen the light and are leading on this issue. Our Government and our Minister should do the same and give compensation where it is due.

3.10 pm

David Heyes (Ashton-under-Lyne) (Lab): I, too, congratulate my hon. Friend the Member for Paisley and Renfrewshire, North (Jim Sheridan) on securing the debate and on the energy and determination that he has shown in pressing this issue, and that is reflected in the strength of the turnout. As hon. Friends have said, to make no contribution would be to let down many of our constituents, and I am sure that many people in the room feel the same.

We are discussing people who have suffered the cruel consequences of exposure to asbestos. Too many of my constituents suffer from terrible asbestos-related diseases and too many others have, sadly, died from them. It is totally unacceptable that sufferers, past and present, and their families should be denied compensation by huge insurance companies. It is clear from the insurance press that the industry breathed a huge sigh of relief at the prospect of avoiding multi-million pound compensation bills.

In the meantime, hundreds of people who have been diagnosed with pleural plaques must deal daily with the invisible but no less real scarring of their bodies, which was caused by their employers' recklessness, and with the invisible but equally real heightened risk of developing a terrible and life-threatening disease.

I can only agree with those who regard the Law Lords' decision on pleural plaques as perverse. The research on which they based their judgment seems to have led them to take too narrow a view. A fund of respected counter-research points to a different conclusion, and it is generally accepted that pleural plaques are an indication of exposure to asbestos.

Many people who present with pleural plaques—or, indeed, with more serious asbestos-related diseases, such as mesothelioma—have little idea until the point of diagnosis of the damage caused by their past exposure to asbestos. There is enough evidence to suggest that patients presenting with pleural plaques have a much increased risk of developing more serious asbestos-related conditions—indeed, they face a 100 per cent. greater risk than those in the general population.

The negligence of some employers in decades gone by has exacerbated the problem, and that negligence was recognised in the Law Lords' judgment. Employers were aware of the potential risks, but did nothing about them. They, or their insurers, should be made to pay for that negligence.

It is difficult to avoid the conclusion that knowledge of the potential death sentence implicit in a diagnosis of pleural plaques must have an adverse psychological impact, given the ghastly nature of such conditions. Recognition of the difficulty of living with that knowledge and of the consequent mental anguish has, at least in part, been the basis of the hundreds of thousands of cases that have been settled over the past 20 or 30 years, and nothing has happened to change that.

The Government have shown that they are on the side of common sense and common decency by acting to reverse the Law Lords' perverse decision on mesothelioma by amending the relevant legislation. I hope that enough has been said today to persuade my hon. Friend the Minister that the Government should intervene again to change the law on pleural plaques to match what any sensible person would consider right and proper.

3.13 pm

Mr. David Anderson (Blaydon) (Lab): I congratulate my hon. Friend the Member for Paisley and Renfrewshire, North (Jim Sheridan) not only on securing this debate, but on his track record of defending working-class people's rights since he first came to the House. People ask me why people such as my hon. Friend and I came to the Houses of Parliament, and the answer is because of such issues. If people such as us, who know the reality of working with things such as asbestos, did not stand up for those who have been exposed to them, their voice would not be heard in this place to the extent that it should be.

Last year, I was proud to be involved in the discussions on reversing the Lords' decision on mesothelioma. It was a great moment for our party, our movement and our Government when we reversed that decision, because it was the right thing to do. Today, we should be celebrating last night's announcement by the National Institute for Health and Clinical Excellence that it has finally thrown out all the appeals by those who wanted to stop the use of Alimta, which would increase a little the length and quality of the lives of those suffering from mesothelioma. But what are we doing? We are standing here talking about a disgraceful situation that has been brought about over more than a century.

As I said in my intervention earlier, people first said that asbestos was dangerous in 1892, but it took 70 years to make it formally illegal. What happened then? People kept on using it. We are discussing employers who have such scant belief in the sanctity of life that they use little kids to maximise profits in places such as Namibia. They put them inside giant plastic bags to stamp down the raw asbestos, so that more will go into the bags. If that does not show the kind of people we are dealing with, what does?

Thompsons solicitors told me about discussions that it had with civil servants in the Department about the impact of pleural plaques. Thompsons was told, "What are you worried about? It's no more than freckles." Well, the people whose lungs have been scarred think that pleural plaques are slightly more than freckles.

Mr. Flello: Like other colleagues, I am listening with great interest to my hon. Friend's speech. Will he join me in pausing for a second to think what it must be like for people not only to know what mesothelioma does, but to live day in, day out with the knowledge that there is a good chance that they may develop it because of their pleural plaques? It must be horrendous to wake up with that thought every morning. Does my hon. Friend agree?

Mr. Anderson: I could not agree more. I was actually coming on to the great disservice that the insurance industry and the employers have done us by peddling the idea that stress does not matter. In their view, people who think that they have the disease should not worry; indeed, they think that people's doctors should not even tell them about it, and it is absolutely disgraceful that they could even consider that. The insurers say that the stress does not matter, but perhaps they are really worried that people will take them to court over the impact of stress.

In the late 1990s, after years of battling my trade union, Unison, the insurers had to give in and award £187,000 to a social worker who had been stressed out by work. Perhaps that is what the debate is really about; perhaps the insurers are worried not about people with scars on the inside or outside of their bodies, but about the people who are really suffering. I am a patron of an organisation that supports mesothelioma sufferers, so I know what individuals are going through and I do not need to imagine it. I meet such people regularly, and I know that none of us would ever want to be in their position. It is on our backs that we do something about this.

The ABI brief has been mentioned. Referring to the Lords judgment, it says that the

"conclusion was based on the new consensus... and this consensus represents good news".

If I got a letter in the post tomorrow morning saying, "Mr. Anderson, you have pleural plaques," I do not think that I would be jumping up and down saying that it was good news. If that happened, I could become one of the 90,000 people who will die in the next 13 years as a direct result of being criminally exposed to a dangerous substance. It therefore behoves our Government to do everything in their power to put that injustice right.

3.18 pm

Mr. Ian McCartney (Makerfield) (Lab): Like my colleagues, I thank my hon. Friend the Member for Paisley and Renfrewshire, North (Jim Sheridan) and congratulate him if that is the appropriate word in such a debate on his work on this and other issues.

My hon. Friend and I come from a similar area, and as teenagers and young men, we saw family after family suffer the consequences of having done what they were asked to do by working hard for their country and their company. Subsequently, because of latent industrial diseases, the trade union movement has spent 45 or 50 years fighting for recognition of what has happened as a result of industrial processes. People who have worked hard and contributed have been damaged as a result, but there has never been a general acceptance of the fact that they should receive financial, social and medical recognition for the effects of their contribution.

The most recent judgment is the latest in a long line of judgments since 1924. There has been a failure to accept and recognise that exposure to asbestos and mesothelioma are deadly. The first case was reported to the *British Medical Journal* in 1924 by Dr. Cooke from the Wigan Royal Albert Edward infirmary. The lady concerned, Mrs. Kershaw, worked in a weaving shed in the constituency of the hon. Member for Rochdale (Paul Rowen). He was the first doctor to say, "This woman has died not of tuberculosis but of fibrosis caused by her exposure to asbestos dust." Yet from that moment it has been a struggle to get where we have.

The present situation is incredible. Despite what I have described, I never thought that I should be asking in the House of Commons to have something back that had already been conceded. We are not asking for something new to be recognised. There has already been medical recognition, state recognition by way of benefit payments and recognition towards compensation. My worry is what will happen if we do not win this case and find a mechanism, as we have in the past.

In 1998, my right hon. Friend the Member for Leeds, West (John Battle) was the Minister for Energy, and he found a mechanism to upgrade the payments relationship for pneumoconiosis sufferers. We found a mechanism to deal with issues such as bronchitis and emphysema that has resulted in the biggest payouts on injury benefits that the world has ever seen, and the House found a legislative mechanism, as my hon. Friend the Member for Ashton-under-Lyne (David Heyes) mentioned, to deal with a recent perverse judgment by the Law Lords.

Perhaps we can find a mechanism to correct the decision that we are now discussing. If we do not, there will be debates here for the next 10 years arising from this judgment's use in other areas, against other claimants with other injuries. Let us think of the progress that has been made on stress-related injuries in Britain since Unison, the National Union of Public Employees and others took on that cause. It has become accepted as fact that there are certain circumstances in which, if employers do not act in their employees' interest, they will suffer damages because of stress. That is an accepted concept, but the Law Lords have gone out of their way to state in the judgement that, unless a physical injury is associated with the stress, no claim can be met. What does that mean for public sector workers who attend accidents every day and suffer trauma and stress? They have no physical illness, but there has been the capacity for more than a decade to compensate those workers for the stressful job that they do.

I am not a lawyer I do not want to give the impression that I am but lawyers and others have the unending capacity to take one decision and link it to other potential decisions. Therefore, what has been decided is important not only to the sufferers; it should make us recognise the importance of retaining what we have won. We must retain it: there are no grounds for not finding a mechanism.

[Mr. Ian McCartney]

I know that the Minister will want to respond, and I have one final point. If the Law Lords' judgment is read in a common-sense way, it suggests that the plaques do not occur naturally in the body, but are caused by an industrial process, which the law recognises in judgments as a failure by the employer to protect the interest of the employee. What is missing is a common-sense judgment. The Law Lords have taken common sense out of the way they have dealt with it. They have cited, as the ABI has, the figure of 1 per cent. The figure of 1 to 5 per cent. is not relevant: what is relevant in the cohort is that 100 per cent. have plaques. However, it cannot be judged who, within the cohort, will go on to contract a debilitating disease that will kill within 18 months of diagnosis. So all must suffer 100 per cent., to the point when the disease transforms from a plaque into a cancerous fibre, followed by death. That is why the Law Lords' approach is not a common-sense one.

We must put common sense back into the law, but in putting it back, we must put back something else. The courts have already recognised that negligence led to the disease. The state gave recognition, in relation to payments, and there was recognition through previous court judgments that the insurance industry had a liability to meet, which it was meeting. On that basis, taking a common-sense view—difficult as it is for the state to meet every claim in every circumstance—we should go back and deal with the cases that have been left in limbo and accept that the diseases have been caused by workers doing the one simple thing that they have been asked to do: work hard and look after their home community.

Those communities are devastated. Not every community in Britain faces the same circumstances. Those affected are from shipyard and mining communities. They are textile workers and those who worked in industries making products for other industries or who travelled around in the construction industry, building up our capacity to power our houses, shops and commercial enterprises. That generation is now suffering. The debate is an opportunity for us: if the Minister cannot respond as we would like her to do now, I hope that she will leave the door open for further discussions towards a solution, because a solution must be found.

3.25 pm

David Howarth (Cambridge) (LD): I, too, congratulate the hon. Member for Paisley and Renfrewshire, North (Jim Sheridan) on obtaining the debate. The two most important points that have come out of it for me are, first, the fact that as a result of corporate manoeuvring people with a valid claim might be removed from circumstances in which they can make their claim good and, secondly, the point that several hon. Members have made about stress at work. The danger in the House of Lords judgment in the pleural plaques case arises largely at the point at which it becomes a discussion of psychiatric illness. That point came up in part in the debate, but it has not been discussed enough, so I want to spend some time on it.

I do not agree with those hon. Members who said that the judgment was perverse. I have studied this area of the law for 30 years. It was an entirely orthodox judgment of the House of Lords. The conclusions that were reached, except with respect to psychiatric injury, were entirely in line with what one would expect the Lords to say. It was orthodox, first, because it has not been possible to sue for anxiety since the 1860s. People can sue for psychiatric illness but not for anxiety. It would be a major departure in the law to allow people to sue for anxiety, although some people have argued for it. People cannot sue for future risks unless something has already happened to them—some symptoms have already started. That was a decision that the House of Lords took in 2005, after a lot of debate, in which there was, again, argument on either side, but, nevertheless in the light of what was decided in the Gregg case it is not unexpected that the House of Lords came down where it did.

On the point about there being no symptoms yet—there is internal scarring but no symptoms—the decision is, again, not unexpected. There is difficulty in measuring the loss until someone actually suffers from something. I should stress at this point that the House of Lords decision does not apply to people who have symptoms. The battle in the pleural plaques cases is not yet lost, for two reasons: first, the decision binds only on the law, not on the facts, and if new medical evidence emerges or new medical expert views are accepted, that will change the entire thing; and secondly, even on the law, the House of Lords left open the possibility of suing in contract rather than just in the law of tort. Lawyers are therefore not giving up on such cases at this stage.

The next point that I want to make is one made by the right hon. Member for Leeds, West (John Battle): Victims must wait until their symptoms start to develop. The problem with that is that by the time it happens many of the defendant companies will no longer exist, either because of the normal processes of commercial operation—they just go out of business—or, as the right hon. Gentleman pointed out, because they have figured out some corporate manoeuvre that lands all the liabilities on a corporate entity with no assets. We must take action to make sure that that does not happen. The idea of a fund into which defendant companies must pay, effectively insuring the victims against the insolvency of those companies, is one that the Government should take seriously.

I should like to make a point about psychiatric illness and the case of Mr. Grieves. Mr. Grieves was different from the other plaintiffs in the House of Lords case, because he had developed a recognised psychiatric illness—clinical depression—as a result of being told about his plaques. Psychiatric illness is different from general anxiety; it is a specific illness, and Mr. Grieves suffers from it, but, in addition, he was denied compensation. There have been unjust decisions on psychiatric illness for a long time—we could go back, for example, to the Hillsborough cases. That part of the law has become immensely complicated and, in my view, immensely wrong-headed. The Law Commission proposed reform as long ago as 1997. It said that judges should be given a chance to sort out parts of the law themselves, but they have not done so and the law has become more complicated and incomprehensible.

The two reasons given by the House of Lords as to why Mr. Grieves could not sue are wrong, and they are incompatible with modern views of mental illness. The first reason why the House of Lords decided that Mr. Grieves could not sue is that he was not a man of ordinary fortitude; in other words, he was more susceptible

to mental illness than the average run of humanity. However, that is not an excuse in ordinary law. If the victim of an accident has brittle bone disease, the person who caused the accident would still have to pay out, and would be unable to say that the victim was not of ordinary strength. I do not think that the position should be different in mental illness cases.

In addition, the reason given by the House of Lords is based on a wholly wrong idea of the incidence of mental illness and the likelihood that a person will suffer from it. Between one in four and one in six people in this country suffer mental illness at some point in their lives—it is not unusual, so it is wrong to say that employers could not reasonably foresee mental illness. That idea is completely out of date, and it implies that Mr. Grieves was responsible for his own illness, which is not right.

That brings me to the second reason why Mr. Grieves was denied compensation. He was denied it on the basis of an argument that I believe is quite wrong, namely, that the real cause of his mental illness was being told by the doctor that he had plaques. That supposes that his mental illness resulted not from his exposure to asbestos by a negligent employer, but because the doctor told him the result of that exposure. That is not a good argument for not compensating him, as it is not wrong for doctors to tell people that they have pleural plaques.

John Battle: I am grateful to the hon. Gentleman for applying his legal expertise to the issue. I am trying to follow his argument carefully, but there is a crucial causal difference. Someone referred to freckles. A person could say that they have freckles because they were exposed to the sun. They might worry about their freckles turning into cancer and become anxious. The difference with plaques is that we know that the cause is asbestos, which is a banned substance, as we know that it is deadly. Without that root cause, there would be no reason to be worried, which is why the judgment is wrong.

David Howarth: Someone with plaques knows that they run a much higher risk of developing mesothelioma than the general run of the population. hon. Members were quite right to say that we are talking about a 5 per cent. risk rather than a 1 per cent. risk—so people who are told that they have plaques have a serious problem. They are told that their problem is a consequence of breathing in asbestos, to which they were exposed as a result of their employers' negligence, so it is a different sort of case.

The argument that "the doctor did it" is not right but, according to some of the judges, that was why Mr. Grieves should be denied compensation. That argument was wrong. For 10 years, the Government have had on their desks a Law Commission document about the reform of the law on psychiatric illnesses. We need a reform of the law that takes into account what we now know about mental illnesses.

Mr. McGovern: I am intrigued by the legal case that the hon. Gentleman is putting forward. I would never pretend to be a lawyer—I am aware of the saying that if one puts two lawyers in a room, three legal opinions will come out—but I am here as a legislator. If the hon. Gentleman believes that the Law Lords applied the law in an orthodox and correct way, should we as legislators not simply change the law?

David Howarth: I am saying that the orthodox parts of the decision have some long-standing reasoning behind them, but the decision on psychiatric illness is the latest in a long line of decisions that make no sense. Most people involved in the law know that that part of the law does not make any sense. The Government have had a Law Commission report for 10 years, and there is no doubt that legislative intervention on the law on psychiatric illness is not only required, but is being asked for by lawyers.

The law on psychiatric illness ought therefore to be reformed. Moreover, to take up the point made by the right hon. Member for Leeds, West, there must be a way of preventing employers from escaping their responsibilities by delay and corporate manoeuvre. It is a question of justice, but it is also a question of efficiency. The companies have imposed on the world costs that they have not paid for. Efficiency and justice demand that they pay.

3.35 pm

Mr. Henry Bellingham (North-West Norfolk) (Con): We have had a passionate debate. I congratulate the hon. Member for Paisley and Renfrewshire, North (Jim Sheridan) on the way in which he presented his case. He has an impressive and proud record of campaigning on this and many other issues. I remember well the help he gave me some years ago when we had a major gangmaster problem in East Anglia. He brought forward a Bill on gangmasters, which had a profound impact on the problem.

This issue affects people in many parts of the country. Obviously, it affects the former industrial heartlands above all, but it has an impact on every constituency in the land. Indeed, my constituents in north-west Norfolk, which is a long way from those heavy industrial heartlands, have sent me letters on the issue. People who have retired to my area have written to tell me that they are very concerned about the House of Lords' decision.

3.36 pm

Sitting suspended for a Division in the House.

3.52 pm

On resuming

Mr. Bellingham: I was just about to say, before the Division bell went off, that I have recently received a letter from Mr. Legg, who is president of the Swansea boilermakers society. There is obviously a major campaign developing. I believe that Mr. Legg is actually a constituent of yours, Mr. Caton, so you will be well aware of the pressures that are building up. In fact, all MPs now know of cases in their own constituencies.

What we have seen in the last few years is a very successful campaign on behalf of those exposed to asbestos and dust. One has only to look at the measures that have been introduced, including the Pneumoconiosis (Workers' Compensation) Act 1979, the action that has been taken to assist mesothelioma sufferers, the Compensation Act 2006, which stipulated that negligent companies had to be jointly and severally liable, and part 4 of the Child Maintenance and Other Payments Bill, which is going through Parliament now. We also have the Civil Procedure Rule Committee, which is examining a new practice direction to ensure a uniform

[Mr. Bellingham]

fast-track system for all mesothelioma cases. So there has been impressive progress and indeed there is a great deal of public support for sufferers of any form of industrially caused lung-related illness.

Among the 1980 cases was Patterson v. MOD, in which the key finding was the theory of aggregation, which did not accept that plaques themselves could give rise to a claim, but when they were aggregated with risk and anxiety that could create an actual case. Indeed, the hon. Member for Rochdale (Paul Rowen) pointed out that many cases were settled, but not at high cost. We are talking about many cases settling at £4,000 or £5,000, up to about £10,000 or £15,000, so they did not cost the insurance industry a great deal of money.

On the other hand, we are talking about one of the most vulnerable groups of people in the country and those small amounts of compensation were actually bringing some relief to people at a time of great distress. It is very unfortunate indeed that we had a situation in place—we had a status quo, as the right hon. Member for Makerfield (Mr. McCartney) pointed out—that met with approval and satisfaction yet the insurance companies decided to take the test case to the House of Lords. However, the hon. Member for Cambridge (David Howarth)—my legal adviser from the Liberal Democrats—tells me that the law was, in fact, changed in another case and that the insurance companies had to take this test case.

So we had the two cases, Johnston v. NEI International Combustion and Rothwell v. Chemical and Insulating Company, and the conjoined cases. There certainly was a very substantial cost in bringing these cases and it is a great pity that they were brought. I was not surprised at the outcome when I saw all the evidence. Nevertheless, I was very disappointed indeed. I did not sit through the House of Lords case. I did not hear all the evidence, and I do not think that any of us did. However, when we had a system that was working perfectly well and we see that system turned upside down, it is indeed most unfortunate.

The only good thing that came out of all of these cases is that a great deal of medical expertise is now on the record. However, that medical expertise, it has to be said, is divided. In fact, a number of hon. Members—I think that among them were the hon. Member for Barnsley, West and Penistone (Mr. Clapham), the right hon. Member for Leeds, West (John Battle) and the hon. Member for Jarrow (Mr. Hepburn)—pointed out that there are medical experts who say that pleural plaques are not common. Those experts include Professor Mark Britton and Professor Tony Newman-Taylor, who are two of the most pre-eminent chest physicians in the land and world-renowned experts on lung diseases, and they both confirmed that pleural plaques were not prevalent in the general male population and were an indicator of asbestos exposure. In other words, one cannot develop pleural plaques through passive action, or as the result of smoking or other activities.

However, there are other experts, for example Dr. John Moore-Gillan, who is president of the British Lung Foundation, and Dr. Robin Rudd, who is a leading consultant, who are adamant that pleural plaques do not themselves form any malignant problems and do not themselves cause asbestosis to develop.

I would suggest to the Minister that we have a great deal of medical opinion out there, but it is divided opinion, and there is a need for a wider inquiry. May I suggest to her that she either sets up a royal commission on this subject or tasks the Industrial Injuries Advisory Council to examine the evidence urgently? She should also look at setting up a proper register of medical evidence. There is a great deal of evidence out there and indeed there is a large amount of factual evidence that can be pulled together, but it is not being pulled together in any worthwhile shape. It would be very helpful to have that information brought together.

I have to say that I was disappointed at the attitude of the Association of British Insurers. In its briefing to hon. Members, it said:

"We know that some have called for a new database to record the details of people with pleural plaques. The ABI rejects this proposal. It would not benefit people with plaques, and may cause anxiety."

I do not accept that argument at all. We need more evidence and we need to have all of the facts properly recorded and when we achieve that, we will be well on the way to mounting a stronger case.

There is another point that I would like to make that flows from the opinions of the medical experts who have been commenting on this issue. They conclude that 1 per cent. of people suffering from pleural plaques suffer some form of inconvenience, pain or constant irritation; whether or not that suffering leads to anything more serious, those people experience that suffering anyway.

Of course, I dare say that sufferers would be able to mount a legal challenge anyway, but why should they, when the Child Maintenance and Other Payments Bill, which is going through Parliament, will help those people with mesothelioma? Would it not be possible to amend that Bill so that 1 per cent. of people suffering from pleural plaques could be immediately eligible for some form of compensation? That is an issue that the Minister should examine carefully, and it stems from a debate that took place on 3 December 2007.

One point that the Government will have to examine very carefully is what is happening in the Scottish Parliament. If the Scottish Parliament legislates successfully on this issue we could end up with some ridiculous anomalies. For example, we could have a company that has plants both sides of the border, with employees moving from plant to plant. Those resident in Scotland would be able to take action and mount a civil case, but those living south of the border would have no hope of doing so. Another example would be if someone was working for a Government Department, such as the MOD, with facilities both sides of the border. Again, people may be posted to different sites and different rules would apply for Scottish citizens than for people who are resident south of the border. I foresee significant problems. The Government need to tell us what contingency plans they have put in place and how they plan to address the problem. If legislation is enacted north of the border that puts residents of Scotland in an advantageous position, it will lead to even more anger in England, Wales and Northern Ireland.

We have had a passionate debate, and I congratulate hon. Members on proposing it and on the way in which they put forward their arguments. We are talking about a very tough decision. A retrograde step has been taken

and the status quo, which was working perfectly well, has been turned upside down. We need more information; we need that register and an urgent independent inquiry or commission to look into it. Furthermore, the Government must act, in another place, on the Child Maintenance and Other Payments Bill, which is being considered. If they take those steps, the Opposition will certainly support them.

4.1 pm

The Parliamentary Under-Secretary of State for Justice (Bridget Prentice): Like the hon. Member for North-West Norfolk (Mr. Bellingham), I congratulate my hon. Friend the Member for Paisley and Renfrewshire, North (Jim Sheridan) on securing this debate. This has been one of the most passionate and committed debates that I have listened to anywhere in Parliament. No one could leave the Chamber today in any doubt about the strength and depth of the feeling on this matter. The representations made by my hon. Friends, particularly on behalf of their constituents, were passionate, heartfelt and sincere, for which I thank them. Their arguments were incredibly persuasive. Having said that, my hon. Friend will know that I set out the Government's position on this matter, on 29 October last year, in response to his written parliamentary question. We considered in great detail the judgment on the Rothwell case, at which point we decided that it would not be appropriate to legislate.

I shall provide some background to that case; then respond to the specific matters that were raised. I hardly need to explain what pleural plaques are. They are small, localised areas of fibrosis caused by exposure to asbestos. They do not normally cause any significant symptoms, although they might indicate a slightly increased risk of developing an asbestos-related disease. I understand that that figure is closer to the 5 per cent. mentioned by some of my hon. Friends, rather than the far less significant 1 per cent. suggested by the ABI and others.

As has been said, over the past 20 years, it has been possible to sue for negligent exposure to asbestos leading to the presence of pleural plaques. Compensation was based on High Court decisions in the early 1980s. However, as the hon. Member for Cambridge (David Howarth) explained, a test case finally reached the House of Lords to establish the exact situation. Earlier High Court decisions were not challenged, so the question of whether it was legally right that those pleural plaques should be compensatable never reached the consideration of the Court of Appeal or the House of Lords.

The problems began when the Rothwell case was finally brought to the House of Lords, which considered the case very thoroughly. As the hon. Member for North-West Norfolk said, the Lords had access to detailed medical information that we do not have, and reached a unanimous decision that upheld the earlier decision of the Court of Appeal, which was that pleural plaque does not constitute actionable or compensatable damage. As has been explained, however, it also confirmed that if someone with pleural plaques develops a recognised future condition, such as mesothelioma, they would have a claim in relation to that disease.

The House of Lords decision was based on two fundamental principles of the law of negligence: first, that compensation in relation to negligence is payable only if there is actionable damage; and, secondly, that compensation is not payable simply for the risk or the worry that something might happen in the future. The hon. Member for Cambridge developed the point in relation to the Law Commission's proposed reforms of the legislation on psychiatric illness, which, as he explained, have been on the table for some time. The Chamber might like to know that the Government have undertaken a consultation exercise on the Law Commission's proposals and that those responses are being analysed. We hope to publish our response in due course. We have not forgotten about it; it is being dealt with.

Mr. David Anderson: Does the Minister agree with the insurance industry, which advised doctors that the best way to avoid pleural plaques becoming a stress-related matter is not to tell the patient that they are suffering from them?

Bridget Prentice: Any doctor told to behave in such a way would rightly stick to their professional and principled position on the treatment of their patients. It is grossly irresponsible to suggest that doctors should not tell patients what illness or disease they have, nor explain in detail the consequences. It is disappointing that the insurance industry even thought to suggest such a thing. I am worried that, as a result of the House of Lords decision, the insurance industry may now question people diagnosed with pleural plaques about their liability. I have even asked for information on that. I am very concerned that the insurance industry may increase people's insurance payments, in the light of the position taken by the House of Lords, and I would like an investigation into that to ensure that it does not go down that road.

A number of hon. Members have mentioned the situation in Scotland. The hon. Member for North-West Norfolk is absolutely right; if the Scottish Executive act on their announcement after the House of Lords decision, it would make things very complicated. We have asked for information from the Scottish Executive about progress on the matter, and I am afraid to tell my hon. Friends that silence was the great reply. We have not heard much about what progress, if any, they have made.

In many respects, Scottish law is very different from the law in England. The hon. Gentleman asked about people living in England, but working in Scotland, and about Scots living in Scotland, but working in England, who have pleural plaques. Because the law in England says that there is no compensation, they will not achieve what they think they might achieve. The issue is very complicated, but we will watch it with interest, and if the Scottish Parliament finds a way of dealing with it, we will examine that very carefully. I agree that it would be unacceptable in such a situation for people in one part of the United Kingdom to receive compensation and others in another part not to do so. That would be inequitable.

Mr. Hepburn: Why are we waiting for the actions of the Scottish Parliament before we act? Why does Parliament not take the lead, do something about it, and let the Scottish Parliament follow us?

Bridget Prentice: Because we have accepted the House of Lords decision and we do not think it would be appropriate to legislate. In conversations with hon.

[Bridget Prentice]

Friends who have raised the issue and campaigned on it, including my hon. Friends the Members for Paisley and Renfrewshire, North and for Barnsley, West and Penistone (Mr. Clapham), we considered the idea of a register, which the hon. Member for North-West Norfolk mentioned. However, from discussions with the TUC, the Association of Personal Injury Lawyers and others, it does not appear that a register is appropriate. I understand the commitment and passion shown by hon. Members and the campaigning that they have undertaken, and it would be inappropriate for me to close the door on further discussions about what else might be achievable. I need to involve colleagues from other Departments that would be directly affected by any change in the law, if any were to be made. However, the Government's current view is that a change in the legislation is not appropriate; it would change the law of negligence so fundamentally that it would not be an appropriate process.

I accept what my hon. Friends said about the issues, and if, as the hon. Member for North-West Norfolk said, for example, the Industrial Injury Advisory Council considered the issue in more detail and decided where pleural plaques should be placed in the definitions of industrial injury, we might be able to reconsider our position. I make a commitment to my hon. Friends that the door is not entirely closed. It does not seem appropriate currently to legislate, but I shall return to the Department and examine whether there is a way of reviewing the industrial injuries process to determine whether action would be appropriate. People were compensated with relatively small amounts of money, and the House of Lords decision, having overturned that decision, has made life more difficult for others.

Jim Sheridan: If the Minister is going back to speak to her officials and take some advice about the issue, will she also consider taking some independent advice, particularly from the trade unions and their legal representatives?

Bridget Prentice: My hon. Friend knows that I have met, and we will to continue to meet, the trade unions about that and other issues in this area to ensure that we get the situation right. The trade unions have been very open with us, as we have been with them, about the right way forward.

I understand the passion and commitment that my hon. Friends have brought to the debate, and I have deep sympathy with them and their constituents. However, it is not appropriate to overturn the House of Lords judgment, given that it was unanimous and given that the matter was dealt with in that manner. Nevertheless, I am more than happy to continue to hold discussions with my hon. Friends to determine whether there is a way in which we can help and support people such as their constituents, who have been suffering as a result of industrial injuries and pleural plaques.

UK Bird Registration Scheme

4.14 pm

Martin Salter (Reading, West) (Lab): I was delighted to succeed first time in securing this Adjournment debate on the future of the UK bird registration scheme, which was introduced under the Wildlife and Countryside Act 1981. The scheme, which is held in high regard by conservationists in general, and by the Royal Society for the Protection of Birds in particular, has acted as an effective deterrent to nest robbers and people who wish to profit from the illegal taking of birds in the wild. However, its future has been put in doubt by moves within the Department for Environment, Food and Rural Affairs to deregulate section 7 of the Act as part of a Treasury initiative to move to full cost recovery on all registration schemes. I, the RSPB and hon. Members from all parties sincerely hope that the Minister will resist it.

It was somewhat remiss of me not to have congratulated my hon. Friend the Minister on her long overdue promotion to Government ranks. She is a close colleague of mine, and we worked together until recently on Labour's parliamentary committee. She is a passionate conservationist, a politician of substance and not the sort of Minister who will be pushed around by mere accountants in the Treasury. I have no doubt about it. That should have sealed it, anyway.

On the substance of the debate, I shall set out the case for retaining schedule 4 to the 1981 Act, which provides for the bird registration scheme, and I shall challenge the arguments for deregulation. The Minister knows that any good public policy must be based on evidence, and I shall highlight some of the evidence that she has already received from the RSPB, the Joint Nature Conservation Committee and the majority of the countryside agencies.

DEFRA argues that taking schedule 4 birds from the wild poses no conservation threat to the species concerned, and that the national wildlife crime unit has not identified it as a priority, although I must say that that statement has been taken out of context. The argument misses the point about registration, which is, in combination with DNA testing, a tried and tested method of deterring criminal activity, and a major wildlife crime enforcement success story.

Mrs. Madeleine Moon (Bridgend) (Lab): Does my hon. Friend agree that if the wildlife crime unit is to mount a successful prosecution, it needs to know where birds should be and to whom they should be registered? It does not matter whether it has DNA, because all that proves is the lineage of the bird. It cannot prove where, and in whose care, the bird should be.

Martin Salter: My hon. Friend has considerable experience of the issue, and she is absolutely right. I shall tease out that point later—a point that the police have made in their response to the consultation.

Had the NWCU existed between 1975 and 1995, it would certainly have selected illegal taking, particularly of high-value birds of prey, as an enforcement priority. Prior to the registration scheme coming into effect, up to half of all peregrine falcon nests in the Lake district were robbed annually. That was an outrage, and the

scheme has helped put an end to much of it. Only with DNA fingerprinting, which the scheme made possible, have the enforcement agencies managed to reduce such criminality.

In 1993, police investigations in just six cases using DNA evidence found that 13 per cent. of all peregrines declared as captive-bred in that year were not actually related to their supposed parents. There was widespread abuse. A string of high-profile convictions between 1992 and 1998 using DNA evidence led to a dramatic decline in criminality for offences involving peregrines and goshawks, dropping from an average of more than four convictions a year to less than one. The number of peregrine nest robberies has also declined in line with that drop, which all hon. Members welcome.

Most illegal activity that is investigated in connection with schedule 4 birds involves the laundering of young wild birds through fraudulent claims of captive breeding, and uses legitimately captive "parents" as a smokescreen. Since the advent of DNA fingerprinting only one case has not relied heavily on registration data. It is highly likely that, without it, the remaining cases would not have been possible. As my hon. Friend said, the schedule 4 bird registration breeding records held by DEFRA are often the key information that allow the police to obtain a search warrant in the first place.

After a thorough scientific review, using criteria agreed by all stakeholders, the JNCC has listed the species that it believes, without the scheme, would suffer illegal taking at a level likely to have a detrimental impact on wild bird populations. Critically, the police have advised that in the absence of the registration scheme, there would be a lower likelihood of any successful enforcement action being taken. That is clear and sound advice, and DEFRA would do well to heed it. I contend that to abolish the bird registration scheme would mean the return of the nest-robbers.

Ms Angela C. Smith (Sheffield, Hillsborough) (Lab): As my hon. Friend has outlined, the origin of the proposals is the Government's drive for deregulation. The evidence that he is giving demonstrates that the cause of conservation is well served by the scheme. Surely he therefore agrees that it would be short-sighted to sacrifice it on the altar of deregulation, especially considering the million-plus voices for nature that are behind it.

Martin Salter: I do not know whether my hon. Friend has had sight of my speech or has telepathic powers. I was about to say that the DEFRA stakeholder consultation on the review of schedule 4 sought responses from all stakeholders. The Hawk Board claims to represent 25,000 falconers, but only 21 responded, and only four of those stated that they wanted the bird registration scheme scrapped. There does not even appear to be a groundswell of opinion in the trade, if the numbers are to be believed. Of course, one must weigh that against the million-plus membership of the RSPB, all the major stakeholders and countryside agencies and the police, who have made their view crystal clear.

Mr. Andrew Smith (Oxford, East) (Lab): I commend my hon. Friend on the strength of his case and on bringing the matter before the House. Does he agree that for legitimate owners, registration acts as a form of insurance? As he has said, there is no support at all for removing registration. When considering whether to get rid of any regulation, the key consideration should be whether it serves a sensible purpose and whether it is fit for purpose. This regulation does and is. As my hon. Friend said, our good friend the Minister is a strong environmentalist, and she should return to her Department and tell it to think again.

Martin Salter: That is right. "Go back to your Departments and regulate" will be the message from this debate. Many of us came into the House to regulate. We regulated in the employment market to end poverty pay and introduce a statutory minimum wage. Many years ago, we regulated to stop small kids being sent up chimneys. There are many examples of regulation being for the good. I object to the Audit Commission's perverse neo-con ideology that all government and all regulation is bad. It clearly is not, and as my right hon. Friend says, the regulation in question works.

Mrs. Moon: Will my hon. Friend give way?

Martin Salter: May I make a little more progress? The Minister has been very generous and agreed to reduce the length of her speech, but it is important that she has a chance to respond.

I shall set out the three arguments that are being made for deregulation. It is said that controls under the convention on international trade in endangered species are an effective substitute for bird registration, which they are not. It is said that the EU's wild bird import ban negates the need to include exotic species in schedule 4, which it clearly does not. It is said that enforcement could take place without the schedule, which it could not.

Mrs. Moon: I thank my hon. Friend for his generosity in giving way; I know the passion with which the matter is addressed by the Members present.

Does my hon. Friend agree that we need the regulation to monitor not people who hold birds legally but those who are on the verge of criminality and using birds for expensive trading, holding them almost as a form of currency? If we do not know where the birds are, we cannot check the trading and illegal movement of them.

Martin Salter: I agree. To pick up the point made by my right hon. Friend the Member for Oxford, East (Mr. Smith), the legitimate bird trader has nothing to fear and can only benefit from integrity in the system, both in the value and antecedents of the products in which they trade. That perhaps explains why there was such a minimal response from the trade to the proposal to get rid of the registration scheme.

DEFRA has accepted, in its consultations in 2002 and 2006, that CITES controls cannot replace bird registration because CITES is a wildlife trade regulation that does not have the essential element of possession controls that the 1981 Act has. Once a specimen is sold under CITES controls it becomes untraceable, and the system does not maintain the detailed breeding records needed for DNA profiling inquiries.

[Martin Salter]

DEFRA appears to be arguing that the Commission's decision to ban all wild bird imports from October 2005, as a measure against the spread of avian flu, has somehow changed the landscape for bird registration to the extent that no non-native species should be considered for inclusion in schedule 4. That is nonsense. The schedule 4 species list proposed by the JNCC in December 2004 and subsequently submitted for public consultation was based on a rigorous scientific review, using criteria agreed by stakeholders, conservationists and bird keepers themselves. The species proposed are all globally threatened birds, specifically those threatened by trade, and include some of the most critically endangered and beautiful birds in the world. They include the Spix's macaw, which is extinct in the wild, the blue-throated macaw, of which there are fewer than 100 wild pairs, and the Bali starling, of which there are fewer than 20 left in the wild. Any trade in species with such perilously low global populations could have a serious impact on their conservation status. I know that my hon. Friend the Minister would not want her fingerprints on any decision that led to that. For those reasons, it is essential that the Government accept the JNCC's advice and place those endangered birds in schedule 4 to the 1981 Act.

With regard to whether effective enforcement could take place without schedule 4, the police have made clear their views in their submissions to the review. As we all know, enforcement budgets are extremely tight, and experience has shown that many cases will not be investigated. Because of the prohibitive costs of DNA analysis, they will not be considered a police priority when balanced against other Government crime reduction and detection targets. Considered against competing Home Office priorities and cost benefits, many wildlife investigations will not even get off the ground, because of high cost and an uncertain outcome—an outcome that would be made more uncertain if schedule 4 and the registration scheme were not in place.

Registration is strongly backed by the police, all the statutory countryside agencies and the JNCC. The revised JNCC-recommended list of schedule 4 species includes 42 that, in the absence of registration, it considers would be likely to suffer levels of illegal trade that could have a detrimental impact on wild bird populations. The stakes are high for biodiversity, and that would be simply unacceptable. The JNCC has also proposed the inclusion of globally threatened birds, in support of the UK's international nature conservation obligations and as a mechanism for monitoring captive populations of invasive, non-native species such as the ruddy duck.

The regulatory burden on the trade has been given as an argument for deregulation, but the burden on bird keepers and dealers has already been considerably reduced following previous consultations. In 1994, about 15,000 were removed from the list, substantially reducing the regulatory burden on keepers. Following the 2002 review, the burden was further reduced when the need to register each bird every three years was removed and marking requirements were simplified. Registration impacts on about 2,000 bird keepers, but the effects of increased nest robberies would be felt by 2.85 million birdwatchers and could have economic consequences. For example, many of us will have enjoyed the beautiful countryside, vista and bird life at Symonds Yat. The peregrine nest there, which used to be regularly robbed, attracts 55,000 visitors a year. They contribute £551,000 to the local economy. There is a biodiversity, conservation and economic argument not to remove regulation that works.

Finally, on cost recovery, DEFRA is clearly under pressure to recover the full cost of running the scheme. A possible way of resolving that is to add more species to schedule 4 and introduce a sliding scale of charges to reflect the conservation status, market value and vulnerability to illegal trade of those species. The registration scheme has been essential to locating and identifying birds for DNA testing to allow enforcement authorities to check captive breeding claims.

I urge the Minister to accept the recommendation of her parliamentary colleagues present and the conclusions of the JNCC, police, major conservation organisations and the RSPB. The bird registration scheme must be retained with the list of 42 species proposed by the JNCC. It has served the country well and is an essential tool to maintaining biodiversity and tackling wildlife crime.

4.31 pm

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Joan Ruddock): I congratulate my hon. Friend the Member for Reading, West (Martin Salter) on securing the debate and I thank him and my other hon. Friends for their contributions. I must remind him that the Government's decisions on these matters relate to England alone, because they are devolved to Scotland and Wales. I will, however, work with those Administrations as far as is practical so that we have a common British approach.

I am proud of the Government's record on protecting the environment, particularly on conserving birds of prey. Information provided by Natural England indicates that in the past 10 years, no populations of birds of prey in Britain have declined, and that many, such as the peregrine falcon, the red kite and the buzzard have increased. I absolutely agree with my hon. Friend that no action should be taken that could put the conservation status of those iconic birds at risk.

The registration of certain birds held in captivity is required by the Wildlife and Countryside Act 1981. My hon. Friend has given information showing that from that time, there has been a fantastic amount of wildlife crime, including the taking of eggs from nests. We believe that the Act has led to a great deal of progress over those years, and that it was not the bird registration scheme in itself that resulted in a change of practice. However, the scheme exists and is administered by animal health. Under the registration scheme, every person in Britain who keeps a bird of a species listed on schedule 4 must register it with animal health, for which they pay a small fee.

The cost to DEFRA of administering the scheme is approximately £350,000 a year. A further estimated £100,000 is spent by those who have to register the birds and on fees for keepers, of whom there are 1,730. As my hon. Friend said, Treasury policy requires us to take rapid strides towards full cost recovery for such administrative operations.

Some schedule 4 birds are also subject to controls under the convention on international trade in endangered species. If people wish to trade in CITES-listed birds

they must apply to animal health to do so. A bird keeper may therefore have to make an application to register a bird and a separate application for a CITES commercial use certificate before selling or displaying the bird.

Martin Salter: I am intrigued, as I know the Minister would have been several months ago, by the concept of Treasury policy. I am not quite sure from where the Treasury party is elected. Given the pressures on DEFRA budgets to move to full cost recovery for registration schemes, does the Treasury pay to DEFRA any fines that DEFRA is able to take or achieve in a court for breaches of wildlife legislation, or does the money go to the Treasury?

Joan Ruddock: My hon. Friend probably knows the answer to that question. It is a matter of debate as to how Departments relate to the Treasury, but I advise him that we are under an obligation to do what I said we have to do. In fact, the latest review was prompted by the National Audit Office, so we have to consider it.

I have given the future of the scheme a great deal of thought over the past few months, as my hon. Friend knows. I have received many submissions from hon. Members, most of whom are hon. Friends and are in this Chamber today. As a result—again, as he knows—I convened a meeting of all the interested parties so that I could hear their views on the scheme. I am sorry that my hon. Friend was not there. I understand that he was otherwise engaged in his other passion, which is fishing—not on the river bank, but in the debating Chamber.

As my hon. Friend said, the future of the scheme has been the subject of much discussion for some time, and conservation and enforcement bodies have been keen to retain it or even enhance it, as they perceive that it offers several advantages. He set out what he believes are the advantages, and asserted that the scheme has a great deterrent effect.

I am sorry to have to tell him that it has not been possible for us to ascertain how the deterrent is actually working. We have not been able to bring evidence to bear, nor have we been able to get the JNCC to present us with the level of proof that we require of it in respect of what it believes to be the threat to the conservation status of the birds. We have had to return to it for further advice, which of course we have done.

Ms Angela C. Smith: Will the Minister give way?

Joan Ruddock: I am sorry, but I cannot. It is impossible for me to take interventions in the amount of time that I have left.

If we continue with the two registration schemes, keepers will be charged some £90 for each bird if they have to get a CITES export licence and a bird registration document. That enormous increase would be required under full cost recovery. The consequence of a move to full cost recovery is the danger that birds will not be registered and that the trade will be driven underground, which is clearly not what any of us would want.

In November last year, my Department consulted on whether the regulatory burden could be reduced without compromising the sustainability of wild bird populations. The consultation explored whether the current system of registration was the most appropriate to effect controls on the species listed on the schedule, and also which species should be listed. Officials presented several options ranging from outright abolition of the scheme to revisions of the list of birds requiring registration, based on the advice of the JNCC.

Since the consultation closed we have banned the import of birds because of avian influenza. That was put in place in July last year and is likely to remain in place for the foreseeable future. In effect, it bans the commercial import of birds into the UK from countries outside the European Union and, as a consequence, there is no rationale for including such species on the bird registration list. If a bird has been imported illegally, it is highly unlikely that the keeper of the bird will register it, so there is absolutely no case for having those birds included in schedule 4.

Martin Salter: Will the Minister give way?

Joan Ruddock: I will not be able to answer the questions that my hon. Friend has already posed.

Martin Salter: I have just been advised by the Clerk that there is a further 15 minutes to run on this debate. I am sure that the Minister could find time to take further interventions from hon. Friends.

Mr. Martin Caton (in the Chair): Order. That is not correct. This debate will have to finish at 4.45.

Martin Salter: I apologise. I tried.

Joan Ruddock: I have exactly six minutes.

In our view, there is no rationale for including on schedule 4 the birds that are now prohibited from import.

The primary purpose of schedule 4 at its inception was to aid the conservation status of certain native birds thought to be at risk from illegal take. The role of the scheme changed over time with the addition of a number of non-native bird species that were also subject to the convention on international trade in endangered species controls. With a ban on the import of species from outside the EU, it became clear to us that the future of schedule 4 should be judged on its relevance to the conservation status of wild birds within Britain. In essence, I think that is what my hon. Friend wants to achieve.

Last March, DEFRA asked the JNCC to provide fresh evidence in light of the important change. The evidence that we asked it to give us was to be based on the strict test that

"the wild population is so small that even the taking of a very few individuals would have a detrimental impact on the conservation of the wild population."

While the JNCC did not favour such an approach per se, its revised advice recommended 16 native species of birds, which is very much reduced from the numbers that my hon. Friend has quoted and the current list of 59 species. The JNCC list contains seven birds of prey and nine other species. The issue became whether bird registration was a proportionate burden for the keepers of these particular species. In order to assess that, issues such as the value of the species, their longevity and any demand for keeping needed to be taken into account. It

[Joan Ruddock]

is obvious that there is no point maintaining birds on this list if nobody is collecting or trading in those particular species.

Having taken all those factors into account, there is merit in maintaining the bird registration scheme in England, but for a very much more limited number of birds. Pending further discussions with my counterparts in the devolved Administrations, that number should include species such as the goshawk, the golden eagle and the marsh harrier. I do not believe that a conservation case can be made for all the other species that are currently listed.

Ms Angela C. Smith: Will my hon. Friend give way?

Joan Ruddock: Since I seem to be keeping within my time, I will.

Ms Smith: The peregrine falcon may well be increasing in numbers nationally, but there are hotspots in the UK, including the area that I represent, in which the peregrine falcon is completely absent. Wildlife crime is rampant in the north-east Peak district. Surely taking the peregrine falcon off the scheme would send out the wrong signal to people who want to commit wildlife crime?

Joan Ruddock: I agree with my hon. Friend that the peregrine falcon is a valuable and iconic bird that could potentially be the subject of wildlife crime. However, we have no evidence to prove that having peregrine falcons and other birds on schedule 4 has resulted in preventing crime. We believe that much else has changed, particularly the captive breeding of birds. The trade can be supplied legitimately and properly from the birds that are bred within this country and from where trade occurs from that stock, which is here.

Therefore, I say to my hon. Friend that I see merit in having the scheme. I have written to the devolved Administrations—peregrine falcons are obviously very important in Scotland—to see whether we have listed the right birds to remain on the scheme. That is the position that I propose today and more work needs to be done. I am at the end of my time.

Mr. John Randall (Uxbridge) (Con): Will the Minister give way?

Joan Ruddock: No, I am sorry.

I see merit in retaining the scheme. It is my intention that schedule 4 provisions should continue, but that there should be fewer birds on the list. We will see whether we can simplify the two systems of registration, CITES and bird registration, to ensure minimal burdens on keepers.

Television Reception (Rushden)

4.45 pm

Mr. Peter Bone (Wellingborough) (Con): It is a pleasure, Mr. Caton, to serve under your chairmanship. I hope that we have saved the best for last.

I thank Mr. Speaker for granting a debate on the great mystery of Rushden—the whodunnit of Rushden, and probably the crime of the century there. It involves deception and lack of reception. It involves large organisations, cover-ups and conspiracies. We know who the suspects are. One is the Government, in their shining offices in Whitehall. The other is a developer in Rushden—or is it the council in Thrapston, or even the regulator in his shining offices in London? Or, as I think possible, is it the European Union and the European Commission in Brussels?

There has been a huge theft. It has affected hundreds of people in my constituency who have lost financially and lost their quality of life. It is on such a large scale that it is inconceivable, but like many such things, it has been allowed to drift. It involves the theft of the television signal in The Hedges and the roads around it in Rushden.

I have been stumbling around trying to find a solution, more like Inspector Clouseau than Inspector Morse. Now that I know which Minister is to answer the debate, I am sure that she will rise like Sherlock Holmes to explain the crime, how it happened, who the victims are, what compensation there will be and how things will be put right.

The loss of the television signal in The Hedges was brought to my attention by Councillor Carol Childs, a member of Rushden town council who lives on that road. I praise Mrs. Childs for her efforts. She has campaigned tirelessly for the past year to try to get something done to help the people in her street. Indeed, I know that she is following this debate closely.

When I was told of the problem, I contacted East Northamptonshire district council, the relevant planning authority. The chief executive of the council confirmed to me in a letter of 22 November 2006 that television reception was not considered a material consideration in the determination of a planning application for two large industrial warehouses to be built behind The Hedges.

I had hoped to receive help from my hon. Friend the Member for Kettering (Mr. Hollobone), who had a similar problem in his area. I would like to say that he has been abducted and cannot assist in this debate, but he has been detained in a Select Committee meeting, which, in a way, is just as bad.

Planning consent was granted to the developer without considering the potential loss of television signal to householders adjacent to the new development.

I go back to what actually happened, and to the autumn—not of last year but the year before. On one evening, the good citizens of The Hedges were watching their normal evening programmes—probably watching the excellent programme on the Parliament channel, which gives the people raw politics without distortion—and they went happily to bed knowing about the state of the country and what was happening. In the morning, they got up, switched on their television sets—and nothing. Well, some of them got a wintry scene, with snow going across their sets, but there was no picture.

It sounds as though it might have been a minor thing that could have sorted itself out the following day, but it did not. What did the people of The Hedges do? Just as we would have done, they assumed that it was a problem with the television set, so many of them rushed out to buy new sets, or to see whether a repair man could sort it out. Of course, that was pointless. It was nothing to do with their equipment. The television signal had been stolen.

The developer—a major developer, not a small one—admitted that TV signal interference sometimes happened with buildings of that size due to the materials used in construction, but it did not provide any remedial action on the residents' behalf. The developer claims that it is not its fault if the planning authority did not take TV reception into consideration when granting planning consent.

Ofcom was also involved at that time, because East Northamptonshire district council thought that it should have dealt with the matter, as it had in other cases. Ofcom, however, said that it was a matter for the local planning authority, so the buck had already been passed from one organisation to another, with none of them taking responsibility or owning up to the crime. That led me to table parliamentary questions to the Secretary of State for Culture, Media and Sport about the role of Ofcom when a television signal is lost or badly impaired due to new construction. The then Minister, now the Secretary of State for Northern Ireland, replied that the issues that I had raised were the responsibility of Ofcom, and passed my queries on to it.

The chief executive of Ofcom wrote a letter to me on 21 February that makes the matter even more confusing. It states:

"OFCOM has no statutory powers to investigate situations where television reception is disrupted by physical structures such as tall buildings...We do recommend that planning authorities should take potential disruption to TV reception into account when considering planning applications for large structures, although there is no statutory requirement on them to do so."

Although I have been told by the Government and the planning authority that the problem is Ofcom's responsibility, Ofcom clearly states that it has nothing to do with it. I suppose that, like many regulatory authorities, it does not want to take responsibility for anything.

The letter raises an important point. Ofcom says that there is no statutory obligation on planning authorities to take TV signal disruption into account when considering planning consent. That needs to be addressed immediately, and I shall refer to that later in my request to the Minister. I am not getting anywhere very quickly with the various organisations all blaming each other and none of them taking responsibility for solving the problem for my constituents. A public meeting was held in Rushden, which was well attended by affected residents and local councillors. I praise Councillor Andy Mercer, the able and hard-working leader of East Northamptonshire district council. He got involved with the mystery and tried to solve it. I am grateful to him for all his work on this issue and many others in my constituency, where he has been at the forefront of my "Listening to Wellingborough and Rushden" campaign.

Following the well-attended public protest meeting, a petition was formed, which I presented to Parliament on 15 March 2007. I thought, "That should do the trick; the Minister will respond and the matter will be resolved." The petition urged the House of Commons to ask the Secretary of State to initiate an investigation into the matter with the aim of finding a solution that would restore a quality television signal. The Secretary of State's reply was taken largely from the letter I received from Ofcom. The only new piece of information given by the Secretary of State was that:

"it is open to households to negotiate with the developer about remedial action to provide householders with alternative means of receiving TV services."

So, we are asking the victims of the crime to negotiate with one of the chief suspects. That is a novel idea. Once again, we are led around in circles. The planning authority blames Ofcom. The Government blame Ofcom, although they say that Ofcom is powerless to do anything about this issue anyway. Ofcom blames the planning authority. The developer refuses to take any responsibility because planning consent was given. All the while, my constituents are losing out. My constituents have lost their TV signal, yet they are still being forced to pay the TV licence fee.

Another hard-working local councillor, Councillor Robin Underwood, contacted the ombudsman, yet it washed its hands of the matter and said that it had nothing to do with the ombudsman. After a number of other parliamentary questions that I tabled to the Secretary of State regarding guidance to local planning authorities, I had still got no further in seeking a solution to the great Rushden mystery. Then it came to me in a flash of genius that Inspector Morse would have been proud of—it must be the fault of the European Union. Clearly, as we are part of this transnational, unaccountable superstate, it loves interfering in everything that we do. Surely, as TV signals do not recognise national boundaries, the European Union must have rules on the matter.

As luck would have it, later today in the House of Commons we are considering European Union document No. 15869/07. Lo and behold, it is entitled "Communication". Surely this was it. This would be the solution to our whodunnit, but alas no. When I looked at the document, I saw that it was the usual incomprehensible Euro-babble promoting intercultural dialogue. My constituents in Rushden are worried not so much about intercultural dialogue as about when they will next be able to see "EastEnders". Despite nearly 16,000 new European regulations last year, not one will solve the theft of the TV signal in Rushden, but I suppose the European Union cannot be guilty, as the Commission would not even know where Northamptonshire was.

Enough is enough. Solving the Hound of the Baskervilles mystery was easy for Sherlock Holmes, and I know that in a little while the Minister will solve this whodunnit. For more than a year, my constituents have experienced organisations that should take some responsibility denying responsibility, blaming others and passing the buck. It is not so much a case of Colonel Mustard in the library; it is probably the developer in Rushden or the Government in Whitehall. It is a whodunnit with no obvious solution. Perhaps they are all guilty, as in "Murder on the Orient Express."

The buck has to stop somewhere, and unfortunately it has to stop with the Government. Only the Government are in the unique position of being able to introduce legislation so that the theft of television signals does not

[Mr. Peter Bone]

happen to others. Only the Government can intervene on behalf of my constituents with the developers to find an immediate solution. Only the Government can urge Ofcom to lay down statutory guidelines for planning authorities to use when considering proposals for large developments and the effects that they might have on existing television reception. Furthermore, in case planning consent is given and there is a problem with television reception, a condition of the planning consent should be that the developer must correct such a problem.

My hon. Friend the Member for Kettering, if he had been here today, would have said that in his situation, in which a wind farm was put up that later affected the television signal, the wind farm put it right. As we have heard, however, there is no legal requirement for it to do that. Only the Government can ensure that my constituents get a refund on their television licence fee. For more than a year, they have dutifully paid for the television licence, but received no signal whatever. It is a whodunnit. It is a crime. There are victims. I look forward to the Minister, or Sherlock Holmes, solving it.

4.59 pm

The Minister of State, Department for Culture, Media and Sport (Margaret Hodge): I think I shall be Hercule Poirot this afternoon, or perhaps some woman detective.

I congratulate the hon. Member for Wellingborough (Mr. Bone) on his success in securing this debate and on his graphic and passionate description of the problems that his constituents face. It goes without saying that once people have paid for their television licence, they expect to be able to access their favourite television programmes. We all know that televisions are an important part of people's lives. In fact, the most recent Ofcom figures suggest that, on average, people watch about three and a half hours of television each day. Public service broadcasting is the most popular end of the market, with public service programmes making up two thirds of viewing. I can readily understand that the inability of his constituents to receive analogue signals will lead to huge discontent and have every sympathy with the position in which they find themselves.

The hon. Gentleman raised the issue several times with several people in several organisations, and although it is nice to think that the buck stops with the Government, particularly in the context of a Westminster Hall debate, there is actually a clear statutory framework. I was rather surprised when preparing for today's debate to learn that the elements of that framework have not been used, and I suggest that he might like to think further about that.

The hon. Gentleman might ask why I am answering the debate, because, in essence, this is a planning matter—it sits firmly in that realm. I hope that if I set out the respective responsibilities of all those with an interest in the problem, it may help him to help his constituents.

First, the issue is about management of the spectrum, and that includes reception and interference. I realise that the hon. Gentleman knows this, but, just to put it on the record, those are the responsibilities of Ofcom, not the Government. Ofcom operates within the terms of the Communications Act 2003. Under that Act, as he pointed out—I believe it was stated in a letter that he received from Ofcom—Ofcom does not have statutory powers to investigate situations where television reception is disrupted by physical structures such as a building. The reason for that is that the powers lie elsewhere. It is not that the powers do not exist but that they lie within the planning regime, where they can be used flexibly and appropriately.

5.2 pm

Sitting suspended for a Division in the House.

5.17 pm

On resuming—

Margaret Hodge: After calling myself Hercule Poirot at the start of the debate, I have decided to re-christen myself Miss Marple.

I was dealing with Ofcom's statutory power before the sitting was suspended. Ofcom does not have a statutory power to intervene when television reception is disrupted, because that power is vested elsewhere. It would not be sensible to have a legislative duplication of authority across different bodies.

Mr. Bone: That is an interesting statement, because East Northamptonshire district council says that Ofcom has the power to investigate under the provisions of the Wireless Telegraphy Act 1949, and that it has used the power in previous cases. However, for some reason it has refused to do so in this case—it is passing the parcel.

Margaret Hodge: I shall write to the hon. Gentleman. He will have seen my officials shaking their heads, and it is the first that I have heard of the matter.

The powers are vested with the local authority. As the hon. Gentleman told his story, it struck me that the local authority had not used its powers properly in the past, and it is not using its existing powers. My right hon. Friend the Secretary of State wrote to him about remedial action, but the authority is simply not using its power, and I fail to understand why that is the case. I sincerely urge the hon. Gentleman to go back to his local authority on those matters.

I said that this was planning matter. Ofcom recommends that planning authorities take into account the potential for disruption to TV reception when they consider planning applications for large structures. As the hon. Gentleman said, the situation is not unique. He raised the issue of the wind farm in Kettering, and similar issues were raised when the new Wembley stadium was being built. We know about such circumstances and we have a legislative infrastructure in place. We want to be sensitive enough so that local authorities operating at the local level can take the appropriate action to meet local circumstances.

Ofcom publishes technical guidance on the effects of tall buildings and structures on television reception, and that guidance appears on the BBC website. The Department for Communities and Local Government has responsibility for planning, and it might be helpful to reiterate for the record—the hon. Gentleman can look this up in *Hansard*—the planning policy on interference from buildings. Planning policy guidance note 8 on telecommunications sets out the Government's policies

on different aspects of planning that should be taken into account by local planning authorities as they prepare their development plans. The guidance can be material to decisions on individual applications for planning permission appeals, and it recognises that large structures can cause disruptions to analogue television reception. It states that local planning authorities

"will need to satisfy themselves"

that is what puzzles me—

"that the potential for interference has been fully taken into account in the siting and design of such developments, since it will be more difficult, costly and sometimes impossible to correct after the event."

It continues:

"If it is clear, by the nature of the development, that disruption to television reception will be a significant problem, the solution may be for the developer to incorporate a television relay (repeater) or cable system. However, a practical remedy may not always be possible. In this case, where broadcast transmitters are involved, there should be full consultation with the broadcasting authorities before such a course is adopted."

I quoted that document at length, because it sets out how the situation should be addressed. Although there is no statutory requirement for local planning authorities to have regard to television reception, it can be a material consideration. Whether it is relevant to the decision-making process will vary across the country, which is why it appears in guidance only. If local authorities are concerned, they have a range of options. Obviously, the best thing is to hold pre-application discussions with the developer to ensure that the planning details are acceptable. If they do not go down that route, they can impose conditions on the grant of planning permission, and they have a power to enter into specific planning obligations. For reasons that are not clear to me, DCLG prefers local authorities to impose conditions rather than obligations, but that is a technical matter. It is for local planning authorities to determine the appropriate course of action depending on the circumstances of the case.

It is not possible to attach conditions after planning permission has been granted—I think that that might be the problem encountered by the hon. Gentleman's local authority. That is why it was suggested that remedial action could be taken. I understand that there have not been successful negotiations between the developer and the local authority. I further understand—this puzzled me, too, when I read the version of the story that was given to me—that his constituents have complained to the local government ombudsman, who concluded that the council was not at fault. Clearly, that is a decision for the ombudsman, and it has already been taken. However, I was puzzled by the outcome of that particular investigation.

Where can the hon. Gentleman go from here? I am afraid, having reached this point, the options are not as easy as I would like. His constituents could seek redress through the courts, if they are unhappy with the planning authority's decision—I accept that they are—although I appreciate that that is expensive and that they would have to seek legal advice first. Technical options are also open to them, but those, too, would come at a cost—I am sorry to be the bearer of bad news. For example, they could obtain the public service broadcasting channels, plus many more, via satellite. I accept that that involves a subscription. However, satellite is also available with a one-off payment, and that may be a route that some people can go down. Freesat from Sky is available, and Sky has recently launched a product called Sky pre-paid, which retails at £75. In spring this year, BBC and ITV will launch their own versions of Freesat, which will provide guaranteed subscription-free access to their digital services, again for a one-off initial payment. I understand that Virgin Cable also serves the Rushden area, although using that service involves the payment of an ongoing subscription. Those are all the options available to the hon. Gentleman's constituents that would enable them to receive those TV services.

I simply say to the hon. Gentleman that he ought to approach his local authority, or indeed the regional development agency, to see whether or not, in the circumstances, they could provide assistance in ensuring that his constituents have access to those services. I certainly know, from my previous job in the former Department of Trade and Industry, that in a number of areas where access to TV services was limited because of rurality, the RDA played a role in ensuring that people living in very remote areas were given some form of subsidy to enable them to access TV services. I would suggest that the hon. Gentleman investigate that route further.

Mr. Bone: I am very grateful to the Minister for the helpful advice that she is giving. There is one other piece of advice that I wonder whether she considers is appropriate. When a major developer undertakes developments throughout my area, presumably it makes substantial profits, so would it not be reasonable to expect it to pay 100 times £75. Is that the way forward?

Derek Wyatt (Sittingbourne and Sheppey) (Lab): Section 106 is relevant.

Margaret Hodge: My hon. Friend is helping me with that question. That would not be unreasonable, and I would expect—I am a former member of a local authority, and I do not know whether the hon. Gentleman is, too—the local authority to negotiate with the developer to ensure, through the section 106 arrangements, that the disbenefit experienced by the hon. Gentleman's constituents is put right through an agreement with the developer before planning permission is granted.

I also must tell the hon. Gentleman that when his region switches to digital in 2011, the situation is likely to continue in respect of digital terrestrial services, as the digital signals will be broadcast from the same transmitters that broadcast the analogue series. There is only one piece of good news for those constituents who have problems with "ghosting", which happens when the analogue television signals are reflected by buildings or other tall objects, leading to multiple pictures being layered on top of one another on the TV screen. After switchover, ghosting should not be a problem, because of the technical characteristics of the digital switchover.

The final option for the hon. Member for Wellingborough's constituents would be for the community in some way—through the town council, the district council, the county council or whatever structure—to build and operate a low-powered TV repeater transmitter. The cost will vary, depending on the precise situation, but it is likely to be in the range of a few hundred pounds to a few thousand pounds. Such transmitters require a licence, so the hon. Gentleman should advise

[Margaret Hodge]

his constituents to get in touch with Ofcom if they wish to pursue that option further. The hon. Gentleman will also know of the digital switchover help scheme. It might be appropriate, particularly for people who are over 75, seriously disabled or registered as blind or partially sighted – those groups are eligible for help under the scheme – as it could provide a subsidy for those people for the switchover.

I feel huge sympathy for the position in which the hon. Gentleman's constituents find themselves. I hope that my comments have helped them. I think that there is a clear route forward. The hon. Gentleman should not have got to the position that he is in, but having got there, he must look forward and I hope that he will find a solution on behalf of his constituents.

Question put and agreed to.

Adjourned accordingly at twenty-nine minutes past Five o'clock.

Westminster Hall

Thursday 24 January 2008

[MR. GREG POPE *in the Chair*]

Global Security (Middle East)

[Relevant documents: Eighth Report from the Foreign Affairs Committee, Session 2006-07, on Global Security: The Middle East, HC 363 and the Government response, Cm 7212.]

Motion made, and Question proposed, That the sitting be now adjourned. *[Tony Cunningham.]*

2.30 pm

Mike Gapes (Ilford, South) (Lab/Co-op): Today we debate the eighth report of 2006-07 of the Foreign Affairs Committee, published on 13 August last year, and the Government response thereto, published on 9 October. Because the middle east is such a complex and difficult region, a great deal has happened since publication. Sadly, most of it has not been positive. I know that other hon. Members will want to speak in great detail on specific aspects, but in my introductory remarks I intend to sketch out the Committee's overall conclusions and some of the enduring messages that I believe need to be taken into account by the Government, the Quartet, the international community as a whole and the countries of the region.

I am aware that we may need to make more rapid progress today than might otherwise be the case, given that there will be a series of Divisions in the Chamber from 5 pm, so I shall keep my remarks unexpectedly and uncharacteristically brief. I hope that will assist other Members.

Much of the report concentrates on the situation between Israel and the Palestinians. We published the report soon after the forcible takeover of Gaza by Hamas in June last year. The Committee visited the region in March for the purposes of our report, but we were not able to go to Gaza. We had been there on a previous visit, in December 2005, but on our visit in March we went through Egypt, flew to Jordan and then went by road through the west bank to meet Palestinians and Israelis; even then, we were not able to go to Gaza because of the security situation. At the time the British BBC journalist Alan Johnston was being held hostage, and a number of other events took place, which are touched upon in the report.

Since then, we have seen some positive political developments - the agreement at the Annapolis meeting in November and a renewed commitment from President Bush to establish a peace agreement by the end of this year. That is a significant commitment, but one that will be extremely difficult to achieve. We all know of the history before, during and after the Oslo negotiations and agreements in 1993 and of the aborted negotiations at Camp David and Taba and the difficulties caused by the inactivity of the current US Administration over recent years.

Now, in his last few months in office, President Bush seems to be serious. He said that he does not want a Swiss cheese solution. I wonder, as we point out in our report, whether he will be content with a salami-slice solution - in other words, a west bank-Israeli agreement, but one that does not take account of the fact that to have a viable and contiguous Palestinian state we need to address the problems of Gaza.

We know, because we see it on our televisions and in our newspapers every day, that the situation in Gaza is extremely difficult. Last week, a headline in the *International Herald Tribune* stated "18 dead as violence flares in Gaza". For the first time in months, responsibility was explicitly taken by Hamas for rocket fire from Gaza into Israel. The Israelis have had an internal debate, which is ongoing, about re-intervention in Gaza on a longer-term basis. According to the *Herald Tribune*, Israeli Prime Minister Mr. Olmert last week seemed to rule out the immediate prospect of a large-scale military operation in the Gaza strip, telling the parliamentary foreign affairs and defence committee that

> "it is highly advisable not to become entangled in operations and cost that are not in proportion to the pressures that we are facing."

As a result of the blockade established last week, there have been successful attempts by people, apparently from Hamas, to blow holes in the wall that separates the Gaza strip from Egypt near Rafah. Members of the Committee visited the Rafah crossing; indeed, Mr. Pope, you were with me on that visit. We saw the crossing operating as it should do, with people coming in buses, going through a security system much like those at airports and going out the other side. That was in 2005. We now see pictures of people not crossing that border by bus but walking through rubble - things that have been destroyed and blown up - because desperate people are trying to find ways to get food and other essentials, including cigarettes, into Gaza in large quantities as a result of the events of recent months.

Fundamentally, there is a big dilemma if the Annapolis process is successful. Even if people can agree on all the difficult issues to do with settlements and on all the problems to do with the future negotiations or agreements on Jerusalem being the capital of the Palestinian state and of Israel, what will happen to the refugees? Many of them are still treated appallingly, as I have seen in Lebanon. They have no status and although they are two or three generations on from 1948, they are still in a difficult situation. Even if everything was agreed, what are we to do about the 1.5 million people living in Gaza who are in such a desperate situation?

The Committee's recommendation was thought controversial not only by the Israelis but by the Palestinian leadership. We said that we had to find ways to engage with moderate elements in the Islamist Hamas movement to move them towards endorsing and agreeing the Quartet principles of non-violence, recognition of previous agreements and recognition of the state of Israel.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): The hon. Gentleman comes to the nub of the matter, which is engagement with Hamas. Does he agree that talking about engagement with Hamas is pretty meaningless? It presumes that Hamas has a single view, but as a movement it covers a broad range of views; we ought to be engaging with people on the basis of what they say and what they stand for rather than the label that circumstances have applied to them.

Mike Gapes: The question is who one engages with, how one does it and for what purpose. The Committee suggests not tearing up the Quartet principles but that ways have to be found to assist the process of movement of people and an organisation. The situation is not identical to what we have been through over decades in Northern Ireland. Nevertheless, some lessons can be drawn from that experience. Sometimes one has to find intermediaries, back channels and ways to assess whether there is a possibility of movement. Sadly, because of the internal conflict in the Palestinian Authority, it is more difficult to do that now than when we wrote the report last August.

Ms Karen Buck (Regent's Park and Kensington, North) (Lab): Does my hon. Friend believe that we are now seeing a collective punishment of the people of Gaza and the unfolding of a humanitarian catastrophe? Does he think the effect of that will be to increase radicalisation and make it more difficult to work with constructive elements to move both Hamas and the people of Gaza towards constructive engagement?

Mike Gapes: There is always great danger of that outcome. On the one hand, people may get into a mindset of complete despair and hopelessness and may not accept that a political way forward exists. In that case, many of the brightest and most able might leave. That has been a tragedy of the Palestinian people for decades. On the other hand—this is what some people in the Palestinian Authority leadership think—the situation could get so bad that the Hamas leadership will be blamed, which will then lead to a political change. I am not sure whether that is likely to happen in the short term. The despair, poverty and deprivation that might be necessary before such a change occurred are too awful to contemplate.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): Like other hon. Members, I consider the Committee's report a very good one. The situation in Gaza is desperate. As my hon. Friend the Member for Regent's Park and Kensington, North (Ms Buck) said, the humanitarian crisis is in effect holding to ransom the entire population of Gaza. Clearly, the situation breaches international law and order and basic standards of civilised and international behaviour. Obviously, Hamas should stop firing rockets into Israel, but such action does not justify the blockade. What should the international community do to put pressure on Israel to lift the blockade, and how should the UK Government contribute to that process?

Mike Gapes: While rockets are being fired and people in border towns are living in fear of such attacks, one cannot expect them to believe in the greater good. We should be talking not just to the Israelis, but to the Palestinians. That is another reason why there has to be engagement with the Hamas people and their leadership and the moderate elements to try to bring about a change of approach. I do not believe that we in the UK—or in the European Union collectively—are in a position to say, "Stop this," and it will happen. We all know that the key player in the process is the United States. It has been for decades and still is.

The American Administration at last seem to be serious about engagement. Clearly, they need to follow through with a number of questions for the Israelis. For example, is there a possibility of reopening the Rafah crossing, as was agreed in 2005 under the influence of Condoleezza Rice? Linked to that is the reopening of the Karni crossing, which I have visited. Trucks and other goods pass very slowly over the crossing, but if it was properly reopened—not just for humanitarian supplies—it would assist the Palestinian economy in Gaza. I must make some progress. No doubt other hon. Members will want to say more about the situation in Gaza.

The wider question relates to the basis of the Government's response. The Government did not agree with the Committee's recommendations on Hamas, but interestingly they took a different approach to our conclusions about Egypt. Our report recommended that we should engage with the Muslim Brotherhood in Egypt. In paragraph 86 of the Government reply to our report, they state:

"We share the Committee's analysis that the Egyptian Muslim Brotherhood is an important movement in Egypt. We have a long-standing policy of engaging with Egyptian parliamentarians from all backgrounds, including those affiliated with the Muslim Brotherhood. We will continue to follow this policy."

Hamas is an offshoot of the Egyptian Muslim Brotherhood. It evolved from that organisation.

A similar paradox exists in respect of Lebanon. The Government take a pragmatic view of Lebanon. Paragraph 71 of their response, which refers to paragraph 120 of our report, states:

"Government policy on contacts with Hizbollah's political wing is based on our assessment of their behaviour."

That view is not as specifically against elements within the political wing of Hamas as it appears. Will the Minister clarify whether the Government have an overall view about Islamist politics and Islamist movements, or is their approach based on behaviour? If so, why do they make distinctions between Egypt and Lebanon and the Palestinians?

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): In the context of Egypt and the engagement of parliamentarians, does my hon. Friend recognise that even if the Government do not want direct links, they should make greater use of organisations such as the Westminster Foundation for Democracy, which is engaging with parliamentarians in Egypt and the middle east?

Mike Gapes: Absolutely. I was pleased to meet a group of Egyptian parliamentarians yesterday. They were in the UK under two auspices, with an Inter-Parliamentary Union hat and a Westminster Foundation hat—the Westminster Foundation had partly facilitated their visit. Interestingly, we had a robust exchange. Some of the Egyptian parliamentarians are not very happy about the fact that we say that we should engage with the Muslim Brotherhood because they come from alternative political positions. Many of them were from the governing party in Egypt, and a few were from the opposition—the non-Islamist, more moderate opposition. Clearly, a debate is going on in the Arab world, particularly in Egypt.

Bob Spink (Castle Point) (Con): I pay tribute to hon. Gentleman for a substantial and balanced report. I know that getting the balance right must have been

difficult, but we have to tread gently. May I refer him to paragraph 158? The Minister for the Middle East stated that

"the most progressive elements among the chattering classes, or the political classes, are very worried about the prospect of greater democracy"

which the hon. Member for Birmingham, Edgbaston (Ms Stuart) was talking about. He went on:

"They are very worried about the distinct possibility that the extreme Islamic parties could make great progress if the elections were freer and fairer, and that the secular state of Egypt, as it exists at the moment, would come under great threat."

We must tread very gently—there is a fine balance.

Mike Gapes: It is not for us to prescribe to the people of any country the political system they should adopt. However, experience shows—for example, the situation in Iran that resulted from the Shah's repression—that if a country does not have political reform, when change happens it can be more extreme, more violent and have more serious consequences than a transition regime, which progresses in a managed and gradual way towards democratisation. There are real dilemmas. I do not believe that we should be on a crusade to democratise the Arab and Muslim world. However, we ought to promote democratic standards and values, and the careful, pragmatic and effective Westminster Foundation for Democracy is an example of how best to do that.

I have touched on Lebanon, and I suspect that some of my colleagues may say more about it. The political situation there is extremely difficult; there is no agreement yet on the new President and there is a question about the stability of the political system. The system is unusual; it is not democratic in the sense we understand, but the outcome of a vicious civil war and the kind of conflicts that, sadly, we have seen in many parts of the world. In such circumstances, sometimes, political systems are required that are based on entrenched accommodations between different factions or groups. The problem in Lebanon is that the system is under great stress. Hezbollah is strong and growing in importance. The fact that it recently started firing rockets into Israel, after a long period of not doing so, is an indication of the possibility that the conflict could resume—a conflict to which our report refers in great detail. Committee members saw its consequences when they visited southern Lebanon and were shown the cluster munitions.

The report refers to the malign influence of Hezbollah and Iran. We highlighted the fact that some countries outside Israel, Palestine and Lebanon have foreign policy objectives to work against any agreement that might result from the Annapolis process. Syria was present at Annapolis, which is important, but Iran was not—our Committee is carrying out an inquiry on Iran and will produce a detailed report in a few weeks. However, we need to be aware that there are players outside the region who are neither Arab nor Israeli but who have an interest in the outcome and could have a malign influence through arming or financing rejectionist groups that do not want the process taken further.

The Committee commented in passing on the situation in Iraq, about which we were probably unduly pessimistic. We concluded that the surge in Iraq did not look as though it would succeed. However, from the outside, judging by certain criteria—the number of casualties has fallen sharply—there seems to have been a significant improvement in the living standards of a large number of people in at least parts of Baghdad. If that is so, we must recognise it.

None the less, difficulties remain in the political process, some of which we touch on in the report. Although it has been agreed that former Ba'athists can return to jobs in the Government, there has been no resolution on the hydrocarbons law and on the sharing of oil and gas receipts. Furthermore, political problems remain over the ongoing power struggle between different groups and factions, particularly within the Shi'a community in Basra and the south, where a reduced but important British military presence remains.

Bob Spink: What is the hon. Gentleman's feeling about the allied policy of training, putting in uniform and arming opposing militias, and putting them on the streets? Although it might have a short-term impact for good—except of course for women in the wrong sort of dress—in the longer term, it might prove a very dangerous and explosive policy.

Mike Gapes: In post-conflict societies, people are often taken out of factions and groups, brought under the new arrangements and used in the new forces. That has happened with some of the Palestinian groups and in other countries and conflicts.

I have visited Iraq three times and have seen the work and training carried out by our military and police. I saw Gurkhas and the British Army doing the same in Sierra Leone as well. The quality of that training is excellent, but it takes time to create the new structure of a professional army. We probably do not have 10 or 15 years to train people in new ways of thinking and working, in order to find the perfect solution, which means that we might have to deal with people from different groups and organisations. Certainly the Kurdish peshmerga who fought so bravely for many years against Saddam have shown their commitment to different values from those of the Ba'athist regime. We need to be pragmatic and not absolutist.

Near the end of our report, we recommended that the Government publish a public strategy paper on the middle east and reassess their approach to the region. Paragraph 122 of the Government's response states:

"The Government notes the Committee's recommendations and will reflect further on how best to set out its strategy on the various aspects of the Middle East in the light of the Government's National Security Strategy and the Public Service Agreement on Conflict Prevention, both of which will be published in the coming months."

Will the Minister update us on those further reflections? Is there now greater clarity on future Government policy on those wider issues?

The conflicts are interrelated. Anybody who watches satellite television knows that what happens in Palestine, Iraq or any other part of the Arab world is seen by millions of Arabs and Muslims, and many non-Muslims and non-Arabs, through al-Jazeera and other television channels. That is why we need a specific and comprehensive approach to the countries of the region, and to consider how Government policy can influence and improve the situation for the hundreds of millions of people suffering from great difficulties in that region.

2.58 pm

Sir John Stanley (Tonbridge and Malling) (Con): Once again, it is a pleasure to follow the Chairman of the Foreign Affairs Committee, the hon. Member for Ilford, South (Mike Gapes), who once again has led the Committee in producing a substantive and significant report in what must be the most complex and difficult area of foreign policy that we face.

As the Committee Chairman said, following the Annapolis meeting, President Bush declared his hopes to achieve a settlement of the dispute between Israel and its neighbours this year. I think that most hon. Members would agree that, if he had made that commitment in the first year of his presidency, rather than in his last, it would have been infinitely better; it would, I believe, have saved many lives lost during the past eight years. However, I am sure that we all wish him well—together with the Secretary-General of the United Nations, Ban Ki-moon, and our former Prime Minister, Tony Blair—in their strenuous efforts to produce a settlement.

Jeremy Corbyn (Islington, North) (Lab): Does the right hon. Gentleman concede that one of the problems with Tony Blair's mission is that his terms of reference are restricted to Palestinian organisations that unreservedly recognise the state of Israel and that he can therefore play no part in addressing the Gaza problem?

Sir John Stanley: I am aware of those restrictive terms of reference, but if the former Prime Minister runs true to form, I am confident that he will seek to push the envelope of his terms of reference. I am sure that we wish him well in trying to make a contribution to achieve a settlement of probably the most difficult issue in the world.

The presidential initiative rests on hope, but in the meantime we must deal with the realities: around Israel's borders, the political situation is fraught with difficulty and the humanitarian situation is, to varying degrees, horrendous. It is no more horrendous anywhere else than in Gaza, and on the television news last night and in the papers this morning, we saw the desperate human manifestation of the realities inside the Gaza strip. We saw Palestinians, in desperation, using explosives to blow apart the Israeli security fence at the Rafah crossing, and Palestinians, in their thousands, pouring out to try to obtain the basic necessities of life—food, fuel, water, milk and so on. There could not have been a more graphic or stark manifestation of the awful reality that is now the Gaza strip.

I was struck by the last publication that I saw from that remarkably brave and accurate Israeli human rights organisation, B'Tselem. It was about life in Gaza, and I thought that the front page said it all:

"The Gaza Strip—One Big Prison."

Effectively, that is what the Gaza strip has now become. I must put it to the Minister that, given the humanitarian awfulness of what is now the Gaza strip, I do not understand and am frankly baffled by the extent to which the British Government and other European and other democratic Governments throughout the world have been so muted in their condemnation of the situation that has been created not by accident or by chance, but by the deliberate exercise of specific Israeli Government policy.

I do not in any way make light of the impact of the rocket attacks on Israel from the Gaza strip or elsewhere in the west bank, and I totally stand up for Israel's right to defend itself against those attacks and to take whatever measures are necessary against those who are actively engaged in firing those rockets or in preparing to do so. However, from the figures that I have seen, and as far as I am aware, the casualties that Israelis have sadly suffered as a result of those rocket attacks are extremely small in relation, for example, to the casualties that we suffered in Northern Ireland and on the mainland of the UK during the years of attacks by the IRA and other terrorist organisations there.

What would have happened if we as the British Government had reacted to those attacks in the same way as the Israeli Government now do? What would have been the reaction throughout the world and in the UK if we had erected a security wall around Northern Ireland, effectively trapping the people of Northern Ireland en masse inside it? What would have been the effect if we had used major military forces and their explosives fairly indiscriminately inside that area? What would have been the impact and the international reaction if we had closed the crossings, cut off the fuel and electricity supplies, made access to food and medical supplies difficult and degraded the standard of care in the hospitals and health services? What would have been the reaction? We all know: there would have been an absolute volcanic outcry throughout the world—aside from what would have happened in the House of Commons.

I am deeply struck and perturbed by the extraordinary contrast between that happily hypothetical situation in relation to a British Government reaction to such measures in Northern Ireland and the extraordinarily muted reaction of our Government and Governments throughout the world to the intolerable position and the policy that is being followed towards the civilian population in Gaza as a whole.

Mr. David Drew (Stroud) (Lab/Co-op): I agree entirely with the right hon. Gentleman and with his moral case, but does he accept that, whatever the rights and wrongs of the conflict, we are perceived to be complicit in the middle east and further afield? One danger to our foreign policy is that it is difficult to be seen as an honest broker when we apparently support the Israelis, albeit indirectly. That is a real problem for the future.

Sir John Stanley: That is a criticism—if that is the hon. Gentleman's intention—more of the American Government than of ourselves. The British Government have tried to steer a pretty objective course between upholding the genuine rights of self-defence for the Israelis and trying to uphold the rights of the Palestinians and move Palestine towards a self-governing and self-sufficient state.

I find the muted response all the more extraordinary because the legal position is clear. It was fairly and reasonably stated just a few days ago by the United Nations special rapporteur on human rights in the Palestinian territories, Mr. John Dugard. He referred to recent sad incidents in which a considerable number of Palestinians, including those taking part in a wedding

party, have lost their lives.

In a statement that the United Nations office in Geneva issued on 18 January, Mr. Dugard said:

"Recent action violates the strict prohibition on collective punishment contained in the Fourth Geneva Convention. It also violates one of the basic principles of international humanitarian law that military action must distinguish between military targets and civilian targets. Israel must have known about the wedding party in Gaza near to the interior ministry when it launched missiles at the ministry building. Those responsible for such cowardly action are guilty of serious war crimes and should be prosecuted and punished for their crimes. The United States and other States which attended the Annapolis conference are under both a legal and a moral obligation to compel Israel to cease its actions against Gaza and to restore confidence in the peace process, ensure respect for international law and protect civilian life."

I ask the Minister, what are the British Government going to do to try to compel Israel to cease its action against Gaza, to ensure respect for international law and to protect civilian life? I hope that the Minister will not reply to our report, as the Government have done, by simply trotting out figures for humanitarian aid that they and others have given to the people of Gaza. I do not underestimate the importance of aid in the current circumstances, but aid is neither the answer nor the central point.

The central requirement is to get Gaza and the rest of the occupied territories into a position where they no longer need aid, are self-sufficient and can be a properly functioning, independent state. That requires political action, the cessation of violence and the ending of the murderous subjection of civilians in Israel and in the occupied territories to terrorism, as far as Hamas and others are concerned, and to specific military action from the Israelis. I ask the Minister to address that issue.

I turn now to Lebanon. I was fortunate to be among the members of the Committee who visited the country during our inquiry. Too little attention is being paid to the serious situation there. Lebanon is where the last war in the middle east started, and it could well be the place where the next war starts as well. The political position is extremely fragile and dangerous, although I appreciate that the powers of direct intervention of the British Government and other Governments are relatively limited, given that Lebanon is an independent sovereign state and has a reasonable form of democracy, given its complicated religious structure and its history.

However, the country faces three potential disasters: a Hezbollah takeover, which would be a disaster for many of its people and certainly for those further afield; a further Israeli invasion; and military re-entry by Syria. Indeed, it could face a combination of all three. The political issues in Lebanon are of the utmost seriousness, and it would be helpful if the Minister gave us some clarity on how the Government are seeking to prevent such disasters from overtaking the country.

On the brighter side, the Committee saw the remarkable work that the UN is doing in Lebanon. We saw the work being done by the first-rate British non-governmental organisation, the Mines Advisory Group, which is taking up the largest ever amount of cluster munitions to be sown. Those munitions were sown by the Israelis at the end of the last war in the country in the 72 hours between the passage of the UN Security Council resolution and that resolution coming into effect.

The interest in the House in policy on cluster bombs has led to the Government's welcome decision to ban the use by British forces of so-called dumb cluster bombs, which do not have a self-detonating device. I believe that that policy decision owed a fair amount to prodding by our Committee and by the Quadripartite Committee. However, there are some differences between us and the Government over whether so-called smart cluster bombs—those with a self-detonating device—should continue to be used.

In our report, we said that the evidence that we received from the UN mine clearance people showed that so-called smart cluster bombs have a 10 per cent. failure rate, while the Government put the figure at 2.3 per cent. However, I put it to the Minister that if there is any failure rate at all, the use of cluster munitions will have exactly the same effect as sowing anti-personnel land mines. It is Government policy that there should be no anti-personnel land mines; indeed, the Government are a signatory to the Ottawa convention and played a significant role in bringing it about. If they are to be consistent with their policy on anti-personnel land mines, they should look carefully at eliminating the failure rate of smart cluster munitions or at banning them altogether.

Let me now turn quickly to Syria. Syria's history under the Ba'ath party is pretty black, and the country's adherence to any sort of democratic standards is pretty dubious. After two visits to the country, however, I believe that it is moving fairly gingerly in the right direction. We would therefore do well in the medium-to-long term to provide Syria with further encouragement to keep moving towards being a less dictatorial society and less of a police state. Syria is a secular Muslim state, and that alone should make the democratic world sit up and take notice to a degree.

In our report, we make an important recommendation to the Government:

"In our view, the EU ban on ministerial contact with Syria is not helpful in the context of engaging constructively with the Syrian Government. We recommend that the Government resume such contacts without delay."

I very much regret that they have not responded favourably to that recommendation and are taking the line that EU policy remains not to have ministerial contacts with Syria. I believe that that is now mistaken, and I hope that they will change their policy.

I do not want to cause any deep anguish to my colleagues on the Committee by mentioning the excellent report on the foreign policy aspects of the European treaty, which we published for the debate on that treaty. In it, however, some of us expressed concerns about whether the Government would be able to adhere to their red line of an independent British foreign policy. I say that because the Government's position on ministerial contracts with Syria is being driven much more by the EU common position than by their own independent assessment of what is the right policy.

Let me quickly say one word, although I hope that it is an important word, about Iraq. As we know, the Iraq war was justified on the basis of seeking out and eliminating Saddam Hussein's weapons of mass destruction, but they were found not to be there. Subsequently, the justification has moved to establishing democracy and human rights, and nothing is of greater significance than what has been said about human rights for women. Those human rights were enshrined in the constitution

[Sir John Stanley]

that was supposedly introduced and agreed by the Iraqi political parties, but I am deeply concerned about whether those rights will survive and be respected, even in the Basra area, for which the British forces have had responsibility.

By way of illustration, I want to put on record an account from *The Times* of 8 December 2007, which sets out what happened when a group of young Christian women turned up for their first day at Basra university. Outside, someone ordered them not to go into the university with their heads uncovered, but they decided that he was an isolated individual and took no notice. *The Times* reports that they returned the next day and says:

"This time a man in the black clothes of the Shia militia stopped them at the entrance and took them aside. 'He said, "We asked you yesterday to wear a hijab, so why are you and your friends not covering your hair?". He was talking very aggressively and I was scared,' Zeena recalled.

The girls explained that they were Christians and that their faith did not call for headscarves. 'He said: "Outside this university you are Christian and can do what you want; inside you are not. Next time I want to see you wearing a hijab or I swear to God the three of you will be killed immediately".' Zeena recalled."

The article continues:

"In the past five months more than 40 women have been murdered and their bodies dumped in the street by militiamen, according to the Basra police chief. Major-General Abdul-Jalil Khalaf said that some of them had been killed alone, others gunned down with their children. One unveiled mother was murdered together with her children aged 6 and 11."

Given our history in Iraq and an invasion that was based on a wholly incorrect intelligence assessment, it would be the most appalling compounding of that tragedy if we were to end up with a situation in which the basic human rights of half the population—the female half—became significantly worse than they were before our invasion.

Bob Spink: Will my right hon. Friend confirm that some at least of the bodies of those women had notes pinned to them making reference to their having been killed because of the way they dressed?

Sir John Stanley: There is no specific report of that in the article, but if my hon. Friend says it, I am sure it is something that he has seen.

Lastly, almost by way of a postscript, as the Chairman of the Select Committee has said, we are producing a report on Iran. I would not want to anticipate that, but I want to make one point. We have entered into one war on the basis of a claimed intelligence assessment that proved entirely incorrect. We now have the official United States national intelligence estimate, entitled "Iran: Nuclear Intentions and Capabilities", which was published in November. Under the heading "Key Judgments", the report opens:

"We judge with high confidence that in fall 2003, Tehran halted its nuclear weapons program; we also assess with moderate-to-high confidence that Tehran at a minimum is keeping open the option to develop nuclear weapons."

There is a world of difference between keeping open the option of developing nuclear weapons and having operational nuclear weapons in place. Having gone into one war on the basis of a misreading of an intelligence assessment, it would be unforgivable to go into or be complicit in another when the intelligence picture was still extremely uncertain, as appears to be the case at the moment with Iran.

3.22 pm

Jeremy Corbyn (Islington, North) (Lab): In view of the number of hon. Members who want to speak and the fact that we are trying to finish at 5 o'clock, I shall be brief. I want to talk mainly about the situation in Gaza and relations with Israel. I commend the Committee for its report and the Chairman for his presentation of it to the House. I have been to Israel and Palestine on five occasions, and on three of them, I have been to Gaza. I have been to all parts of Gaza at various times. Each time I go, I think that the situation is bad, and when I return, it seems worse. From reports now, it is becoming dire.

The first occasion when I visited was a time of, retrospectively, enormous hope. That was post-Oslo. The airport had been built and people were thinking about opening it. When I visited there were a large number of school children saying, "This is the Palestine of the future." There was great hope and a large amount of British aid was going in. I was very proud of that. We were doing a lot to help, things were going on, and the situation looked hopeful.

On the second occasion, I visited with my hon. Friend the Member for Birmingham, Northfield (Richard Burden), who will speak later as chairman of the all-party group on Palestine. We met a number of people, including representatives of Hamas, and had discussions. Without serious political engagement with the process going on in Gaza, we felt that the result would be the bunker mentality of support for Hamas against anyone else, because there was nowhere else to go. I think that I am being fair in saying that.

On my third visit, I was a UN-accredited election observer for the presidential election. I chose to go to Gaza and Rafah. Everyone recommended that I should not make that choice and not go to Rafah, but sometimes it is a good idea not to take advice. I spent hours, with UN accreditation, arguing my way through the border crossing at Erez. The best part of two days was spent arguing our way down to Rafah, where we stayed for the election itself. It was painstakingly carried out. Unbelievable attention was paid to the minutiae of the election procedures. There could be nothing wrong with the process whatever. The only thing that went wrong, as far as I could see, was that Israeli border guards decided to fire at the polling station during the day, while wholly innocent civilians were in there attempting to exercise their right to cast a vote.

I managed to visit some outlying polling stations, which, again, took hours to get to, and it was exactly the same story. Later in the evening, I was back in Gaza city, where there were riot-like conditions, but the officials, to their credit, managed to contain them, because they wanted to ensure that the election proceeded properly. I spent a lot of time talking to the mental health group in Gaza, which I know very well. The group told me that 75 per cent. of the population of Gaza are medically depressed by their situation. That was two years ago.

The situation now is unbelievable. The right hon. Member for Tonbridge and Malling (Sir John Stanley) described it extremely well. The population of Gaza are

in prison—a prison of mediaeval mentality, created by Israel—and the effect is not to make the people love Israel, but to make them opposed to Israel in every way. Probably, that has enhanced rather than reduced support for Hamas. It is fairly obvious that if people are treated in that way they will not love their captor; they hate their captor even more. That is what has happened, before our eyes.

Can it be conscionable that, in this day and age, one state is allowed to imprison more than 1 million people, deny them medical aid, food, energy and the right to travel and work, and force their businesses into receivership, or whatever the equivalent is in Gaza now? Can there be surprise when people manage to bomb their way through the wall to Egypt to get basic supplies, simply to survive? There is a humanitarian crisis, which we know about because satellite TV reports it, but apparently, there is little we can do about it.

Mr. Malcolm Moss (North-East Cambridgeshire) (Con): I am following the hon. Gentleman's argument carefully, and he obviously knows far more about Gaza than I do. The Committee did not go there during the trip to the area that I went on. It seems to me that, if the hon. Gentleman talks of a prison, that prison is the sea, two perimeters with Israel and one with Egypt. Are the Egyptians as culpable as the Israelis for the imprisonment of the Palestinians in Gaza?

Jeremy Corbyn: As the hon. Gentleman will know, Israel presumes to have control of all borders between Palestine and the outside world. He is correct that there is a border with Egypt, but until recently it was completely controlled by Israel. The shooting that took place when I was in Rafah came from the Egyptian side of the border through the Israeli watchtowers on the border itself. Legitimate criticism can and should be made—and is being made—of Egypt for its unpreparedness to open the border with Rafah to ensure that the necessary supplies and aid get through. I accept that and have made the same point on Egyptian television and to people from Egypt whom I have met. I should imagine that colleagues who have met Egyptian MPs have probably made the same points.

Dr. Brian Iddon (Bolton, South-East) (Lab): Is not the reality that, after the war with Egypt, part of the treaty was intended to prevent the Egyptians from moving more of their military up to the border with the Gaza strip?

Jeremy Corbyn: Yes, my hon. Friend is correct. Relations with Egypt are not normal by any stretch of the imagination, and that is the subject of a huge political debate in Egypt. I am pleased at the Committee's recognition that discussions that include all elements of opposition in Egypt are very important to protect and develop any kind of democracy there. I suspect that the fact that the Government of Egypt could do nothing about the large number of people who have managed to get out of Gaza into Egypt will have a long-term and profound effect on Egyptian politics. One should examine that situation with interest.

The right hon. Member for Tonbridge and Malling made the correct point that Mr. Dugard, on behalf of the United Nations—one can only presume that it was on behalf of the UN high officials, since the report was made public by them—said in all seriousness that, as far he was concerned, Israel was in breach of the fourth Geneva convention on collective punishment, which is a war crime. That is a very serious allegation, and it was made not on the street by some unnamed individual or an odd group somewhere around the world or as a rhetorical allegation in a public meeting, but by a senior UN official. He has said that Israel should be arraigned on a war crime for the collective punishment of individuals. That is a serious point, and I look forward to the Minister's response to it.

This country has close relations with Israel. We trade with it, have supported the EU-Israel trade agreement and, as far as I am aware, supply some military parts to it. I hope to hear from the Minister that the Government are putting the strongest possible pressure on the state of Israel to lift the siege of Gaza and, if necessary, will introduce some form of economic sanction against it, because of what it is doing to the people of Gaza.

I hope that the Minister will recognise that, since Annapolis, 146 Palestinians have been killed in Gaza, of whom 136, including a child, were in the Gaza strip. Some 496 Palestinians have been injured, 360 of them on the Gaza strip, and 807 Palestinians have been arrested, the majority of them—731—on the west bank. There have been 675 Israeli attacks, of which 415 have been on the Gaza strip, and two Israeli soldiers have been killed. I regret every one of those losses of life, and I regret and condemn absolutely the use of Qassam rockets, which have been fired out of Gaza on to Israeli civilians, which will not bring about peace and justice.

Those figures are for the period since Annapolis, and the fundamental flaw of Annapolis is coming out. The western countries have essentially got together and said, "We will support and give aid to President Abbas on the west bank, give a great deal of economic aid to the west bank and ignore what is going on in the Gaza strip and hope that the problem goes away." The problem is not going away; it is getting worse.

Mr. Siôn Simon (Birmingham, Erdington) (Lab): My hon. Friend said that he regretted the rockets being fired out of Gaza into Israeli on to people's homes and schools, but he kind of dismissed it as a random act and not particularly relevant. I wonder when he will come on to the bit of his analysis that factors in Gaza being controlled by an extremist terrorist group that is dedicated to the violent overthrow of Israel and continually fires rockets from Gaza on to people's houses and schools in Israel. I wonder when he will explain to us where that fits into his analysis and what the Israeli Government are supposed to do about it.

Jeremy Corbyn: I think that my hon. Friend will find that I used the word "condemn" rather than "regret". I do condemn and oppose it, and I have made it clear all along that I do not think that attacks on Israeli civilians will bring about any kind of peace. Political engagement and a political solution will bring that about.

My hon. Friend may not have heard what I said, and I shall repeat it for his benefit. There have been 675 Israeli military attacks on Gaza since Annapolis, mainly by air, but also by land. A first-world country is attacking people who can be described only as living in the fourth world. It is not a war of equals; it is a war of oppression

[Jeremy Corbyn]

and occupation. I want peace, and I want people to be able to live in peace. A political solution requires political engagement. Israel's refusal to engage with a large part of the Palestinian population, in which it is supported by Britain and the United States, will not bring about peace.

Mr. Simon: Perhaps I did not hear, but one thing that prompted me to intervene was that I do not think that my hon. Friend listed the number of terrorist attacks, over any period, from Gaza into Israel. I do not think that he listed the number of rockets. He gave the number of Israeli attacks, according to his figures. If he is so keen to condemn it, why are we not getting the number of Palestinian rocket attacks on Israeli homes and schools?

Jeremy Corbyn: I am grateful for my hon. Friend's inquisition. Perhaps he can help us with the exact number. I have condemned those rocket attacks and do not know the exact number of them, but I wish that he and others who hold his view on Israel would recognise that, unless Israel engages with the political dimension in the region, peace will not come.

Richard Burden (Birmingham, Northfield) (Lab): Perhaps I can help my hon. Friends. Between 1 January and 30 November last year, 1,204 Qassam rockets were recorded as being fired from Gaza into Israel, causing 96 injuries and two deaths.

Jeremy Corbyn: We now have the figures. We now know the number of people who were injured and died, all of which I regret. As I keep saying, if we are to bring about peace, it has to be done by a process of engagement and negotiation. I hope that the world will recognise that what is going on in Gaza is illegal, immoral and a collective punishment that is going on before our very eyes. We can do something about it, and I wish that we would. If we do not, we will be condemned by the rest of the world as standing idly by while a large number of wholly innocent civilians, who want merely to live a decent, ordinary life in Gaza, are condemned to a life behind bars, in a prison, for no reason other than that their neighbours continue to rain on them their military power and presence. The debate is timely and important, and I look forward to the Minister's reply.

3.36 pm

Bob Spink (Castle Point) (Con): Again, I congratulate the Committee on this excellent report on a difficult matter.

I shall speak on a narrow subject. In chapter 5 of the report, on Egypt, I note that the part entitled "Human Rights and Democratisation" does not address a certain issue. I understand the Committee's difficulty in visiting every point on human rights, but minority rights in Egypt are important, and I wish to flag them up.

The inception of a new system of computerised ID cards in Egypt compelled its citizens to identify themselves as members of one of three constitutionally recognised religions: Islam, Christianity and Judaism. Members of Egypt's Baha'i minority have been unable to register as citizens of their own country. On 16 December 2006, the Supreme Administrative Court upheld the Government's position that forces Baha'is either falsely to claim to be a member of a religion or to go without an ID card. Egyptian Baha'is are therefore unable to register the birth of their children, denying those children access to education, jobs and medical treatment. They are effectively unable to live as citizens in the country of their birth. That is a minority issue, and it is understandable why it is not covered in the report. Other religious groups in Egypt, including the Copts, who have changed their religion, have also faced a problem in getting ID cards.

Denying fundamental freedoms to Egyptian citizens on that basis appears to be a breach of Egypt's obligations under article 18 of the international covenant on civil and political rights, as was asserted in a recent report by Human Rights Watch and the Egyptian Initiative for Personal Rights. It would be useful for future reports of the Foreign Affairs Committee to examine minority rights, if possible.

Mike Gapes: For the record, each year, the Foreign and Commonwealth Office produces an annual human rights report. The Committee always produces our commentary on it, and we consider human rights issues such as religious and minority rights in a number of countries as part of that. However, we do not always repeat in every regionally focused report what we have done at other times.

Bob Spink: I am grateful to the Chairman of the Committee for that explanation, which I accept. I hope that he has heard what I have said about the Baha'is.

3.39 pm

Richard Burden (Birmingham, Northfield) (Lab): Like everyone who has spoken so far, I welcome the report. It is comprehensive and balanced, and I congratulate my hon. Friend the Member for Ilford, South (Mike Gapes) on the way in which he presented it. I shall devote most of my comments to the situation in Gaza. Time is short, but if there is time, I might say a few words about the west bank.

Let me start by putting on the record as clearly as I can, as my hon. Friend the Member for Islington, North (Jeremy Corbyn) did, the fact that the rocket attacks from Gaza into Israel are to be condemned. I condemn them without qualification. That is why we know, record and monitor the numbers who

Mr. Simon: My figures say that there have been 200 rocket attacks in the past 10 days from Gaza into Israeli schools, houses and homes, killing and wounding people. It is easy to condemn them as though they do not have any consequences or as though that is an isolated piece of the argument. My hon. Friend condemns the attacks, but does he accept that they are the fundamental cause of the problem? Does he accept that the attacks are a problem that the Israeli Government have to deal with.

Richard Burden: Are they the fundamental cause of the problem? No, I do not think they are.

Mr. Simon: A fundamental cause.

Richard Burden: I do not think they are a fundamental cause. They are to be condemned and they are unjustified. I have also visited Sderot; I hope that my hon. Friends

who have visited Sderot have also been to Gaza and talked to people there. The pain that families suffer from rocket attacks is real pain, and the fear that they experience, not knowing when the next attack will come, is real fear. It helps nobody to say that either side somehow has a monopoly on pain, or on compassion for the other side. That gets this debate nowhere.

My hon. Friend the Member for Birmingham, Erdington (Mr. Simon) talked about the number of rocket attacks in the past week. As far as I know, one person has been killed in those attacks. I am sure that he has studied the figures, so he will also know that in the first week of this year, there were 11 Israeli air strikes into Gaza, during which 26 people were killed and 63 were injured. I do not say that because it will help the family of the two Israelis who died in 2007 to know that more Palestinians have been killed. My hon. Friend needs to understand that for a Palestinian in Gaza whose son, daughter, mother or father has been killed by a missile from an Apache helicopter or an F-16, it does not count any less; their pain is no less than that of someone whose family members are killed in Sderot by Palestinian rockets.

One fundamental cause of the situation in Gaza is the blockade. Even though things have got a lot worse in recent months and weeks, restrictions on movement in and out of Gaza did not start this week, this year or even last year. Many of them existed even before Israeli disengagement in 2005. Certainly, they were stepped up at the start of 2006 and there were rocket attacks on Gaza at that time—interestingly, not from Hamas, which was then on a ceasefire. It was not rocket attacks that led to the increased blockade on Gaza; it was an election. As my hon. Friend the Member for Islington, North said, the election in which Hamas was elected was internationally monitored and regarded as fair. Records show that it was the election that led to an increase in the blockade. The international community mistakenly went along with that by boycotting that Government, and ended up in the rather strange situation of having to increase its aid to Gaza through the temporary international mechanism. That had less effect because the very mechanisms needed to deliver services to people there were being boycotted.

My hon. Friend the Member for Ilford, South talked about the Committee's views on engagement, which I recognise and agree with, but the Government take a different view.

Jeremy Corbyn: My hon. Friend must be aware that, following the parliamentary election, a large number of those elected to the Palestinian Authority were subsequently arrested by Israeli invading forces and are being held in Israeli prisons. That does not show much respect for democracy.

Richard Burden: My hon. Friend makes a good point. It must be a matter of concern to all parliamentarians that elected parliamentarians are in jail. That matter is rightly being looked into by the Inter-Parliamentary Union.

Mr. Simon: Does my hon. Friend agree that if one is a terrorist who is dedicated to using death and murder to achieve one's ends, one is not a democrat? The two are absolutely antithetical. Does he agree that the act of being elected, albeit legitimately, does not make one a democrat if one is a terrorist?

Richard Burden: The arrests of Palestinian parliamentarians have taken place by and large on the basis of membership of a particular organisation. If we are serious about trying to achieve a settlement in that part of the world, as opposed to point scoring—as far as I know, hon. Members from both sides of the House agree on that—a situation in which the majority of parliamentarians from the Palestinian Parliament are in jail does not contribute much towards that end.

The situation in Gaza has got a lot worse since the unjustified takeover of Hamas in Gaza last June. It became even more serious in October when Israel decided to restrict further fuel supplies into Gaza. That has been stepped up again in the past few weeks. The position in Gaza was illustrated graphically last year by John Ging, of the United Nations Relief and Works Agency, when he visited here and laid on the line the consequences of what was happening in Gaza. The position has also been illustrated graphically by the UN Office for the Co-ordination of Humanitarian Affairs. Were it not for the work of the UN, certainly the OCHA, painstakingly monitoring incidents in Gaza and the west bank—closures and so on—this debate would be all the poorer. It does absolutely vital work.

As a result of the UN's investigations, we know that more than 80 per cent. of people in Gaza live below the poverty line. Some 80 per cent. of Gazans are dependent on food and humanitarian aid. When I say dependent I do not mean that they are getting enough; one thing that John Ging told us when he came to Parliament last year was that the UN estimates that the daily calorie intake for Gazans is about 61 per cent. of what is required, so malnutrition is a real and present threat.

Fuel shortages have threatened essential services and the water supply, and there are power cuts for about eight hours each day. Hospitals are running on emergency generators. Emergency generators are just that: they are meant to cut in when there is a power cut. If they are used all the time, the likelihood of breakdown is greater than ever. Many life-saving treatments are not available in Gaza and there are shortages of medicines and delays in their delivery. Some 17 per cent. of patients who have been referred outside Gaza for treatment have been refused exit by Israel.

On the economy—as the right hon. Member for Tonbridge and Malling (Sir John Stanley) rightly said, aid is not the answer in that part of the world—the closure of the Karni crossing has meant that export is virtually impossible and that imports of spares and raw materials are often impossible. Nearly 90 per cent. of industrial establishments have closed since last June and thousands of labourers have lost their jobs because of the collapse of the building industry. Perhaps the most surreal problem is what has happened to the fishing industry. Fishing has been a staple part of the economy of that coastal strip of land for centuries, but because of Israeli restrictions on fishing limits, the areas closest to the coast are being overfished. The crazy situation is that the food aid coming into Gaza includes fish. Importing fish to an area that should be based on a fishing economy is absolutely crazy.

[Richard Burden]

That is the situation, and it is getting worse. I received information today that, as far as the power cutbacks are concerned, the promises that were made by Israel to introduce emergency supplies of fuel to Gaza have been reversed, and that is now not happening. *Haaretz* reported the response of the Israeli Deputy Defence Minister, Matan Vilnai, to the blowing up of the wall at Rafa:

"We need to understand that when Gaza is open to the other side we lose responsibility for it. So we want to disconnect from it."

That is what he told army radio. He then went on to say that Israel's effort to disengage from Gaza, which began in 2005 with the evacuation of settlers,

"continues in that we want to stop supplying electricity to them, stop supplying them with water and medicine, so that it would come from another place."

So we have the very real threat now that the restrictions are seen not as temporary actions in response to the firing of rockets but as a permanent plan. That is what the Deputy Defence Minister of Israel said today. To me, that is scary and worrying. It offers no prospect of a good path toward peace.

Mr. Simon: Will my hon. Friend give way?

Richard Burden: My hon. Friend has had a lot of goes. I will give him this one, but after that I will have to make some progress.

Mr. Simon: On that point, perhaps my hon. Friend can explain what all this mistreatment has to do with, if not the rockets. What is it about the Israelis that makes them treat the Palestinians so badly? Why do they do it? What is going on? If it is not to do with the terrorism of Hamas and the Gaza leadership, what is it to do with? What is his explanation? Are they just bad people?

Richard Burden: That is a question that my hon. Friend must address to the person who is responsible for the quote that I gave: the Deputy Defence Minister of Israel, Matan Vilnai.

Time is short, and I would like to ask my hon. Friend the Minister a few questions about how we move on from this desperately dangerous situation. It is right to say that the British Government have done their best to try to bring about a reasonable settlement, perhaps even more so in the past few months, and I certainly welcome the increasing engagement with this issue of my right hon. Friend the Foreign Secretary since he took up his post. There is no doubt that the British Government are expressing their displeasure at what is happening in Gaza, but the fact is that it is still happening.

I ask the Minister what, in practical terms, we can do, not to express displeasure about the fact that 1.5 million people are living in a prison, but to stop 1.5 million people living in a prison. Not only do the British Government and, indeed, the international community rightly condemn the rockets, but they impose sanctions on organisations that may be responsible for them if there is a refusal to engage. If that action is appropriate in respect of the firing of rockets against civilians in southern Israel, what is the appropriate action for a country that has been responsible for collective punishment, that has launched that amount of air strikes, and, even by the most generous interpretation, has been involved in grossly disproportionate military action against Gaza? What are we going to do, apart from expressing displeasure?

I ask the Minister also to explain not only what we do at diplomatic level but what our role is as a high contracting party to the fourth Geneva convention, which is being breached. What will we do about the situation?

Before I sit down, I want to mention just two other things. As we know, fuel supplies have been restricted since October. The restrictions have been stepped up in the past few weeks, and, according to the Deputy Defence Minister of Israel, supplies may be cut off altogether in the future. When Hamas was in government, the international community adopted a temporary international mechanism to ensure one of its objectives, which was that fuel supplies got through so that power and water supplies could be kept going. I ask my hon. Friend the Minister to explain the current status of the temporary international mechanism, and what the international community can do to ensure that fuel supplies get through.

Perhaps my hon. Friend can also explain who is paying for the fuel supplies that are not going into Gaza. As far as I am aware, a great deal of the payment that is going to Israel to supply fuel to Gaza is coming from the international community, particularly the European Union. Am I right about that? If so, we are paying for a service that is not being provided. What are we doing about that?

I was on the west bank over the new year holiday. I found a contradictory situation there. At one level, I saw within the towns economic buoyancy of a kind that I have not seen in recent years. The markets were busy, and hotel tourism seemed to be up in Bethlehem, Jerusalem and elsewhere. That is not really surprising, given the unfreezing of international aid to the Palestinian authority, which means that people's salaries are being paid, and the release of the tax revenues that were owed by Israel to the Palestinian Authority. So, at that level, the west bank felt better than I have known it for some time.

At the same time, however, movement restrictions inside the west bank are as great as they have ever been. In fact, they have increased, according to the UN and my hon. Friend the Minister for Europe, who responded to a parliamentary question that I tabled last week. They have gone up, not down, in recent times. Settlement building is continuing apace. The west bank is still being chopped up into different cantons. If that continues, it will prevent a viable Palestinian state from ever being formed.

As well as urging economic road maps and providing the aid that allows economic activity in Palestinian towns, what are we doing to ensure that real economic activity can take place, that people can move around the west bank, and that Palestinian businesses can trade both within the west bank and with the outside world? What are we doing, in practice, not just to say that settlement building is against international law and that Israel should stop doing it, but to ensure that settlement building stops so that the chances of a viable Palestinian state are not squandered?

3.57 pm

Dr. Brian Iddon (Bolton, South-East) (Lab): I congratulate my hon. Friend the Member for Ilford, South (Mike Gapes), the Chairman of the Foreign Affairs Committee, and members of the Committee on a fine analysis of the situation as they saw it when they produced the eighth report of the 2006-07 Session.

I make no apology for concentrating on the current situation in the Gaza strip. Indeed, I have always believed that the existing conflict between the Israeli Government and the Palestinian people creates so much tension not only in the middle east but elsewhere that the Government must devote as much time to settling it as they successfully devoted to tackling the Northern Ireland situation. I once heard someone say that the only way to do that is to talk and to carry on talking—night and day, if necessary—and never to stop the talks until a settlement is reached, and I urge my hon. Friend the Minister and his Department to do that. The debate is timely for that reason, obviously.

When the Israelis disengaged from the west bank and removed their settlers in 2005, I had great hope that there was some sincerity about following the then road map. I, too, was a UN observer for the presidential elections in the early part of 2006 when President Abbas was elected. In Ramallah that night, there was great hope. In fact, there was great hope all over the Palestinian territories that there had been a proper democratic election. There was very little criticism of it, apart from in Jerusalem, where people were prevented by the Israelis from voting properly—they had to vote in post offices—but I do not want to concentrate on that today.

My hope was not dashed when Hamas came to power in the democratic election that took place a year later. We have been urging democracy on the peoples of the middle east, and the west's biggest mistake was ignoring the Hamas Government elected then. The west did not engage in talks with them; in fact, it did quite the opposite.

The conflict has repercussions all around the middle east region. For some time, I have believed that the tensions between the Israelis and neighbouring Arab countries are provoked by the situation. If we can reach a settlement, some of the tensions in the middle east would begin to subside—I would be naive to think that they would disappear completely. However, the repercussions of the conflict spread wider than the middle east. Hon. and right. hon. Members who represent a constituency such as mine, with large numbers of Muslim constituents, will know that the repercussions are strongly felt in those communities. I do not think that pouring money into community cohesion will heal those deep-seated wounds until we show some sincerity about tackling the conflict.

At the moment, I am completely exasperated. Israel—this is an important point—is damaging further its reputation by the actions it has taken in Gaza in recent weeks and months. Anyone who looked at the inside pages of *The Guardian* today to see pictures of the barrier between the Gaza strip and Israel crashed down, and read about the 17 explosions that blew up concrete sections of the wall, will find the event remarkable. To me, it is almost like the night when I heard that the Berlin wall was crashing down. I wish that the dividing barriers—the walls surrounding the west bank and between Gaza and Egypt—would come down, and that the countries could have proper diplomatic relationships.

What happened yesterday demonstrates the desperation of the Palestinian people, as someone else said. They cannot even get mattresses for their children to sleep on—they have been sleeping on the floor. People carried cigarettes back—although admittedly, I do not approve of that and I do not smoke—but they also carried back basic materials that had run out, such as cooking pots. Everything that came back through that barrier yesterday did so because some materials are no longer available in the shops in Gaza.

Mike Gapes: For the record, I think that my hon. Friend meant to refer to the barrier between Egypt and Gaza, and not what he said. He said that the barrier between Israel and Gaza had come down, but it was between Egypt and Gaza.

Dr. Iddon: I appreciate my hon. Friend's correction. That is exactly what I intended to say.

Gaza is a prison, but there are people there whom we would not normally put in an ordinary prison. Young children live there, babies are born there, very elderly people live there, as do some very sick people. We should not lose sight of that. I have read reports in recent months of surgeons becoming desperate. Obviously, they have only limited access to medicines, which makes surgery more difficult in the Gaza strip.

I have read reports of surgeons accompanying very sick people to crossings in the hope of getting into the west bank, or even into Israel to its hospitals. They have communicated by radio while the ambulance is travelling or waiting at the checkpoint to see whether the Israeli Government would accept the patients as they have in the past, but surgeons have been reduced to tears because their patient has simply died. Many women die in childbirth for the same reasons—they are unable to access proper medical care.

Hospitals without electricity or generators to produce electricity because of a lack diesel obviously cannot function. The operating theatres cannot be used, which means that many people are dying and that many will die. Not only that, but 400 kidney patients are unable to access dialysis because the machines cannot function. If we do not deal with the situation as an urgent humanitarian crisis, those 400 people are on their way to death, for obvious reasons. Children are born in temperatures of minus 3° C. People think that the middle east is a warm place, but temperatures plunge at night, and babies who are born in hospitals or homes in such temperatures, particularly sick babies, will not survive.

There is no way to sterilise hospital equipment, even to carry out basic operations. Obviously, without electricity, people cannot live properly.

Mr. Moss: The hon. Gentleman is painting a picture of a dire situation in Gaza. No one can listen to what he is saying without some sympathy, but he waxed lyrical about the political imperative and the importance of Hamas gaining a democratic victory. Do the politicians of Hamas care about their own people? Does he agree

[Mr. Moss]

that if they stopped firing rockets and revoked their intention to obliterate Israel, things might change for the better?

Dr. Iddon: I am sure that the politicians who run Hamas care about their own people. In fact, that is the reason why they came to power in the first place. They probably cared more about their own people, at least in the people's perception, which might have been true, than Fatah politicians. That is why Fatah lost control in the Gaza strip and why Hamas took control. I did not wax lyrical about Hamas taking control; I simply pointed out the pure fact it was democratically elected and that western Governments have ignored it to date. I urge my hon. Friend the Minister and his Department to engage with Hamas in talks, even secret talks, to try to move forward a resolution to the situation.

We are talking about the longest occupation in my lifetime. People in an occupied country have the right to resist occupation, and we often ignore that fact. I do not condone suicide bombers or rocket attacks, but people have a right to resist occupation.

Mr. Simon: Surely it is important to understand that those politicians are not politicians as we understand the word—they are terrorists. They are explicitly committed to the destruction of the state of Israel by violence and murder, which is what is happening. The reason why their hospital generators are being closed, when they still receive 70 per cent. of the fuel that they previously received, is that they have chosen to close down their hospital generators, yet they continue to build and fire 200 rockets in 10 days, which takes an enormous amount of fuel and electricity.

Dr. Iddon: Of course there are some extremists in Gaza—I do not deny it—and, obviously, some people fire rockets. However, I do not accept my hon. Friend's statement if he is saying that all Hamas politicians are as he described.

There must be proportionality. In the first 21 days of this year, 72 Palestinians, but no Israelis, died. Of the Palestinians, six were children and eight were women. Many of them were innocent civilians—people not engaged in a war. The lack of fuel, food and medicine, and the situation in the hospitals in the Gaza strip that I described, cannot go on much longer. There is a terrible humanitarian crisis on the Gaza strip.

Jeremy Corbyn: Is my hon. Friend aware that on 26 January—this Saturday—humanitarian groups and human rights organisations in Israel will assemble a food and aid convoy that will attempt to enter the Gaza strip with very necessary medical, food and fuel supplies to support the people of Gaza? They represent a powerful voice as ordinary, decent people of Israel who are appalled at the behaviour of their Government.

Dr. Iddon: We must welcome that and hope that the aid is allowed across the crossing points. I shall be looking at that initiative with some interest.

There is a blockade. What do we do when there is a blockade? My hon. Friend the Member for Birmingham, Northfield (Richard Burden) quoted what deputy Defence Minister Vilnai said. He wants to cut off the Gaza strip completely, with no supplies going in at all from the direction of Israel. Where else can they come from? The sea, the air and by land from Egypt—those are the only alternatives.

Right hon. and hon. Members have heard what I said about the Gaza-Egyptian crossing. I do not think the Israelis will want to see too many supplies coming in by land there and they guard the sea, as my hon. Friend said, so there is only one alternative to such a blockade, which is to airlift in materials. However, the Israelis have bombed the airfield—paid for, by the way, partly by the UK. The port, also paid for partly by taxpayers in this country, has been there for many years, and one can imagine the state of it now, so the only way to airlift material in is by helicopter. That means moving goods by shipping them into the Mediterranean and offloading them into the Gaza strip.

Has the Minister been involved in any talks about the possibility of an airlift, hopefully in the near future, to relieve the huge suffering that is already going on in Gaza but will get worse as the days proceed? If we are sending a ship to the Mediterranean to help the Gazans, I make a plea for it to have a decent operating facility on board, because there are some very sick people in Gaza, who need to be airlifted out and given proper medical attention as soon as possible. The situation is desperate, and I suggest to the Minister that desperate situations often need radical solutions. I accept that the airlift solution I am proposing this afternoon is radical, but it is a solution to a desperate situation.

In response to my hon. Friend the Member for Birmingham, Erdington (Mr. Simon), who asked a question that was not answered earlier, I have seen no evidence at all for what was described and I have been analysing over many years what the Israelis—in fact, it is not all Israelis, but a small number of Israelis called Zionists—have been doing in Israel. People can shoot me down on this if they do not believe me or do not want to accept the argument, but my firm belief is that the Zionists will not stop until they have control of all the biblical lands. We can analyse what happened following the talks in Oslo, Camp David, Madrid and, recently, Annapolis. After all those so-called peace talks, the Israelis have given very little. The situation has just gone on and on and on, for 60 years altogether, and we still have not seen a settlement.

Mr. Simon Will my hon. Friend give way?

Dr. Iddon: If my hon. Friend wants to ask me a question, will he answer this: what have the Israelis done to move peace along between them and the Palestinians?

Mr. Simon: That is exactly what I was going to talk about. Surely the truth is that the whole history of the previous century is that at every crucial point, from the early years of the century through the 1930s, 1948, 1967, 2000 and Oslo, the Israelis have consistently demonstrated commitment to a two-state solution, and the Palestinians have consistently, at every point, drawn back from that. To characterise the Israelis as the ones determined to drive the Palestinians into the sea is a mangling of history.

Dr. Iddon: Well, there is a Mr. Lieberman in the coalition Israeli Government who wants to drive the Arabs into the sea and I do not suppose that he is the only member of the Knesset or the only Israeli who wants to do that.

Finally, I have to say, especially to my hon. Friend the Member for Birmingham, Erdington, that not only Jewish people in the various diasporas around the world, including the UK, but thinking Jewish people who live in Israel are desperate for a solution. Polls carried out in Israel show that 75 per cent. of the people are not happy with their Prime Minister because of what has happened in Gaza and Lebanon, so I urge everyone

Mr. Moss: Will the hon. Gentleman give way?

Dr. Iddon: I am about to finish. I urge everyone in the Chamber, whatever their opinions—opinions are polarised on this question—to work for the common good, which means creating a peaceful two-state solution between Israel and the Palestinians.

4.15 pm

Jo Swinson (East Dunbartonshire) (LD): I congratulate the Chair of the Foreign Affairs Committee, the hon. Member for Ilford, South (Mike Gapes), and all its members on the authoritative and wide-ranging report that we are debating. We have heard from many esteemed hon. Members. The hon. Member for Ilford, South opened the debate very well with a summary, in as much as one can have a summary of the middle east. He took us on a rapid tour around the various countries involved and, crucially, provided an update on what has been happening since the report was published last July. It is obviously a part of the world where events move quickly.

The right hon. Member for Tonbridge and Malling (Sir John Stanley) made an eloquent and passionate contribution about the situation in Gaza in particular. The hon. Member for Islington, North (Jeremy Corbyn) made a characteristically powerful speech. I commend his courage and that of others who went to monitor the elections in Gaza. The hon. Member for Castle Point (Bob Spink) made a brief but welcome contribution about minority rights in Egypt and the discrimination against the Baha'i, which picked up on the similar point that we heard about religious discrimination against Christian students. Obviously, both types of discrimination are appalling and need to be on the agenda of our Ministers and diplomats in their relations with the countries involved. Incidentally, he made a very good argument against identity cards in general.

The hon. Members for Birmingham, Northfield (Richard Burden) and for Bolton, South-East (Dr. Iddon) made excellent contributions on Gaza. I found particularly interesting the at times tense exchange between the hon. Members for Birmingham, Erdington (Mr. Simon) and for Birmingham, Northfield. That brought to mind the opportunity that I had when I visited Israel and Palestine on a fact-finding mission back in 2000. I was struck by the fact that, wherever I went, there was a great fear about security. People in the UK find that quite hard to imagine as they go about their daily lives. Notwithstanding the fact that there have been some terrorist attacks in this country, the atmosphere there is hugely different. It seemed that there were armed soldiers everywhere, which was even more shocking, because I was not yet used to the armed police officers around the House.

What I took from that visit was the complexity of the situation. We went to the Golan heights and learned about the politics of the water supply. We spoke to some of the settlers. We went to the Palestinian Authority and, of course, Jerusalem, which is the focal point for three of the main religions in the world. Therefore, I can well understand the tension and the fear that Israeli citizens and Palestinians experience in their daily lives—they must be atrocious to live with.

When we note the intensity of the debate that we have had in this Chamber today, we can begin to imagine the challenge involved in getting people around the table when it is a case not just of polarised opinions, but of people who have lost family members and friends in terrorist attacks. To achieve some form of reconciliation will obviously be immensely difficult, as the past few decades have shown. However, we need to retain some optimism and hope that there can be a peaceful solution.

We can look to the excellent work that has been done by successive Governments of different political parties in this country with regard to the situation in Northern Ireland and the success that has been achieved, bit by bit, in the peace process there. Obviously, we must remain committed to a peaceful resolution of this situation and a two-state solution. It is incredibly important that everybody signs up to the three Quartet principles.

Mr. Moss: The hon. Lady mentioned Northern Ireland. We have to be very careful not to read across from the Northern Ireland situation. It seems to me that, if there is to be a peace process, both sides must have a deep desire for peace. The Northern Ireland process began with a message, through unusual channels, from the IRA that more or less said that the war was over and it wanted to negotiate. It will deny that, but at least there was an intention on its part to enter negotiations. Does hon. Lady agree that, at this point, it would appear that organisations such as Hamas have no intention of entering such negotiations?

Jo Swinson: The hon. Gentleman makes an excellent point. We obviously need to get to that point, but the two scenarios have different histories and one cannot generalise too much. Nevertheless, as he said, elements of Hamas are clearly extreme. For example, it does not recognise the right of Israel to exist.

I have not had the advantage of visiting Gaza, like some hon. Members, but I suspect that, if we took polls in Gaza and in Israel, the ordinary people, not those who make the decisions, would still have a desire for peace. They might have different views about how to arrive at a settlement, but the important thing to remember is the wish for peace. No one wants to live in the current situation.

Richard Burden: Does the hon. Lady agree that, although things are now very serious and the implication is that some of the more hard-line elements in Hamas are now in control in Gaza, there was a massive wasted opportunity between 2005 and early 2007, when Hamas, although not a different organisation from the one it had been previously, was on ceasefire and had offered a long-term truce? The Northern Ireland experience tends to indicate that we should have picked that up to see how far it could be pushed, rather than rejecting it, as the international community did.

Jo Swinson: The hon. Gentleman is right. It is vital that movement from either side should be picked up and the opportunity taken. There is a difficulty with Hamas not recognising the right for Israel to exist, but we must get it to the stage where it does. Nevertheless, I agree with the Committee's recommendation that not engaging at all with Hamas is problematic and that we need to get to the situation where we can have a dialogue. The Government need to engage, as they did over the case of the Alan Johnston; indeed, I congratulate them on their efforts in that case.

There is also an issue with the Quartet not having an Arab representative, such as the Arab League. Perhaps we should have a Quintet. The hon. Member for Ilford, South pointed out that the US has traditionally been the key player in the peace process.

The Minister for the Middle East (Dr. Kim Howells): The Quartet works closely with the Arab League, and I am constantly in contact with Amru Musa, its secretary general. We try to conduct initiatives in concert.

Jo Swinson: I very much welcome that statement. The US has been the key player in the peace process, but we need to recognise the reality that the US is not necessarily seen as an honest broker by many Arab nations in the middle east—after the Iraq war, that is even more so—and it might be instructive to consider alternatives, perhaps asking the UN to take the lead in such a process.

Interestingly enough, the Minister and I served on a European Standing Committee this week, and I found out much more about the Euro-Mediterranean forum, which seems to be one of the few places where we can get the Israelis, the Palestinians and the other nations around the table. It has a much wider remit, but I wonder whether a similar kind of forum—an Israeli-Palestinian congress—could be set up on an ongoing basis to provide a channel for dialogue.

The Gaza situation has taken up a great deal of time in the debate. We must make it absolutely clear that the attacks by Hamas on Israel are entirely unacceptable, as is Hamas's denial of Israel's right to exist. However, we must recognise also the dire humanitarian situation, which has been referred to by many Members. The hon. Member for Regent's Park and Kensington, North (Ms Buck) spoke of the collective punishment, and the right hon. Member for Tonbridge and Malling was right to quote the headline; Gaza is essentially one big prison. The fact that the Committee could not visit Gaza demonstrates the international community's failure to respond to the conflict.

Egypt's response to people breaking through the wall and obtaining basic food and supplies has been quite welcome in some ways. I say that with caution, but a heavy-handed response would have inflamed the situation. Those events underline the need for a renewed focus on solving the situation in that troubled part of the world.

On Lebanon, I welcome the following conclusion by the Committee.

"We conclude that the Government's decision not to call for a mutual and immediate cessation of hostilities early on in the Lebanon war has done significant damage to the UK's reputation in much of the world."

The Committee is quite right, and it was not the only one to reach that conclusion. The UN Deputy Secretary-General said that the UK's diplomatic efforts at the time were counter-productive, which is surely a damning indictment of our position then. I had hoped that the Government would take stock and learn from the situation, but sadly, their response to the report suggests otherwise. Perhaps the Minister will comment on that point.

The Lebanon conflict brought up the issue of cluster munitions, of which 3.5 million were dropped in the 72 hours after the Security Council passed resolution 1701. It is estimated that 1 million of those bombs remain unexploded. I was concerned to read in the report that the work to clear the munitions had been hampered by Israel. The Committee did well to highlight that point, but there seems to be a conflict in the report. It says that, on 2 July 2007, the Israeli ambassador wrote to the Committee saying that he had handed over the maps, and that it had been done voluntarily. However, the report then states that the Minister said on 3 July 2007 that he had "not had that co-operation", so I should be interested to find out from him what further pressure the Government put on Israel after that and whether Israel is still not fully co-operating or whether the situation has been resolved.

The Government's banning of dumb cluster munitions has been welcomed by others, and I add my voice to that welcome. However, I cannot get my head around the so-called smart bombs, of which 10 per cent. are still left unexploded. The Government said in their response that they need to balance

"military necessity with humanitarian concerns",

but how can they possibly justify the continued use of those immoral weapons when they know that those weapons will kill and maim innocent civilians long after a conflict ends? I should obviously welcome a signal from the Minister that the Government will ban them, too, although I shall not hold my breath about that today.

The Committee is undertaking a separate inquiry on Iran, which will give a more detailed assessment of the security situation there, but I should like to make one point about it. Notwithstanding the embarrassing media debacle after the release of the British sailors, the Government should be warmly applauded for securing the sailors' release, especially as they seemed to come to no harm. On a related point, however, about which my hon. Friend the Member for Teignbridge (Richard Younger-Ross) has asked the Foreign and Commonwealth Office but not yet received a reply, did the UK recover the naval vessel from the Iranians? If not, will the Government pursue the issue?

There has not been much discussion about Iraq today, but it is relevant to the Israeli-Palestinian situation, particularly because the war in Iraq diverted so much energy and attention away from dealing with it. Others have mentioned the missed opportunities of the past few years. I was not in the House in 2003 when the votes and debates took place; I was marching through the streets of Glasgow in protest at the Iraq war with 50,000 others. It was an illegal war on a flawed prospectus, and just this week at a tribunal, the Information Commissioner said that the Government should publish a secret document drawn up by John Williams, the FCO's top spin doctor at the time. It may have influenced the dodgy, sexed-up dossier that we know so much about. In its ruling, the tribunal said that

"information has been placed before us, which was not before Lord Hutton, which may lead to questions as to whether the

Williams draft in fact played a greater part in influencing the drafting of the Dossier than has previously been supposed."

I hope that the Government will respect the information tribunal ruling and agree to publish that report.

This is a valuable report and we have had an excellent debate. I again pay tribute to the work of the Committee in undertaking the inquiry and raising several important issues, and I look forward to the Minister's reply.

4.29 pm

Mr. David Lidington (Aylesbury) (Con): I congratulate the hon. Member for Ilford, South (Mike Gapes) and the Foreign Affairs Committee on a thought-provoking and comprehensive report. I hope that the Chamber will forgive me if I do not respond to every subject raised and point made this afternoon, let alone provide a point-by-point response to the many important issues signalled in the debate. I shall confine myself to a small number of issues and put a number of questions to the Minister.

Quite rightly the debate has focused on the dispute between Israel and the Palestinians and, in particular, on the situation in Gaza, which the hon. Member for Islington, North (Jeremy Corbyn) described as a humanitarian catastrophe. As the hon. Member for East Dunbartonshire (Jo Swinson) said, it is easy to allow a sense of disappointment, pessimism and frustration to overwhelm all one's thinking about the middle east. However, it is worth reflecting on three rays of light amid the current difficult situation.

The first ray of light is the series of civil society organisations in Israel, to which the hon. Members for Birmingham, Northfield (Richard Burden) and for Islington, North alluded, which are committed to peace, reconciliation and civil rights, and campaign actively for justice for Palestinians and Israeli Arabs as well as for Jewish Israelis. Whatever criticisms anybody in the United Kingdom might have from time to time of one or other Israeli Government, we should all acknowledge that there is something admirable about a state that fosters that sort of vigorous, plural, political debate within its society, despite the fact that it considers itself under a threat to its very existence and that its future at the hands of its neighbours remains insecure.

Secondly, in my judgment, the Israeli Government have recognised that the continued occupation of the Palestinian territories will make it more and more difficult to sustain Israel as both a democracy and a Jewish state—Prime Minister Olmert has said as much. The hon. Member for Bolton, South-East (Dr. Iddon) drew attention to comments by Mr. Lieberman. It is worth reminding ourselves that he has said that he and his party will withdraw from the Government coalition in Israel, because they disagree with the peace initiatives that Mr. Olmert and his Government signed up to at Annapolis.

Dr. Iddon: Is that not the crux of the problem in Israel? Every time we move towards a radical solution, one member of an extreme left or right party collapses the Government. The electoral system is the main reason why we cannot make real progress in Israel.

Mr. Lidington: The hon. Gentleman has identified one of the major problems with taking forward the Annapolis proposals with the vigour and speed that one would hope for. However, we also need to recognise that there are difficulties from the Palestinian side as well. I think that President Abbas and Prime Minister Fayad are committed to a two-state solution, want a peaceful settlement with their Israeli counterpart and are ready for compromise. However, they too have to contend, not just in Gaza, but on the west bank, with those who argue for a more extreme approach and against compromise.

There is no doubt that the current position looks fairly bleak. I was in Ramallah when the news came through that permission had been granted for the expansion of settlements at Har Homa. I recall how people such as Saeb Erekat were utterly consumed by a mixture of rage and near despair at what they believed to be a betrayal of an agreement, entered into at Annapolis, the first time that it was put to the test. The political reality is that further expansion of existing settlements, let alone the creation of new ones, undermines the position of those in Palestine who argue passionately for peace and compromise. President Abbas and Prime Minister Fayad need some quick wins, both economically and politically, to show a young and very frustrated population, who are suffering from high unemployment, that engagement and compromise deliver real benefits. What are the Minister's hopes for that and will he say whether the British Government are confident that the admirable work that Tony Blair is doing to ensure economic progress will be matched by a willingness to open up transit points, with proper security checks that will satisfy the Israelis, because without freedom of movement for goods, we will not have economic growth? As long as trucks have to be unloaded every time they cross the barrier, people will not want to invest in the west bank, which means that there will be no jobs or prosperity.

The problem in Gaza is the complete lack of trust on either side. I was glad that the hon. Member for Birmingham, Northfield, who has consistently championed the Palestinian cause, made it clear how utterly he rejects the use of rockets on Israeli civilians by elements in Gaza. It was very important that someone with his political views on the middle east should express such views so trenchantly.

Do the Government believe that there is a prospect of the two sides reaching some undeclared agreement whereby the rocket attacks cease and the blockade is eased? I know that we will not get direct talks between the two sides. It is clear that some powers are able to talk honestly to the Israelis, but who is it, in the Government's view, who has comparable influence over the Hamas regime in Gaza? Can we look to the Saudis and Egyptians to perform that role? Or has the situation moved so far that the Hamas leadership is, in effect, looking to Tehran for influence and support, and the leaders of moderate Arab countries, even powerful ones, no longer have significant influence?

That brings me on to the complexity of the Israeli-Palestinian dispute and its relationship to wider conflicts within the middle east. My right hon. Friend the Member for Tonbridge and Malling (Sir John Stanley) was quite right to stress the importance of Lebanon and the need for sustained diplomatic effort to resolve the stand-off there. I also agreed with him that this country should do whatever it can to try to cajole Syria along the path

[Mr. Lidington]

towards playing a constructive rather than a malevolent role in the politics of the middle east.

We must consider our relations with Iran in this broader context. Iran exercises influence beyond its own borders—within Lebanon through Hezbollah, within Gaza through Hamas, as well as within Iraq. How are British Ministers approaching the dilemma of how to engage with Iran and seek to encourage it to accept that it has a legitimate and significant place in the politics of the middle east, but one that it has a duty to exercise responsibly and in the interests of peace? Is that a forlorn hope, or is it an objective that the Minister believes can be attained?

Because of the pressure of time, I shall not dwell upon the question of Iran's nuclear ambitions except to say that I hope the Minister will ensure that there is an early statement to the House—oral or written—about the terms of the draft UN resolution agreed at Berlin this week and about the current state of affairs concerning the possibility of further European Union sanctions against Iran.

I shall speak briefly about Iraq. It seems to me that we have had some progress in re-establishing order, but that has been nowhere near matched by progress on political reconciliation. When I consider the situation in Iraq, I see few signs of that happening. How confident is the Minister that we can see movement forward on things such as the distribution of petroleum revenues, or on new arrangements for the election of local and provincial authorities on the status of Mosul? If those matters are not settled amicably, it seems to me that there is a real risk that Iraq will slip into a situation in which it will effectively be carved up between rival armed groups, each representing a different ethnic or religious interest.

We hear in the context of Basra but also elsewhere in Iraq, that the police are frequently corrupt, often operating as militias on behalf of one or other of the religious or political factions. Is that the Government's judgment as well, or do they see signs that the quality of the Iraqi police force is now improving?

The hon. Member for East Dunbartonshire spoke about yesterday's decision by the Information Tribunal. I offer the Minister one sentence, which is that that decision reinforced the case yet again for the Government to authorise the inquiry by Privy Councillors into the decision to go to war, which I believe is long overdue, and which Ministers have acknowledged ought to take place at some stage. The issue will not go away, and it is time that the Government got to grips with that challenge, setting an inquiry in motion.

Finally, I shall speak briefly about the Gulf. I believe that we need to give a much higher priority to our relationship with friendly Arab states than has been the case in recent years. When I talk to representatives from those countries, I am told how active the Chinese and Russians are in the middle east, and how active the Germans, the Italians and the French are in those countries in the Gulf where British interests and influence have historically been strong. It is important that Ministers should not take historic British interests and British relationships for granted; perhaps they should treat President Sarkozy's visit the other week as a wake-up call for more intense diplomatic action on our part.

Europe can offer help to middle eastern countries in finding a solution to their long-standing problems. Our continent has been riven by conflict and violence for centuries, but through institutions such as the Helsinki process and the Organisation for Security and Co-operation in Europe we have found ways of dealing with those divisions without recourse to war. We cannot solve the problems of the middle east for them, but with good will and diplomatic action we can offer them a way forward—one on which they might model their solutions.

4.44 pm

The Minister for the Middle East (Dr. Kim Howells): I echo hon. Members' congratulations on not just the report but the contributions that have been made to the debate. Thank you, Mr. Pope, for the expert and civilised way in which you have chaired it.

Promoting peace, prosperity and security in the middle east remains one of the UK's key foreign policy priorities. As hon. Members have said, progress on conflict resolution, including a settlement of the Arab-Israel conflict, could transform the region. That would have significant benefits for global security, including our efforts to combat extremism, improve the lives of people in the region and deliver better security for British citizens. The Foreign and Commonwealth Office's new strategic framework will ensure that taking forward our objectives in the middle east, particularly on conflict prevention, counter-terrorism and counter-proliferation, remains a top priority.

Understandably, hon. Members concentrated mostly on the continuing crisis in Gaza. Their recollections and accounts of their visits echo my own. My hon. Friend the Member for Islington, North (Jeremy Corbyn) spoke of his difficulty in getting into Gaza. I remember going there, I think as the first representative of the Westminster Foundation for Democracy, in the late 1980s or early 1990s, to try to gain some understanding of conditions. It was a mystery even then.

I have here a map of the west bank and Gaza and, being a bit of a map buff, I did a bit of measuring while I was listening to my hon. Friend. The area is 36 miles long, and in most parts about 5 miles wide—about the average length of a south Wales valley. It is extraordinary that it has generated so much misery and suffering. The map is produced by the Foreign Office and illustrates clearly the concerns that were expressed by President Bush when he went there recently. He said that he could not see a future for a Palestinian state whose map looked like a Swiss cheese. I do not know what kind of Swiss cheese he eats—I have not eaten one like that—but I can see what he means. It is a territory that is chopped up and has holes in it.

For the obvious reason that hon. Members wanted to speak about Gaza, there was little talk about illegal settlements and outposts. I was glad that the hon. Member for Aylesbury (Mr. Lidington) recalled his visit to Ramallah. I think that he said he was there when announcements were made of planning permission being granted for the expansion of settlements and more building inside them. It is one of the most contentious issues, and we have pressed hard on it. I have pressed the Israelis on it every time I have met them, because it contravenes their responsibilities in the road map.

I am not trying to push the blame for the lack of progress on to the Israelis, but they must carry their share of blame. The map that I have illustrates how

contentious the matter is and how it places a huge question mark on the viability of a future Palestinian state, where people can live in peace alongside an Israeli state. It is important that we remember that.

I shall try to answer hon. Members' questions, about which I scribbled down notes. Except by my hon. Friend the Member for Ilford, South (Mike Gapes), there was little mention of Annapolis and the peace process. We should not underrate its importance. All of us in this room know each other and have debated the matter before, and we know how little progress has been made. As far as I am concerned, during this very grim period, it is the only show in town.

I was glad that the hon. Member for Aylesbury highlighted the fact there are other players. President Abbas has not had much of a mention in this debate; both he and Prime Minister Fayad are extremely talented and forthright representatives of the Palestinian people who disagree profoundly with the tactics that continue to be used by Hamas.

I have every sympathy with those who argue that we should engage with Hamas, as we have done with other similar organisations. I think that my hon. Friend the Member for Ilford, South mentioned back channels and doing the things that my right hon. Friend the Member for Torfaen (Mr. Murphy) did in Northern Ireland to try and build confidence. I was very glad to hear my hon. Friend the Member for Bolton, South-East (Dr. Iddon) say that a much more professional approach to the talks and negotiations is needed. I have said time and again that we cannot take people away to Geneva once or twice a year and expect a lasting and sustainable peace process. It is not possible, especially given the tensions and suffering in the region.

That is important because we must give all the support that we can when we see that progress can be made, as is the case with Annapolis. Many issues are tied to that process. My hon. Friend the Member for Ilford, South talked about the need to engage with the Syrians. I spoke to them at the Iraq neighbours conference held in Istanbul and at the Euro-Mediterranean conference in Lisbon. I have also spoken to Foreign Minister Muallem. On the margins of the conference—at the pre-conference dinner and other unofficial events—they were nice as pie, but at the plenary session, they took as hard a line as one could possibly encounter.

It is difficult to take seriously a policy that, on the one hand, seems to offer the chance of progress, but, on the other, has been involved in the murder of democratically-elected politicians in Lebanon. We know that the Syrians are facilitating the smuggling of arms to Hezbollah in Lebanon. In Damascus, the Syrian Government have been hosting an alternative to the Annapolis conference for so-called rejectionists to ensure that whatever is achieved in Annapolis is undone and undermined. We must be very careful about congratulating and rewarding such public and private policies when they threaten to undermine even the small progress that has been made.

My hon. Friend the Member for Birmingham, Northfield (Richard Burden), who feels very passionately about these issues, as does everyone here, raised some very important questions. I think that he asked me who is paying for the fuel going into Gaza. I can tell him that the European Commission pays for the industrial diesel for the power station in Gaza through the temporary international mechanism. The Palestinian Authority pays for the fuel for the hospital generators and so on. Some 10 electricity lines run from Israel into Gaza and one runs from Egypt. Touch wood, all of them are operating.

My hon. Friend the Member for Ilford, South asked about what appears to be an inconsistency in us not dealing directly with Hamas, but being prepared to deal with the Muslim Brotherhood in Egypt. I am well aware of the connections between the two. However, unlike Hamas, the latter works towards Islamist objectives through non-violent political activism. Our engagement with the Egyptian Muslim Brotherhood is in the context of engaging with a range of Egyptian parliamentarians. As for Hezbollah, it has not played a constructive role in Lebanon since 2005. That is why we currently do not have any direct contact with the organisation. However, we recognise the wider role that Hezbollah plays in Lebanese politics and will calibrate any future contact with its actions.

I have met some very prominent politicians in Lebanon and subsequently been told, "He's really Hezbollah." I have also met others who might align themselves with Hezbollah. I defy anyone in this Parliament fully to understand Lebanese politics. The Foreign Office gave me a guide to it the other day. A little note at the bottom stated, "If you think you understand the above, you clearly misunderstand Lebanese politics." That is absolutely true; the subject is mind-boggling.

One hon. Member said this afternoon—I forget who it was—that we have stood idly by while these terrible things have been happening. We have not stood idly by. We have worked in every way possible to resolve the situation. I suppose the inference was that we should have pressed harder, either through economic measures or the use of sanctions. I do not believe, however, that such action would help this acute situation. It certainly will not help in the short term.

We need to move the Annapolis process along, bring in measures to build confidence, and promote a much more ready discussion between President Abbas and his Palestinian Authority and the Palestinians in Hamas. The damage that was done to the Palestinian cause across the Gulf by the putsch, or the coup d'etat, in Gaza was quite extraordinary. To see one group of Palestinians throwing other Palestinians off the roofs of buildings and murdering them did no one any good.

I want to say many things about this situation. We have heard questions about Iran, Syria and many others. The Foreign and Commonwealth Office wants peace in the region. We will work ceaselessly to bring that about. The hon. Member for Aylesbury asked me why we are not doing more in the Gulf. I spend a lot of time in the Gulf, and will continue to do so. In the end, it is the Arab states themselves who will be the prime movers in this. Many states have reached an accommodation with Israel, but it must go further. They must articulate that demand for justice and a long-term and sustainable peace in a way that they have not done up to now, and I think that they are beginning to do it. The Arab peace initiative is very important, and we will do everything we can to support it.

Question put and agreed to.

Adjourned accordingly at two minutes to Five o'clock